

Regulate industry in all economic sectors to achieve health for all

By Mariana Mazzucato

The global economic crisis precipitated by covid-19 has shown that the view of a healthy population as mere human and social capital is fundamentally misguided. Of course, the economy and health are interdependent, but economic activity must serve the health of both the planet and the population—and not the other way around.

The WHO Council on the Economics of Health for All, which I chaired, argued that we must embrace the collective challenge of redesigning how the economy is governed to achieve this. We need to fundamentally rethink the economy from a “health for all” perspective, which means rethinking value, innovation, finance, and public sector capacity.¹

To deliver on health for all, states must take on a proactive, market shaping role. They should drive innovation through governance, not constraining themselves to fixing markets only when the private sector fails to deliver on key missions. Transforming the economy to deliver on health for all needs a more ambitious approach than, for example, taxing products that harm planetary and human health such as fossil fuels and tobacco. Governments should design partnerships, institutions, and tools that can deliver on bold goals and align investment and innovation with them.²

Equitable partnerships

For governments to step up in their leadership role as co-creator and co-shaper of health finance and health innovation for the common good, they need to provide investment to boost the capacity of the public sector, instead of over-relying on outsourcing and external consultancies.³ The covid-19 experience showed that capabilities around digital government, for example, were critical to counter misinformation. Indeed, places such as Kerala and Vietnam, for example, did better because of such investments.⁴

We need to focus on the governance of both public and private sectors as well as on how they can confidently work together. When government and business co-create value, both risks and rewards must be shared. Governments should specify conditions on the relationship between private and public organisations to steward the commercial determinants of health towards the common good. For example, drug companies increasingly prioritise financial gain over reinvesting in long term innovation.⁴ Although covid-19 vaccine development benefited from large public investments before and during the pandemic, this did not result in fair or equitable sharing of the benefits. Indeed, while around two billion vaccine doses were administered in the first 18 months of the pandemic, 75% of these were in just 10 countries.⁵

Increasing countries’ fiscal flexibility is critical in realising the right to health. In terms of global finance, however, health expenditure can still be subordinated to debt repayments. More than three billion people live in countries where debt repayments exceed investments in health or education.⁶ Nationally and internationally, new approaches are needed, including abandoning the International Monetary Fund’s austerity ideology, which by its own admission has been ineffective as a response to the financial crisis.⁷ Governments must end the subsidisation of fossil fuel industries, which harm human and planetary health but received \$7tr in 2022.⁸ Multilateral development banks are central to unlocking public and private finance to mobilise the capital needed.⁹

Redefining success

To steer the economy in an inclusive and sustainable direction, we must change the way we measure and monitor economic success. Growth in gross domestic product should not be the main goal—it’s an outcome rather than a direction.¹⁰ Instead, countries should take a dashboard approach that includes new and existing metrics for human and planetary health. The Living Standards Framework dashboard, developed by New Zealand in 2018, is one example.¹¹ To create a holistic picture of life in the country, the framework captures 61 indicators from collective wellbeing to

international connections, to natural environment and social cohesion. And there is no need to reinvent the wheel: the 169 targets of the 17 UN sustainable development goals provide an ideal starting point for ambitious goals against which our economies can be measured at the supranational, national, and subnational level.

Ultimately, we need a reorientation of how we understand health, from seeing it as an expenditure—a bill to pay—to understanding it as a critical investment that underpins economic activity. Investment in health is an urgent political imperative if we are to ensure that basic conditions are met for humans to flourish, prepare for future risks, and provide a firm financial footing for long term leaps in medical innovation. Indeed, when health is treated as an investment, it encourages innovation in medical technologies and healthcare services.¹ It is only through strong governance that governments can set a clear direction for economic development towards the goal of health for all.

¹ WHO Council on the Economics of Health for All. Health for All – transforming economies to deliver what matters: final report of the WHO Council on the Economics of Health for All. World Health Organization, 2023.

² Mazzucato M, Kattel R. COVID-19 and public-sector capacity. *Oxf Rev Econ Policy* 2020; 36: 256-69. doi:10.1093/oxrep/graa031

³ Mazzucato M, Collington R. The big con: how the consulting industry weakens our businesses, infantilises our governments, and warps our economies. Allen Lane, 2023.

⁴ Lazonick W, Tulum Ö, Hopkins M, Sakinç ME, Jacobson K. Financialization of the US pharmaceutical industry. Institute for New Economic Thinking, 2019. <https://www.ineteconomics.org/perspectives/blog/financialization-us-pharma-industry>

⁵ WHO Council on the Economics of Health for All. Council Brief No 1: Governing health innovation for the common good. 2021. https://cdn.who.int/media/docs/default-source/council-on-the-economics-of-health-for-all/who_council4a_councilbrief-no1_re-edition_1.pdf?sfvrsn=72ff5801_5&download=true

⁶ United Nations. UN Warns of soaring global public debt: a record \$92 trillion in 2022, 3.3 billion people now live in countries where debt interest payments are greater than expenditure on health or education. Press release, 12 Jul 2023. [REMOVED IF= FIELD] <https://www.un.org/sustainabledevelopment/blog/2023/07/press-release-un-warns-of-soaring-global-public-debt-a-record-92-trillion-in-2022-3-3-billion-people-now-live-in-countries-where-debt-interest-payments-are-greater-than-expenditure-on-health-or-edu/>

⁷ Independent Evaluation Office. IMF Response to the financial and economic crisis. 2014. <https://ieo.imf.org/en/our-work/Evaluations/Completed/2014-1027-imf-response-to-the-financial-and-economic-crisis>

⁸ IMF. Why do we care about fossil fuel subsidies. 2022. <https://www.imf.org/en/Topics/climate-change/energy-subsidies>

⁹ Mazzucato M. Financing the sustainable development goals through mission-oriented development banks. UN Department of Economic and Social Affairs, 2023. https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/PB_Special-Issue_HLAB_September_2023.pdf

¹⁰ Mazzucato M. Rethinking growth and revisiting the entrepreneurial state. Project Syndicate, 2023. <https://www.project-syndicate.org/commentary/growth-entrepreneurial-state-direction-more-important-than-rate-by-mariana-mazzucato-2023-08>

¹¹ New Zealand Treasury. Living standards framework. 2022. <https://www.treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/our-living-standards-framework>