

Economics and public health:
An exploration

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Abstract

Economics has become a dominant framework for analysing problems in public health and health care and for proposing policy solutions. A separate sub-discipline of health economics has grown out of the welfare economics tradition to develop specific methods for economic inquiry into health care issues. The encroachment of economics into health care and public health has not occurred without consternation from within the health field. Part of the reason for this concern arises from a mismatch between the worldview of public health and that of mainstream economics. However, this mismatch is largely unexamined, and there has been limited attempt to address the mismatch and to propose alternative approaches to economic questions in public health.

This thesis examines the project of public health in some detail, making reference to the consensus documents of the World Health Organization that set out the values base of public health and define its approach and some of its activities. Public health is a collective activity, mostly undertaken outside of markets and is primarily concerned with impacts on populations. It is inherently political and focuses on populations as its unit of analysis. This contrasts to the approach of mainstream economics, which presumes that economic decisions are primarily private decisions and focuses on individuals as its unit of analysis. The differing worldviews constitute an impasse between mainstream economics and this view of public health. The solutions of neo-classical economics are often at odds with the public health approach.

An alternative view of economics, from the heterodox Institutional School may provide an alternative approach to economic questions in public health. In contrast to neoclassical economics, it claims to be holistic and not to engage in methodological individualism and to be explicitly concerned with questions of power. The case studies of role of government and ageing as a public health issue provide a lens through which the neoclassical approach can be examined and contrasted to the public health approach. These case studies are based on reports written for Australian governments by neoclassical economists. The two case studies are then inspected from an institutional perspective to examine whether

this approach does indeed generate explanations and solutions that are more compatible with a public health approach. Other insights into the reports that can be gained from an institutional perspective are also discussed.

Declaration

This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution, and to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

I give consent to this copy of my thesis, when deposited in the University library, being made available in all forms of media, now and hereafter known.

Signed: _____ Date _____

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