

# Health investment in relation to other forms of economic investment

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### Question

From the e-activity make recommendations for how the country you selected should emphasize health and health investment in relation to other forms of economic investment. Explain your rationale.

### Answer

From World Health Organization (2013) report it can be noticed that in 2011, Bangladesh spent 3.7 percent of their gross domestic product (GDP) on healthcare. This was a way below when compared with the spending of the developed economies. For example, the UK spends almost 8.4 percent of their GDP, almost double of what Bangladesh spends nationally. Moreover, no social security scheme is available to their citizens to meet their health needs (World Health Organization, 2013). Consequently, life expectancy at birth is also lower than the countries such as the UK, Germany, the US and other developed countries. This certainly raises a moot question how Bangladesh should direct their future investment for optimum economic benefits in the long-run.

It is a proven fact that education and health has a multiplier effect in enhancing economic output of the nation in the long-run and Bangladesh must take aggressive healthcare investment initiatives in relation to other investments.

The Ministry of Health and Family Welfare (MOHFW) of Bangladesh needs to assume the roles of promoter, contractor, provider and regulator. It must develop ethical standards, develop and enforce patient's rights and standard treatment guidelines, formulation of regulatory norms, and management

protocols to govern price, and quality. This will create an environment for generating sufficient resources and investment for the healthcare sector in relation to other sectors of the economy (Health Economics Unit, 2012).

#### Question

Research shows that the returns for prenatal care are high, whereas it may cost hundreds of thousands of dollars to keep an acutely ill, elderly person alive. With this in mind, make a policy recommendation for the appropriate allocation of resources among members of society. Explain your rationale.

#### Answer

It is a fact that most countries find difficulty in meeting healthcare needs of citizens because of the limited resources. Economic concept emphasises that when resources are limited then they should be prioritised so that it generates maximum economic gain for the society. In one of the estimates of World Bank in relation to developing economies, it was found that a 10 percent increase in public health expenditure will reduce maternal mortality by 7 percent, child mortality by 0.69 percent and a 4.14 percent decrease in low weight for newborns (Mexican Commission on Macroeconomics and health, 2004 p 8). Such outcomes will certainly result into significant increase in economic productivity in long-term. A healthy child free of any disease and disability will have more opportunity to develop higher skills and education. All these factors will finally catapult into higher economic contributions in the society.

The following policy recommendations towards allocation of resources can improve long-term health and economic outcomes.

1. A large portion of healthcare resources including nurses and healthcare

workers should be diverted to the prenatal and post natal care including care for mothers. Prenatal screening needs to be enhanced in risk prone population for some of the deadly genetic diseases that later on becomes a burden on society. More rural quality healthcare centers should be established to take care of children with 100 percent coverage.

2. A large scale immunization programme should be run covering children of all age group to make them free of major communicable diseases.

3. The government needs to increase healthcare spending continuously as a percentage of gross domestic products (GDP) to match with those found in the developed economies.

#### References

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