Fiscal stability, economic growth and non-communicable diseases

Non-communicable diseases such as diabetes are both a cause and an effect of poverty, with huge costs at the micro and macroeconomic levels. But coordinated policy interventions can work

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Senior policymakers must come to terms with the fact that fiscal consolidation in the medium and long term will not be achieved without attention to non-communicable diseases (NCDs), such as cancer, cardiovascular diseases, diabetes and chronic respiratory disease, and their associated risk factors. This major preventable drag on economies worldwide must be addressed if countries are to maintain prospects of long-term economic growth without threatening fiscal stability objectives. The G20 is distinctively well positioned to do so.

According to recent estimates published by the International Monetary Fund, since 1970 total health spending has increased as a share of gross domestic product (GDP) in both advanced and emerging economies. It went from six per cent to 12 per cent in the former, and from less than three per cent to five per cent in the latter. These increases have put tremendous fiscal pressure on governments and financial pressure on households and businesses. Furthermore, over the next 20 years public health spending is projected to rise in advanced and emerging economies on average by three per cent and one per cent of GDP respectively. At least one-third of the increase would be associated with the effects of population ageing, since it goes – along with increases in life expectancy – hand in hand with the rising prevalence of NCDs, as well as the widespread risk factors of tobacco use, unhealthy diet, physical inactivity and harmful use of alcohol.

A recent study by the World Economic Forum and the Harvard School of Public Health uses a different approach to estimate the economic impact of NCDs. Over the next 20 years, NCDs will cost more than $30 trillion, representing 48 per cent of global GDP in 2010, and pushing millions of people below the poverty line. Mental health conditions will account for the loss of an additional $16.1 trillion over this time span, with dramatic impacts on productivity and the quality of life.

Early mortality and disability caused by NCDs affect the productivity of the working-age population: about one-quarter of all NCD deaths occur in people under the age of 60

NCDs are diseases of long duration and generally slow progression, thus imposing a high burden on society in both human and economic terms. The four main NCDs – cardiovascular diseases, diabetes, cancer and chronic respiratory disease – are the greatest cause of premature death and morbidity worldwide, accounting for 63 per cent of total deaths. Nearly 80 per cent of those deaths occur in low- and middle-income countries. According to 2007 estimates, in the Americas 76 per cent of deaths were related to NCDs, and 60 per cent of these to the principal NCDs. Estimates by the Pan American Health Organization (PAHO) show that some 250 million people are living with an NCD in the Americas and, as such, are at risk of potentially becoming disabled or suffering an early death.

The economic impact has various dimensions. There are direct and indirect costs involved, at both the household and the macroeconomic levels. Experts have shown that chronic diseases and related risk factors have an impact on consumption and saving decisions, labour-market performance and human capital accumulation. Indeed, early mortality and disability caused by NCDs have negative effects on the productivity of the working-age population: about one-quarter of all NCD deaths occur in people under the age of 60. NCDs are both a cause and effect of poverty, worsening equity problems.

