

Health Economics: Report on a WHO Inter-Regional Seminar. Geneva: World Health Organization, 1975. (Public Health Papers No. 64 ISBN 924 130064). Pp. 44.

The interest of the policy-maker in social sectors is of a recent origin. All aggregative production functions in the past indicated the existence of a *residual* factor which was generally imputed to qualitative and quantitative advances in education and training. Other social factors like health were not given the attention they deserved.

It took a long time before the economic significance of education could be reflected in policy-making. Still worse is the case of health sector, the study of which has not been seriously done by economic theorists.

This was exactly how it should have been: a strategy of development which has as its objective function unbridled growth, cannot but leave social needs of the population like medicare to an utter state of neglect. Under the system of relative prices, candies would be produced rather than hospital beds if the former were more profitable than the latter. Invariably, the former is more profitable than the latter.

In the late sixties, it was realized that even the high-growth societies in the developing world had shown their incapability to put to an end the worst forms of poverty, squalor, disease and malnutrition. Social stagnation, even deterioration, existed side by side with economic growth. As it led to political instability, the academic search for a new development strategy became a practical pursuit of the planner. The new development strategy does not seek mere quantitative increases in GNP. Its objective function rather is to improve the general level of the quality of life, the provision of health services being an important element in improving the quality of life.

This booklet summarises important papers, proceedings and results of a well-represented international seminar. The principles of health economics are dealt with in the first chapter. These principles are further elaborated on a micro as well as macro level in the next two chapters. The final chapter sums up the recommended policy action.

The booklet under review is interesting because of its subject matter. It has been shown that health economics has a systematised body of "principles" like any other discipline. The emergence of health economics is described as nothing but the application of the economic analysis to health sector. The usual concepts encountered in economic theory like opportunity cost, margin, cost-benefit ratios and so forth are shown to be analytically useful for analysing various issues interent in health economics. There is also a discussion about the labour-intensity versus capital-intensity of health programmes.

The health economics being a well-behaved branch of economics, has its "micro-economics" and "macro-economics". The macro-economics of health balancing social costs against social benefits and the possibility of evolving least-cost combinations. The health micro-economics covers the same general issues as simple micro-economics: there is a price system, allocating scarce resources between competing ends. Also health efficiency is like efficiency in other fields: it requires an incentives-mix for its promotion.

The techniques of economic analysis applied to health problems and reported in the present book were designed for a particular type of development strategy, which many a United Nations documents have recognised, has failed to produce economic change with social stability. If the policies resulting from this system of analysis could not produce economic change mainly due to its irrelevance to the conditions in the developing countries, it can certainly not be trusted to produce *healthful* change in the health field. In a country like Pakistan, for instance, where there are some 50 thousand villages, one doctor for 7 thousand individuals, one dental surgeon for one lakh individuals, one nurse for 24 thousand individuals and one hospital bed for 18 hundred individuals, the policy implications emerging from the present booklet cannot but lead to the

development of urban islands of medicare. What is required in this type of economies is the building up of motivational patterns and institutional mechanisms whereby integrated health services can be provided through mass participation.

This booklet has a deficiency that needs to be pointed out. The book is devoid of any empirical substantiation of the issues discussed. At the end the book contains a comprehensive bibliography on health and health-related economics, the usefulness of which to the research worker is immense.

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