

Why Some National Health-care Systems Do Better than Others

In public health discussions, it is generally recognised that the social returns on healthcare investments are greater than the private returns, and much of such investments should be financed by the state.

Also, the global benefits from national healthcare spending are greater than just the national benefits, while the costs of underinvestment in national healthcare are borne not only by the country in question but also by the rest of the world.

Extending Life Expectancy

First, governments have a responsibility to *increase the life expectancy* of their citizens, at least commensurate with their level of economic development, typically proxied by per capita income.

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Available [evidence](#) suggests that life expectancy is strongly correlated with per capita income, but some countries are clearly doing better than others.

China, Japan and many European countries have higher life expectancies than their per capita incomes would suggest, whereas the converse is true of South Africa, Russia, Saudi Arabia and the US,

even when comparing the purchasing power parity (PPP) of per capita national incomes. This is probably due to their greater inequalities in incomes and healthcare access.

In the ‘communist’ countries, income inequalities were low and access to healthcare was free and universal. In the 1960s, life expectancy in the Soviet Union reached seventy years—nearly the level of much richer developed countries.

But following the abrupt neoliberal reforms during Yeltsin’s first term in the early 1990s, a [mortality crisis occurred](#)—the average [life expectancy fell by over five years!](#) [Even after this, life expectancy in former communist countries was, on average, five years higher than for other countries at the same per capita income level.](#)

Universal access to healthcare in China, before the 1979 market liberalisation reforms, weakened over the next two decades. However, things improved thereafter with the creation of a national healthcare insurance system, and especially with more progressive reforms after the 2003 severe acute respiratory syndrome (SARS) epidemic.

How Efficient Is Healthcare Spending?

Second, countries must strive for healthcare system ‘efficacy’, so that greater healthcare spending commensurately increases life expectancy. Total healthcare spending as a [share](#) of GDP is correlated with life expectancy, but more spending in South Africa, Saudi Arabia and the US has been less beneficial, again due to unequal healthcare access.

Third, national governments have a responsibility to ensure a certain level of healthcare access for all, irrespective of personal means. The [government share](#) of total (public and private) healthcare spending has [increased](#) with per capita income.

But private financing shares in India, Brazil, South Korea, Saudi Arabia and the US have been higher than in other countries with similar average incomes. Despite some notably exceptional less unequal countries, such as South Korea, greater reliance on private financing generally reduced life expectancy, implying that even high government healthcare spending is not enough to counter the negative impact of greater inequality.

South Africa, with one of the most unequal income distributions in the world—its Gini coefficient inequality measure exceeds 60 per cent—is a case in point. Over half of its relatively high (8 per cent of GDP) healthcare [spending](#) comes from [government](#). It is a higher proportion than in other countries at similar income levels but has not raised mean life expectancy (sixty-four years) to that of other countries at the same income level, such as Indonesia, which has an average [life expectancy](#) of seventy-one years.

Coping with Epidemics

Finally, national governments should be able to isolate and quarantine infected individuals in the event of an epidemic. Preliminary statistics for the COVID-19 pandemic suggested very [varied](#) death rates between countries.

These differences are partly explained by statistical variations: the higher the level of testing, the greater the number of infections and deaths attributable to COVID-19. As developed countries generally can afford far more testing, they appeared to have higher infection and death rates than developing countries, everything else being equal.

However, another likely explanation is East Asian governments’ early ‘symptomatic tracking’ (without testing) and isolation measures. In this regard, East Asian, Middle Eastern and North African countries performed much better than most developed countries, where strict tracing, isolation, quarantine and ‘lockdown’ measures could be seen as draconian.

China Trumps US

On all four counts, China performed much better than the US: its life expectancy is higher than in most countries with similar levels of average income and healthcare spending as a share of GDP.

China’s government healthcare spending is higher than in other countries at a similar level of development, while its ability to contain epidemics via symptomatic tracking and isolation has been impressive.

China would thus come out well in such comparisons with the US, whose healthcare performance indicators were generally considered poor even before the COVID-19 crisis underscored such differences, which have even larger implications in a US election year.

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