

¹The Economic Value of Health²

Health "... is among the basic capabilities that gives value to human life."¹
- Nobel Laureate Amartya Sen

Health and wealth are linked. It has long been known that the growth of a nation's economy improves the health of its people. Only more recently did we recognize that the converse is also true. Improving health is an economically-wise investment. There is a positive cycle of gains in health and wealth as either is improved.²

Improving health improves the economy. Diseases create barriers to economic growth. For that reason, interventions that improve population health have long-term economic benefits.

Good health is more than the absence of illness, however. Wellness, too, improves a person's productivity, sense of wellbeing and quality of life.³ Thus, health-improving interventions are not only humanitarian, they also offer strategic tools for economic growth. Reducing deaths due to heart disease by 10% in the U.S. alone is valued at more than \$4 trillion to current and future generations, for example.⁴ Also of value is the benefit to children of grandparents to share their growing years and the benefit to grandparents enjoying the important role they play in a child's life.

Health is an economic engine.⁵ The *World Health Organization* (WHO) and *The World Bank* published benchmark reports on this relationship between health and economic development.^{6,7} These reports show that good health does more than *reduce poverty*. It also *accelerates a nation's economy*. What's more, that's true for both developing and industrialized nations.

Health fuels economic engines in several ways:

- Better health increases a person's productivity.
- Longer healthy lifespan increases the number of productive working years.
- Improved quality of life increases the economic output of each year of life.
- Healthy people spend less to treat disease, allowing them to meet other needs and make other investments.
- Good population health encourages outside investment, technology transfer and facilitates access to global markets.
- Healthy children are better prepared for school, miss fewer days of school, attend school for more years and learn more while in class. Each year of school results in a 15% higher starting wage and a doubling of the rate of subsequent salary increases.
- Healthier societies have smaller families. Parents invest more per child, (e.g., in education), thereby enhancing economic development.⁸
- Natural resources inaccessible due to disease (e.g., unusable agricultural acreage due to malaria) can be used for production and farming.⁹

Population health creates substantial, long-lasting, economic benefits for everyone in a country — not only those in good health. The Disease Control Priorities Project (DCPP) — a joint effort by the U.S. National Institutes of Health, WHO and The World Bank — helps decision-makers in low- and middle-

¹ This project was completed in 2008 and does not include information from peer-reviewed publications issued since that time.

² See also: <http://www.flixxy.com/200-countries-200-years-4-minutes.htm> and <http://www.ted.com/index.php/talks/view/id/92>.

income countries assess the potential of interventions to improve the health of their people.¹⁰ It is funded largely by the Gates Foundation, which also sponsors global immunization programs.¹¹

The Gates Foundation recognizes that long-term treatments of otherwise preventable disease are “simply unsustainable.” This position is reasonable. The return on improvements in health to individuals and society are very large, overshadowing gains from most other investments.¹²

The value of health to economic security is new. Traditionally, education and on-the-job training were believed to be the primary drivers of productivity of human capital. More recently, the influence of health has been recognized as equally – or even more – important.

Half of the overall economic growth in the U.S. in the past 100 years is estimated to be related to improvements in the health of the population, for example. Cross-national studies have shown that the 27-year difference in the life expectancy between a typical low- and high-income country – 51 vs. 78 years – is associated with a difference of 1.6 percentage points in annual economic growth rates.¹³

As a result, public policies should recognize that health is an economic investment, not just a public expenditure of funds, and “...efforts to improve health should be a part of the economic development plan.”¹⁴

All countries benefit and the poor in any country benefit most. The relationship between health and the economy often focuses on the needs of developing countries, but an *Institute of Medicine* study showed developed countries benefit as well, by protecting its own people, improving its economy and advancing its international interests.¹⁵ What’s more, even though investments in health benefit everyone, the greatest benefits accrue to those who are poor, including those poor in wealthy nations.¹⁶

Sustainability of health gains is critical. In order to move national and global health forward, all nations must *sustain* their gains in good health by strengthening health systems to provide effective, efficient and equitable interventions.^{17,18,19}

Citations

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¹⁰ Laxminarayan R, Mills AJ, Breman JG, et al. Advancement of global health: key messages from the Disease Control Priorities Project. *Lancet* 2006;367:1193.

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¹⁸ Sachs JD. Macroeconomics & Health: Investing in Health for Economic Development. *WHO Publications* 2001:1-30.

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