

## Health, Human Capital, and the Economy

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Human capital – the knowledge, skills, and health that people accumulate throughout their lives, which enables them to realize their potential as productive members of society – is critical to the development of individuals and communities and to countries' economic growth. In addition to the massive economic fallout, COVID-19 has had a negative impact on human capital, including and especially on health and education, reversing years of gains made across many countries. To the extent COVID-19 presents an opportunity, it is one for removing any doubts that health and the economy are inextricably linked and that these links are bi-directional. Furthermore, the way health systems are organized and financed impacts both health and economic outcomes. Hence, in defining and measuring universal health

coverage (UHC), these linkages are made explicit. In thinking and dialoging on health, especially from the perspective of public finance, it is important to underscore the importance of health not just for improving health but also for improving the effectiveness of investments in other sectors such as education, for enhancing labor productivity, generating employment and improving income-generating potential, and for accelerating poverty reduction efforts. Fiscal policies for reducing harmful consumption of tobacco, alcohol, sugar, and polluting fuels can help improve health but also can help governments expand revenues. Hence, health should be viewed as an investment “not as consumption” with wide ranging economic returns.