Funding public healthcare is an investment, not a cost

M Gary Nicholls

The editorial article “Time for Healthy Investment” is excellent. As the article notes: “Health spending does not drain the economy. Instead (it)...grows our economy”. The evidence to support this premise, as supplied in the references with the editorial article, is robust. Funding of New Zealand's healthcare system has fallen in real terms in recent years and is well below the average in OECD countries. It is indeed time to fund the system adequately.

Many will ask where the money could come from to adequately fund our public healthcare system. In the long-term, the return on investment (“...near $5 for each $1 of government spending on health”—as noted in the editorial article) will kick in. In the short-term, one obvious source of revenue is from stopping the failed, expensive “war on drugs” and moving towards decriminalization—as practised in Portugal and increasingly elsewhere. Other sources exist also—along with the need to reduce spending on the bloated bureaucracy in the public healthcare system, which developed from the late 1980s.

The timeframe of benefit to health (and the economy) from an increased investment in the public healthcare system will be immediate for patients who are clinically unwell, medium-term (years) for some preventive public healthcare measures and for the teaching/training of healthcare personnel, and long-term (many years) for other preventive healthcare measures and for medical clinical research. Indeed many of the benefits from funding healthcare adequately will not be seen for many years, even decades. This may be, in part, the reason why successive governments, with our brief (three year) parliamentary term, have opted to underfund the system.

Whatever the reasons, austerity has been key in the approach to funding and supporting public health, social benefits and education in New Zealand over recent decades. The results have been devastating. An excellent expose on this issue can be found in the book “The Body Economic: Why Austerity Kills” by David Stuckler and Sanjay Basu, published in 2013. It is brief, readable for non-economists and clear on the disastrous human cost when governments underfund healthcare and social benefits. It also emphasises the positive economic outcome from adequate funding.

Now might be the right time for the New Zealand Medical Association to join with other healthcare organisations (NZNO, specialty health colleges, etc) in making a combined, coordinated approach to our new government, making the case that adequate funding of the public healthcare system will indeed grow the economy.

Competing interests:
Nil.

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