



Freedom To Be Healthy

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The most obvious long-run benefit of the market system —based on the foundations of individual freedom, private property rights, respect for entrepreneurial creativity, and limited government—has been the phenomenon coined by economist Deirdre McCloskey as ‘The Great Enrichment’ of stupendous growth in income and wealth.

To conceptualise the Australian version of the Great Enrichment in another way, real GDP per capita here in the 1820s was comparable to that found in Malthusian-trapped Africa and Asia during the same period. But since then the Australian economy has grown in leaps and bounds over most other nations.

As impressive as all of this seems we often forget about the noneconomic legacies of the dramatic improvement in material living standards, and one of those legacies concerns the long term



improvements in health status that a richer economy can afford a country's inhabitants.

Before delving into the aspects of the relationship between freer economies, deeper markets and healthier lives, consider some elements of the improving state of health enjoyed by many Australians in historical time.

Since the early twentieth century, life expectancy at birth has improved appreciably for both males and females in Australia.

Males born in 1921 had a life expectancy of 59 years, and females, of 63 years. By contrast, males born in 2012 have a life expectancy of 80 years, whereas females have a life expectancy of 84 years.

To put this in an even longer term perspective, for much of human history people only lived for an average of between twenty and 35 years. Even in early nineteenth century England and Wales, life expectancy at birth hovered at about 40 years.

The rate of Australian infant mortality has precipitously declined since the late nineteenth century, dropping from as high as 139 deaths per 1,000 live births in 1875 to three per 1,000 live births in 2013.

Even ten years ago, there were close to five deaths per 1,000 live births, illustrating the generalised trend toward improvement for this indicator over time.

We are generally aware of the dramatic reduction in deaths attributable to infectious diseases such as cholera, measles, polio, smallpox, and typhoid fever, but Australians are now enjoying the benefits of some encouraging recent reductions in mortality rates of cancer and cardiovascular diseases.

Finally, let us consider long run trends in average human height which has long been the field of interest for epidemiologists and health practitioners and, more recently, economists such as the late Nobel Prize winner Robert Fogel.

Long run time series analysis has shown that the average height for Australian males has increased by nearly ten centimetres from the mid nineteenth century to late twentieth century (shown below).

From a theoretical perspective the relationship between economic freedom, market development and health status would seem reasonably straightforward.

Societies in which individuals are less encumbered by government restrictions to discover and create new means of satisfying the needs and desires of others are more likely to have greater resources which may be allocated toward the health care of individuals, families, and communities.

Consistent with this story, a 'Maslow effect' may be observed in wealthier societies in that greater levels of material abundance means that the average person, then, has a tendency to focus his or

her attentions toward higher order objectives, such as a better state of general health.

A 2013 study by James Roberts and Ryan Olson for the Heritage Foundation found that mortality rates tend to be lower, and life expectancies tend to be higher, in countries with relatively greater economic freedom.

The study even found a positive association between economic freedom and access to clean water and sanitation, with the authors stating,

Citizens of countries with high levels of economic freedom are able to afford such basics as indoor plumbing, potable water, and wastewater disposal and treatment. Such infrastructure prevents the spread of cholera and other diseases, and ensures that people have clean water for drinking and cooking in their homes. Overall, such facilities contribute to better health outcomes for society.

This is an important point, because proponents of greater public sector intervention in health care argue that improvements in public health have only come about because of government efforts to improve sanitation in urban environments, as an example.

Putting aside the contribution of private sector entities in laying down wastewater treatment pipelines and plants, and so on, the capacity of governments to massively invest in public health initiatives (and, incidentally, crowding out private initiative in the process, to some extent) seems to have only been made possible in countries with relatively freer economies and, thus, with greater capabilities to generate taxable income and wealth.

However, not all groups celebrate the instrumental role that economic freedom and development has played to improve the health status, and ultimately, the quality of life enjoyed by millions of Australians, and indeed billions of people around the world.

A recent study published in the Bulletin of the World Health Organization has put forward the notion that relatively greater economic freedom is associated with obesity, using the density of Subway outlets as an indication of 'fast food' penetration in an analysis of 26 countries, including Australia. The authors of the study argued that 'market deregulation policies may contribute to the obesity epidemic by facilitating the spread of fast food.'

In one respect this study firmly lays within the realm of the 'bleeding obvious', wherein those countries with relatively greater economic freedom are precisely those which their producers and retailers more effectually supply those commodities that individuals demand to consume, including hamburgers and thickshakes.

While the proposition to be put forward should be the subject of further investigation, economic freedom is also likely to be associated with a greater private sector role in offering healthy food and exercise options. After all, the market for organic foods, fitness and sporting apparel and equipment, bicycles, gyms, pilates, yoga and other activities promoting good health appear abundant in more market oriented economies.



In addition, a lack of economic freedom in health care, exemplified by health being subsidised by the public sector, probably contributes to obesity in that unhealthy individuals do not directly face the full costs of their own health care needs, in turn encouraging the moral hazards of overeating, lack of exercise, and other bad habits. Economic freedom can make you fat or it can make you fit, depending on what lifestyle you choose for yourself. But this modern debate risks obscuring the full picture of what markets have done to improve the health status of the average Australian.

The Great Enrichment has been striking in its own terms, but the effect of rapidly growing incomes, wealth and material living standards in facilitating the Great Flourishing of longer, healthier lives is another good reason to celebrate the beneficent trend of continual human progress through the modern age.