Why more government can mean less health care

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What restricts the poor to have access to efficient healthcare, and what prevents medicine development? Big and intrusive government.

About 50 per cent of people in parts of Asia and Africa have no access to medicines due to harmful government policies, reports the "**Civil Society Report on Intellectual Property, Innovation and Health**", released on March 28. The document was produced by 16 civil society organizations from around the world, and was released ahead of a report on a similar theme from the World Health Organisation (WHO). I was one of the many discussants actually in the final revision of the paper.

How does big and intrusive government restrict the poor access to efficient healthcare, as identified in the report?

1) High taxes and tariffs, up to 55 per cent on imported medicines price people out of treatment. In the Philippines, medicines and health services (like medical and dental check-ups, hospitalization, etc.) are also covered by the 12% VAT. Weak, sick and dying people are still taxed to prop up fiscally irresponsible and tax-hungry government.

2) Complicated and costly registration requirements, where many medicines already approved in the US, EU and Japan are simply not registered in most poor countries because manufacturers cannot justify the investment in registration.

3) Regulations by various government agencies, that hamper development of private health insurance. The poor are unable to obtain insurance and are only able to pay for treatments if they have sufficient savings, or must rely of charity or meagre government healthcare provision.

4) Price controls, supposedly to benefit the poor, actually reduce the availability of drugs, especially in distant rural regions, by making it uneconomic for pharmacies to stock them. Even in relatively wealthy South Africa, price controls have led to the closure of scores of rural pharmacies – leaving thousands of poor people without any access to medicines at all.

5) Inadequate protection for intellectual property in poor countries, this undermines incentives to invest in R&D for the diseases of poverty by making it more difficult to recover costs. The report found no evidence that intellectual property protection had hampered access to medicines.

I will add that restrictions in opening up new private schools for health sciences, new hospitals and clinics discourage the emergence of more health educational institutions that can churn out and supply more nurses, more doctors, other health professionals, to replace those who have migrated to wealthier countries. In the Philippines, thousands of Filipino nurses and doctors are leaving every year, affecting both government- and privately-run hospitals and clinics. If there is big demand for health professionals (domestically and internationally) or other professions, supply normally follows. Thus, greater supply should not be restricted by high corporate taxes and bureaucratic regulations that discourage more private enterprises that want to open up new health learning institutions.

Big and intrusive government is the author of big and multiple taxes; the administrator of multiple permits, licenses and fees, of a maze of regulations, registrations, inspections and accreditations. Ultimately, it is the main hindrance to the poor having greater access to cheaper and more effective medicines and health care.

If there are less taxes, less business regulations and registrations, more private enterprises that produce more medicines (from R&D to marketing), that build more hospitals and clinics, that open more colleges and universities offering health sciences, will spring up. The simple and old formula of "more competition" and NOT "more government regulations", should ensure that rich and poor alike, will have some access to various medicines and health care at various price ranges and packages.

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