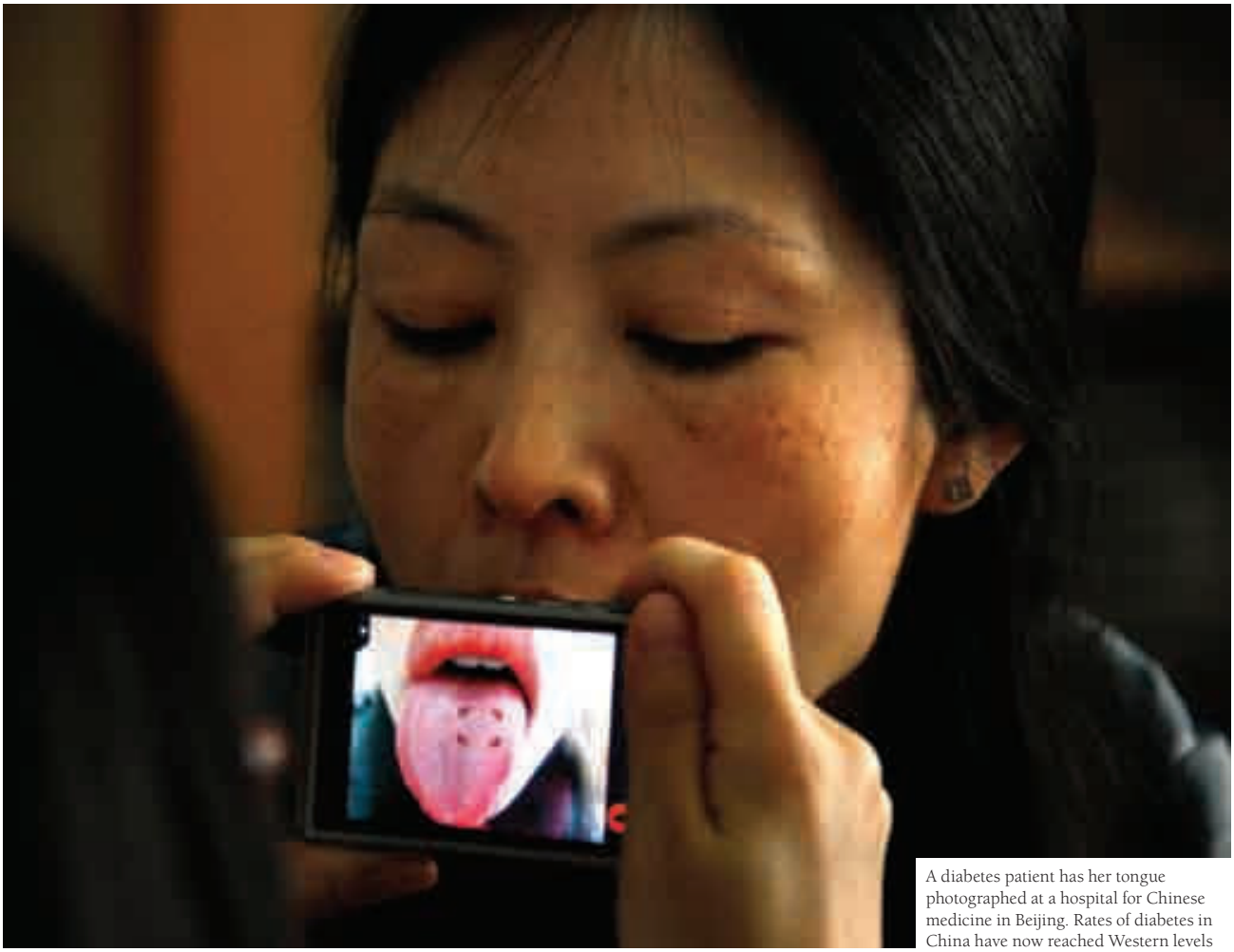
Public policy interventions

Most of these mounting costs are associated with interventions at the curative level. The good news is that NCDs and their expensive complications are largely preventable. Therefore, interventions at the macro policy level to strengthen the preventive level of care would help to contain the increasing human and economic burdens of NCDs.

Interventions to reduce the economic impact of NCDs can address two dimensions: individual and collective. The first is linked to how much NCDs are a result of consumer choice where the main risk factors identified play a role; and the second is linked to the recognition that NCDs are a result of a complex interrelated environment at the society level (including urbanisation, the globalisation of food supply, education and income levels, unemployment) – evidence of the need for a multisectoral approach.

Therefore, action at the public policy level should contemplate individual and social behavioural changes, taking a multisectoral and a 'whole of society' approach to foster a combination of environmental changes, regulation, taxation, education, and the adaptation and strengthening of health services with an emphasis on a primary healthcare strategy.

Without determined action, the costs and adverse impacts of NCDs will continue to rise. However, these can be avoided to a large extent by investing more in prevention. The investments and most cost-effective measures to be taken are outlined in *From Burden to 'Best Buys': Reducing the Economic Impact of Non-communicable Diseases in Low- and Middle-Income Countries*, published by the World Health Organization (WHO) and the



A diabetes patient has her tongue photographed at a hospital for Chinese medicine in Beijing. Rates of diabetes in China have now reached Western levels

World Economic Forum. Measures such as tobacco control, alcohol control and dietary salt reduction have benefit/cost ratios of between 20:1 and 30:1. Other interventions such as screening and early detection of hypertension, diabetes and some forms of cancer, and follow-up with preventive care are also highly cost effective.

A global partnership

As host of the Los Cabos Summit, Mexico was the site of a recent partnership meeting on the economic dimensions of NCDs, which analysed, among other things, the severe economic and fiscal impacts of this silent epidemic in the country. This partnership aims to strengthen the capacity for priority setting and policymaking informed by economic analysis. Its members are PAHO/WHO, the Economic Commission for Latin America and the Caribbean, the Organisation for Economic Co-operation and Development, the Public Health Agency of Canada, McGill University and Washington University, as well as Mexico, Argentina, Brazil, Canada, Colombia, Costa Rica, Chile, and Trinidad and Tobago. Areas of work pursued by the partnership include further research and modelling of interventions, training, dissemination of information and developing guidelines for public policy.

G20 leaders are in a unique position to provide global leadership in the follow-up to the United Nations High-Level Meeting on NCDs held in September 2011, and to promote the adoption of integrated public policies of cost-effective solutions for a problem that affects all countries, all people and all businesses. Decisive actions by policymakers to address these challenges are crucial to reach both the sustainable growth and the human development principles that the G20 is about. ■