Don’t look to India for healthcare answers

By Bibek Debroy
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There are too few drugs that meet the needs of poor countries, and those that exist are made too expensive by international patent rules. This is the latest diagnosis of World Health Organisation, which is currently considering a very complicated international treaty that will weaken patents. But a look at India, which has both a lot of poor people and weak patents, suggests that this diagnosis and cure are wrong.

With per capita income under US$800, India is certainly a poor country. Its current economic boom means far fewer people are poor and hungry than before but, despite swelling coffers, India is still failing on healthcare. Some parts of India have worse rates of infant mortality, maternal mortality, and immunization than much poorer parts of sub-Saharan Africa and neighbouring Bangladesh.

Despite all this, India is often held up as a model of healthcare delivery in east Asian countries such as the Philippines. This is largely because of the widely-held perception – supported by WHO – that the dilution of intellectual property protection automatically translates into health improvements.

Try telling that to an Indian citizen. The most significant determinants of health in India – like every other developing country – are improved drinking water, sanitation, sewage treatment and immunization. In many parts of India, however, 19th century technology such as sewerage are simply not available. This has tragic effects: an estimated 400,000 Indian children under five die each year from mediaeval diseases such as preventable diarrhoea.

Partly to blame is the insistence that health-related goods such as water and electricity be provided to citizens via state monopolies, which simply restricts choice and encourages waste. Similarly, Indian state governments remain adamant that they should be the only provider of healthcare to the poor. The resulting state monopolies are riddled with corruption and rarely provide decent services. According to a 2005 report by Transparency International, the health system is the most corrupt service sector in India.

Meanwhile, the government erects bureaucratic barriers that prevent the development of medical insurance systems. As a result, the majority of people are forced to pay for all their medicines out of pocket, meaning they will be reluctant to take drugs when they get sick. In such a situation, ill health is guaranteed.

So in India, at least, the real problem lies not in patents but in state failure and bad governance. These problems have been thoroughly documented and researched but they are barely mentioned by WHO. But if the developing world is to significantly improve its health, this is the main problem that needs to be addressed. These failures

disproportionately affect the poor, because the wealthy have the ability to buy clean water, sewage, power, medicines and healthcare. The poor have no such choice.

Instead of pointing to these politically difficult internal problems, it is so much easier to look for external scapegoats in the form of international patent rules and Western pharmaceutical companies.

But only 20 per cent of India's total health expenditure is on drugs, as in most other developing countries. Of this 20 per cent, every drug on India's essential list of 74 is already generic, meaning its patent has expired and production is cheap. So India's low rate of access to essential medicines is in no way caused by patents.

Patents have nothing to do with the fact that many doctors don't turn up to work at state clinics, even though they are being paid, or the shortage of nurses and medical staff and their poor training. Bureaucratic, centralised public procurement procedures, coupled with corruption, mean many drugs are not even available to dispensing pharmacies. And an inept regulatory system means that many of the drugs churned out by India's 8,000 manufacturers are often counterfeit or sub-standard.

This is not to suggest that there haven't been improvements in India. These are the result of pressure from civil society which has led to greater transparency and accountability in the public sector, combined with small improvements of governance. These are the lessons that India can give to other developing countries, not those frequently cited by WHO and its supporters, like our Drug Price Control Order (DPCO). By reducing the profitability of drugs, this has removed the incentive to produce drugs, particularly those essential ones under price control. It hasn't improved access to drugs, or health outcomes.

By diverting attention from the real issues of healthcare delivery, the WHO is undermining the health of the poor. If they sign up to the R&D treaty the WHO is currently entertaining, governments in rich countries will claim they have done something concrete for the poor in developing countries. Similarly, governments in poor countries will happily continue to blame their appalling healthcare on international factors--it gives them the perfect cover to avoid the expensive and politically difficult reforms that really would improve health.

In reality, the poor won't see any difference in their daily lives. But politicians rarely ask the poor what they want.

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