

Chapter 1

Introduction



There is increasing evidence of the two-way relationship between health and economic growth. While economic development can lead to improved population health, a more healthy population can also drive economic growth.¹ This has important policy implications: national and international policy-makers interested in promoting the economic development of a country should seriously consider the role that health investment could play to further the achievement of their economic policy goals.

Little is known about the relevance of these recent findings for the Russian Federation. Yet it is difficult to believe that the Russian economy and the individuals disproportionately hit by ill-health would not face a severe economic penalty. The Russian Federation is one of very few countries where life expectancy has been decreasing in recent years (McMichael et al. 2004), and the Russian Federation's health status compares very unfavourably with those of its economic competitors.

Direct evidence that actually measures the impact of poor health on the Russian economy, or, by extension, the gains that might be achieved by reducing avoidable disability and premature death, is scant. One exception is a study (Ladnaia, Pokrovsky and Rühl 2003) that estimates the impact of different scenarios for progression of the HIV/AIDS epidemic on the Russian Federation's macroeconomic prospects. The authors quantify the prohibitive price that the Russian Federation would pay, in foregone economic growth, if the HIV/AIDS epidemic were left unchecked. Yet while HIV/AIDS is an

¹ This case was made cogently in the 2001 report of the Commission on Macroeconomics and Health (CMH 2001) for the developing country context, and more recently, the evidence on the economic benefits of health for high-income countries was assembled in Suhrcke et al. (2005).

extremely serious threat to both the health and economy of the Russian Federation, the predominant share of the *current* disease and mortality burden involves NCD and injuries. Shkolnikov, McKee and Leon (2001) report that it is not only the historically low level of life expectancy but also the recent reduction in life expectancy that have been driven by mortality from cardiovascular disease (CVD) and injuries. It is also apparent that much of the premature mortality in the Russian Federation occurs disproportionately at ages between 40 and 55, normally a person's most productive years.

What, then, is the effect of ill-health among adults in the Russian Federation, in particular that due to NCD and injuries, on both the Russian economy and the economic prospects of individual Russians and their families? And what would be the economic benefits of reducing the very high burden of disability and premature mortality among Russian citizens?

This report provides an overview of a series of newly undertaken studies of the economic consequences of health in the Russian Federation, conducted within the framework of a World Bank-led study of the Russian mortality crisis (World Bank 2005). To the best of our knowledge, this is the first comprehensive effort to provide empirical evidence on the economic consequences of adult ill-health in the Russian Federation. We focus on NCDs and injuries, which, according to the World Bank (2005), account for most of the Russian Federation's ill-health. While there is clearly room for further work on this subject, the message from these analyses is unambiguous: the poor adult health of Russians negatively affects economic well-being at the individual and household levels, and improving adult health can be expected to contribute significantly to sustained economic growth.

In presenting our results on the impact of health on the economy, we are also aware that the relationship between health and economic growth works both ways. It is explicitly not our purpose to argue that the contribution of health to the economy is more important than the contribution of the economy to health. Whether one is more important than the other is debatable and is in any case unnecessary to ask. Here, it is sufficient to show that there is certainly a path from health to the economy. It is this mutually reinforcing relationship between health and the economy that provides a higher return from investing a given amount of resources in both, compared with investing the same amount in either.

Although based on data from the Russian Federation, the findings from these analyses also contribute to our understanding of the economic implications of NCD and injuries in other countries. There is comparatively little research on this subject, in particular in relation to low- and middle-income countries.

The relative lack of a convincing economic argument for investing in policies that will combat NCD and injuries may help to explain why these conditions have had so little attention from policy-makers (Yach and Hawkes 2004).

This study is structured as follows. In Chapter 2, we briefly sketch a conceptual framework that highlights some of the channels through which health determines economic outcomes. Chapter 3 presents the key epidemiological facts about adult health in the Russian Federation. Some of these facts already provide highly suggestive evidence of the potential economic importance of adult (ill-)health in the Russian Federation. Chapter 4 presents the core of this study: the empirical evidence on the micro- and macroeconomic impact of health in the Russian Federation. Chapter 5 examines a potential response to the findings obtained, identifying barriers to effective action and setting out some policy options. Chapter 6 presents our convictions derived from the findings presented in the earlier chapters.