Health is wealth

Richard G. A. Feachem and Carol A. Medlin

Economists have long been in the habit of discussing and analysing 'public goods'. A public good is not something that is good for the public (although it can be), but a precise piece of economic jargon. It has two key properties: non-excludability, meaning that it is not possible to prevent the use or consumption of the good by some category of people, such as those who have not paid for it; and non-rivalry, meaning that, for any level of production, the marginal cost of providing the good to an additional consumer is zero.

In both cases, the role of price in regulating the balance between supply and demand breaks down. Classic examples include law and order, defence, and lighthouses. Left to the free market, public goods will be greatly undersupplied because of their non-excludability and non-rivalry. Governments everywhere must therefore step in to finance, subsidize and/or supply them. This is one area of public responsibility that is not contested, even by the most radical free-marketeers.

In medicine and health, factors that cause widespread environmental damage with negative consequences for health are public 'bads', and their reduction is a public good. Obvious examples include ambient air pollution, global warming and ozone depletion. Ambient air pollution typically occurs in a restricted area within one country, such as Delhi, Lagos or Mexico City. The government therefore intervenes by regulation, taxation or other means to provide the public good (cleaner air) that individual citizens cannot buy for themselves. Where air pollution stretches across national borders, such as in the former East Germany, the Czech Republic and Poland, the affected countries may cooperate to reduce a public bad from which they collectively suffer (and to which they collectively contribute).

But some public bads — such as global warming and ozone depletion — affect large regions or even the entire world. For their corresponding public goods, the properties of non-excludability and non-rivalry apply to countries rather than to individual consumers. Ideally, the global or regional reach of these properties will inspire countries to act collectively to stimulate (or discourage) the supply of global public goods (or bads). If global warming could be slowed by collective action, it would be impossible to prevent a country that had not contributed from benefiting, and the cost of that benefit to the dissenting country would be zero. A global public good is clearly something that a 'government of the world' would finance, subsidize or otherwise encourage, if such an entity existed.

Global public goods have recently become fashionable for particular health objectives. However, the term has been widely misused, as if it means 'anything that is good for the health of the global public' rather than its precise economic definition with clear implications for finance and provision. An example is the control of communicable disease on a worldwide scale. Many of the international community's aims in this field have the characteristics of a global public good, such as disease eradication. To fit the definition, the benefits must be enjoyed by all countries in perpetuity, even if they have contributed little, financially or otherwise, to the campaign.

Some important communicable diseases are, by their nature, mainly local in their transmission and epidemiology. Thus, the control of diarrhoeal diseases may have more of the properties of a national public good than a global one. For other diseases, international spread is significant, so control efforts have the characteristics of global public goods. Examples include the control of malaria, tuberculosis and HIV/AIDS, and the (sadly neglected) control of resistance to antibiotics.

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Working for well-being: AIDS sufferers in Bangkok queue up for free health advice and medicines.

Global public goods

Preventing the international spread of disease is not a matter of charity from rich countries to poor. It is a global, collective enterprise from which all countries benefit.

The concept of global public goods for health suggests two lines of argument that are becoming increasingly commonplace. First, the great majority of official development assistance, commonly called 'aid', from wealthy countries to poorer ones has focused on specific projects that benefit specific groups in specific countries. Only a small fraction of the funds has been spent on investment in global public goods, which arguably have had higher returns and a greater success rate than project-by-project assistance.

The second argument is that global public goods for health, particularly the control of communicable diseases, should be removed from official developmental assistance. Preventing the rise of these diseases is not a matter of charity from rich countries to poor ones. It is a global, collective enterprise from which all countries should benefit. Just as the United States invests in its Centers for Disease Control and Prevention (CDC) in Atlanta for the national good, so the world needs to invest collectively and strenuously in practical controls for infections, in slowing or preventing the development of antibiotic resistance, and in research into new drugs. The international surveillance of 'flu strains and regular production of new vaccines against the disease on a regular basis are good examples of a successful collaboration for a global public good, although it mainly benefits wealthy countries in which 'flu vaccines are most widely used.

If a 'government of the world' existed, it would surely invest in a global version of the CDC, not for reasons of social equity or income transfer (aid), but for the welfare and economic prosperity of all people. As we have no such government, nothing quite like this has happened, although the newly created Global Fund to Fight AIDS, Tuberculosis and Malaria is a big step in the right direction. ■

Richard G. A. Feachem and Carol A. Medlin are at the Institute for Global Health, University of California, San Francisco and Berkeley, 74 New Montgomery Street, San Francisco, California 94105, USA. R.G.A.F. is executive director designate of the Global Fund to Fight AIDS, TB and Malaria.

FURTHER READING

Report of the Commission on Macroeconomics and Health **(WHO, Geneva, December 2001).**