

ABSTRACT

Towards A Framework For Examining The Interrelationship Between Health And The Economy

Andy Thomas

There is a general acceptance that productive efficiency cannot increase until health improves, health cannot improve until the standard of living improves, and the standard of living cannot improve until productive efficiency increases. In other words the health status of a country's population and that of its economy are intimately interconnected. Despite this recognition, however, policy formulation for health in many developing countries still seems steeped in the idea that the health sector is primarily a welfare sector.

This thesis seeks to elucidate a clearer understanding of this intriguing and potentially relevant interrelationship. This is achieved through the development of a schema that illustrates the channels and mechanisms through which health impacts on the economy, and similarly through which the performance of the economy influences health outcomes. That schema is used to develop a mathematical model

that formally demonstrates the dynamic linkages between the health system and the economic system.

It was found that this model may allow us to trace changes in the rate of economic growth or decline to demand and supply conditions within the health system. The model could therefore provide a medium through which policy formulation for the health sector and the wider economic system can be better understood.