

HOW PUBLIC HEALTH BOOSTS AN ECONOMY

Relevant for: Developmental Issues | Topic: Health & Sanitation and related issues

Health workers at Guwahati Medical College Hospital. File | Photo Credit: [AP](#)

When public health sneezes, the economy catches cold. Dire predictions for the [post-COVID-19 global economy](#) have come from the International Monetary Fund, which called the present crisis the [worst downturn since the Great Depression](#). Grim forebodings for the Indian economy have been sounded by many distinguished economists and the Governor of the Reserve Bank of India.

Will this lead to higher investment in health to protect the economy from the effects of endangered health? The [20-lakh-crore package](#) recently announced includes proposals to prevent and respond to future pandemics. These include strengthening of health and wellness centres, establishment of infectious diseases hospital blocks in all districts, expansion of the laboratory network and 'One Health' research on [zoonotic diseases](#) under the Indian Council of Medical Research (ICMR). This is a limited response to the threat of infectious outbreaks.

The creation of a well-balanced health system is not the objective of this crisis response, despite the fact that the southern States have shown how efficient and equitable health systems are our best defence against public health emergencies. It is also clear that weak health systems, which do not function well in a steady state, cannot suddenly generate surge capacity when challenged by a public health emergency. Further, a selective investment in some components of infectious disease control will not meet the many other essential demands on the health system. Even during the COVID-19 response, attention has been diverted from maternal and child health, and care for other infectious diseases and non-communicable diseases. Also, where will the additional health workforce needed even for this limited expansion come from, without a planned investment in education, skilling and employment?

What is needed is adequate investment in creating a health system that can withstand any kind of public health emergencies, deliver universal health coverage and other targets of the Sustainable Development Goals, while creating mutually beneficial synergies between health and the economy. The Fifteenth Finance Commission is reportedly examining ways to increase public financing of the health sector, while framing its final recommendations. Given the major role that States have to play in creating strong health systems across the country, the directions and allocations provided by the Finance Commission can become the critical catalyst for transforming the nation's health. Will the Commission invigorate public health and primary care or will it be influenced by the intensive care narrative of COVID-19, which only a fraction of the infected persons need or benefit from? Will it highlight the economic benefits that will accrue from investing in health as a sustained commitment?

Ambivalence of economists towards health dominated much of the 20th century. Health systems were mostly seen as unavoidable expenditures, which had to be accommodated as the essential service entourage of a booming economy but not to be placed at the high table of policy priorities. Indeed, one of the most influential economists of the modern era, William Baumol, described healthcare as a 'cost disease' where costs inexorably rise, outpacing the value of services rendered and therefore it is less rewarding than the industrial engines of economic growth.

[Coronavirus](#) | ['We cannot let down our guard till April or May next year'](#)

The rising costs of healthcare in industrialised countries, especially those without organised universal health coverage, may well invite such a description though the proposition could be debated even there. Public health, which is hidden away in the scullery when economic revelry is in full flow, cannot however be dismissed so easily. The services rendered by public health are far too valuable to be dismissed as a cost disease. Indeed, both population-based public health and individual-centred healthcare are joint accounts in human development that yield rich returns for economic development, if invested wisely.

The evidence-backed proposition that population health and national economic growth have a bi-directional relationship, as do poverty and individual ill health, has made its way into the paradigm of the Sustainable Development Goals. However, investments in health have lagged behind that awareness or have been heavily skewed in favour of advanced clinical care. Public health and primary care were left pleading for more, like a plaintive Oliver Twist, but were disdainfully dismissed.

There is robust evidence that investments in public health and primary care pay rich economic dividends. Apart from the WHO Commission on Macroeconomics and Health (2001), two other economists-led reports on Investing in Health (1993, 2013) concluded that investments in population health will yield rich returns of economic growth. The 2013 report estimated that low- and middle-income countries will realise 9 to 20 fold returns respectively on investments in health. A UN High Level Commission, headed by the Presidents of France and South Africa, reported in 2016 that investments for augmenting the size and skills of the health workforce yields economic growth through improved population health and productivity, reduced healthcare costs and job creation even in a gloomy global scenario of job loss. The Baumol hypothesis on investments in health was strongly disputed by this report.

India, in particular, stands to gain greatly by investing in health, especially health beyond illness care. Productivity boost promised by a demographically young population can be protected. Education and skilling of a diversified health workforce can uplift health services for health protection at both population and individual levels. When domestic needs are met, this expanded health workforce can also meet global health needs, both as a rapid action force for health emergency response and as a unit taking care of the chronic care needs of aged societies. Innovative health technologies and inexpensive pharmaceutical products can be created at scale, for domestic use and global export.

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This calls for stepped up public financing for the health sector. Questions may be posed as to how this can be done at a time of economic downturn. History teaches us that such an investment is especially useful in times of economic adversity. South-East Asian countries invested in health and universal health coverage during and soon after the Asian Financial Crisis of the 1990s. The United Kingdom adopted universal health coverage soon after the Second World War. Japan adopted it in the early 1960s to hasten recovery from the economic injuries inflicted by defeat in that war. All of them recognised that greater investment in health is a winning bet for economic development. India too must choose that path to boost the trajectory of its economic growth.

At the bottom of the Pandora's box lies hope. As COVID-19, which emerged through our indiscretions, exits, its attendant ills which afflict our economic and social life, too can fade away. If we let hope rise, through health.

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