

THE ECONOMY AND GLOBAL HEALTH

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Global health is an area for study, research and practice, which places a priority on improving health and achieving health equity for all people worldwide. Disparities in global health outcomes can translate into economic inequalities. For example, people aged 55 and older experienced a sharp drop in labor supply, leading to lower incomes after they received a new diagnosis of a chronic condition. Moving from older adults to the very young, health shocks in childhood such as nutritional deprivation have long-term effects on income. Health shocks can reduce future labor force participation. Mental illness like depression, bipolar disorder, and schizophrenia are associated with earnings reductions because it leads to reduced participation in the labor market. Conditions such as depression are extremely common, so the negative impact of poor health is likely to be large.¹

Poor health does not only cause income inequality, but also it constrains national productivity and economic development. For example, cancer can constrain national productivity and economic development. People dying early of cancer costs the UK economy £10.3bn a year, more than any other health condition. That is the total cost of the 350,000 years of lost productivity recorded across Britain every year because adults have died prematurely of the disease. Each premature death from cancer results in an average economic loss of around £61,000, reflecting the growing financial burden caused by increasing cancer diagnoses and deaths. Cancer accounts for the highest number of deaths at relatively young ages, leading to the greatest loss of productive working years. It also disproportionately affects men, and since men in average earn more than women, this results in a greater overall economic cost. In addition, the government has made progress in addressing some of the major drivers of cancer, including restricting junk food advertising to combat obesity.²

According to a recent study, the economic cost of overweight and obesity in the UK has risen sharply to £126 billion per year, far exceeding previous estimates. This total includes £12.6 billion in NHS healthcare spending, £71.4 billion linked to years lived in poor health due to excess weight, and £31 billion in broader economic losses. The scale of the problem is highlighted by the fact that 64% of people in Britain are classified as overweight or obese. Researchers at Frontier Economics estimate that this alone costs the UK economy £31 billion annually—an amount large enough to fund a 3p cut in income tax and greater than the total annual spending on policing across the UK's four home nations. These figures show that obesity is not only a public health issue but also a major economic concern. Poor health reduces worker productivity, increases absenteeism as people take time off to manage chronic conditions, and in many cases forces individuals to leave the labor force entirely due to long-term illness.³

Diseases weaken key economic mechanisms and generate additional economic disruptions. Their effects can be temporary or long-lasting, depending on the severity of the outbreak and the availability of effective prevention and treatment. In economic terms, diseases reduce available human capital through increased morbidity and mortality, caregiving burdens, and voluntary or mandatory withdrawal from the labor force, while also lowering incentives for human capital investment. At the macroeconomic level, diseases alter aggregate consumption and fiscal conditions. Income losses

¹ Janet Currie, "Health and inequality" OXFORD ACADEMIC, 17 Jul. 2024, https://academic.oup.com/oec/article/3/Supplement_1/i549/7708087?utm_

² Denis Campbell, "People dying early of cancer costs UK economy £10.3bn a year, study finds" The Guardian, 27 Jun. 2025, https://www.theguardian.com/society/2025/jun/27/people-dying-early-cancer-costs-uk-economy?utm_

³ Denis Campbell, "UK's obesity and overweight epidemic costs £126bn a year, study suggests" The Guardian, 2 Jul. 2025, https://www.theguardian.com/society/2025/jul/02/obesity-overweight-cost-estimate-nhs-study?utm_

and heightened uncertainty increase precautionary savings, while restrictions on mobility and changes in consumer preferences suppress consumption. At the same time, governments are required to expand health expenditures and provide transfers or wage subsidies to support households and firms. The financing of these measures can create both intragenerational and intergenerational opportunity costs and may reduce tax revenues by affecting income, consumption, and production patterns. A disease outbreak is classified as an epidemic when it remains geographically contained, becomes endemic when it persists within a specific region, and is considered a pandemic once it spreads across national borders. In an increasingly interconnected global economy, dense transportation, trade, and financial linkages make the transition from epidemic to pandemic far more likely. Both epidemics and pandemics can disrupt economies through trade, supply chain, and investment channels. Given the deep integration of global supply chains, even localized outbreaks can affect production and consumption elsewhere. In addition, financial market linkages enable capital to be reallocated across countries and sectors as expected returns shift during periods of heightened pandemic risk.⁴

Pandemics taught us global health and economic resilience has great interconnectedness. Improving global health can enhance economic resilience. For example, pandemic preparedness is a long-term investment in global stability and economic prosperity. The COVID-19 pandemic clearly demonstrated how deeply pandemics can disrupt economies, affecting workforce productivity, supply chains, and international trade. For donors and governments, investing in preparedness strengthens economic resilience while ensuring the long-term protection of communities and health systems. As health risks continue to evolve, our responses must evolve as well. By adapting to emerging risks, protecting vulnerable populations, and strengthening connections across sectors and borders, governments, technical partners, and donors can help build a safer and more resilient world. Ultimately, pandemic preparedness is not just a health priority; it is both a moral responsibility and an economic necessity that requires sustained collaboration and commitment from all sectors of society.⁵

⁴ Warwick McKibbin and Roshen Fernando, "The global economic impacts of the COVID-19 pandemic" ScienceDirect, Dec 2023, https://www.sciencedirect.com/science/article/pii/S0264999323003632?utm_

⁵ World Health Organization, "The changing face of pandemic risk: how we need to adapt, protect and connect" 5 Feb. 2025, https://www.who.int/news/item/05-02-2025-the-changing-face-of-pandemic-risk--how-we-need-to-adapt--protect-and-connect?utm_