ECONOMIC LINKS BETWEEN THE PUBLIC SECTOR AND THE HEALTH LITERACY OF THE POPULATION

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ABSTRACT

The mutual interplay of health and education policy at both national and regional levels is a testimonial to the health literacy standards of the population, from which the quantitative and qualitative component of human capital arises, of which the healthcare capital is an important organic component. These capital components of human resources are an important determinant for ensuring the stability of economic growth. This is confirmed by economic theories of endogenous growth that can fully rely on empirical research based on a correlation of investment in human resources on the one hand, and population welfare, the quality of life and the economic growth on the other. Investors in human resources in the field of health through the creation of educational programmes are numerous, from the state authorities to the lowest territorial units. Due to the application of the principle of subsidiarity in the implementation of social policy intentions, the position of investors, municipalities and regions is growing in importance, as a comprehensive view of creating quality infrastructure for human life and providing quality public services in line with societal challenges has emerged in recent years. A connecting factor is the quality of human resources as a key factor in the competitiveness of a region.

Keywords: health literacy, social policy of the public sphere, human capital

JEL Classification: A12, B41, D00, E00, D24
1 INTRODUCTION

The aim of the paper is to highlight current issues of the importance of health literacy in building the wealth of a society by investing in human capital, from which the health of the population is derived as a source of stable economic growth and social welfare of the population. Health, which concerns all groups of the population, is one of the most important preconditions for a happy, peaceful and fulfilled life of every individual. It is not only a state when illness is absent, it is generally a good feeling of life experienced by a person in three dimensions – physical, mental and social. Therefore, its protection and its consolidation become an indispensable, integral part of the educational process. Health care can be imagined both in historical development and in relation to healthcare as a system. One of the important, though relatively new, concepts is health literacy (Marádová, 2014). It allows people to get, evaluate and use information so that it can have a positive influence on their health. Therefore, health literacy is an integral part of the theory of human capital; its importance requires respect for the interdisciplinary approach of social sciences, especially economics, public economics, theory of economic, social and regional politics, pedagogy and andragogy.

Health literacy has become one of the outstanding tasks of raising and promoting health and preventing risk factors. One of its basic pillars is the implementation of the principle of subsidiarity, according to which decision-making in and responsibility for these public affairs should take place at the lowest levels, such as villages, municipalities, cities and regions. The objective of this principle is to ensure a long-term stability and competitiveness of the territorial units with the support of the Smart Region and Smart City programmes. Therefore, for the realization of investment projects in the development of the population’s health literacy, it is necessary to involve all relevant actors of the public sphere and civil society in providing multiple-source financing for individual activities.

2 METHODS OF PROCESSING

The functioning of the economic system in the national and regional dimensions is connected with the institutions, which are a logical prerequisite for ensuring stable economic growth, whose important determinant is the social and health
system. It builds on the aims of social and regional policy, which is an integral part of public economic policy. From its level, the proper health literacy of the population develops. The bodies involved in the creation of health literacy are also institutions and communities.

For the above reasons, the methods of analysis, comparison, observation and synthesis are applied in the process. These are applied to the development of the phenomenon of health literacy, taking into account the importance of applying the principle of subsidiarity in the context of urban and regional policies. At the same time, the reality of the development of health literacy is compared with that of the theoretical concept of human capital.

3 RESEARCH RESULTS

3.1 HEALTH FROM THE POINT OF VIEW OF ECONOMIC THEORY

Human health is, in the current conception, as defined by the World Health Organization, understood to be a balanced state of physical, mental and social well-being. It is formed and influenced by many factors and is a prerequisite for an active and happy life, for proper work performance. This is a prerequisite for ensuring adequate stable economic growth. This is why health education is one of the priorities of education programmes, the level of which depends on public policy at the national and regional levels.

Thus, the state of health is a value that is not of a tangible nature and is tied to a particular individual and, as a rule, cannot be classified as goods and therefore cannot be fully exchanged on the market. There are two definitions of negative and positive health. Negative delimitation perceives health as statically assessed state of the disease-free organism, while positive definition looks for favourable health signs. The positive definition also distinguishes the static (older concept) and the dynamic concept of health (a newer concept). An older concept defines health as a state of perfect physical, mental and social satisfaction without the presence of illness or the occurrence of a physical defect. The newer concept looks at health as a dynamic “life process” that is constantly changing and is influenced by a number of factors such as elements of the natural and social environment.

For the reasons outlined above, it cannot be regarded as a purely economic
asset, but as a value with an individual and social aspect. “Individual” means that every person decides on their own health, many people realize its value when they become ill. Therefore, for the understanding of the value of health, education that enhances dignity and self-identity is important. The social worth of the value of health characterizes it as a source for the economic and social development of society; it is the result of many relationships that make an individual part of a wider human community. This is why health care also belongs to society. The main motive for social structures should be to make people more interested in health and to act as a model for as many people as possible to find their way to health. “Health care is therefore not a social duty but a personal concern” (Holčík, 2010). The value of health, both from an individual and social point of view, is constantly changing over time, is difficult to measure and contains a number of cultural, political, social, economic and ethical elements. Health is generally regarded as a positive externality and a necessary condition of human existence (Rivera & Currais, 1999).

The threat to the health and life of an individual poses a risk not only to them and their closest social environment (such as the family) but also to the whole society. Therefore, sickness, accidents and disability are, according to social policy theories, pathological social events. All risks that threaten good health can never be fully eliminated. A proper reduction can be realized with appropriate rules. These include, in particular, appropriate organizational arrangements and management culture. According to the theoretical concept of sociologist Niklas Luhmann, all the risks of contemporary society are the result of decision-making (Luhmann, 1984). The risk assessment and management process also harms institutional capacities and capabilities, which may lead to conflicts with other organizational structures. As a result, institutions have to address, besides external, societal risks, the management of their “internal” institutional risks. Institutional risk management can also improve the management of societal risks, for example by improving the decision-making process, but it can also have potentially negative consequences if institutions manage their “risks” at the expense of societal risks. This spiral feedback between societal and institutional risks requires the exploration of factors shaping the balance between managing societal and institutional risks and risk colonization. An idealized model is an attempt to break
down and analyse closed links between the risks and their regulation.

According to individualization theory, an individual is responsible for themselves, but depends on conditions that they cannot influence (Beck, 2007). This is fully in line with Ulrich Beck’s concept of individualisation. From this it is inferred that people today are forced to believe experts without knowing what they know and whether they are really experts. It is therefore natural that people lose confidence in professionals and politicians because they are often forced to live in insecurity and with feelings of discrimination and injustice because of their decision-making. In this context, Anthony Giddens focuses on two dichotomies: trust and risk, safety and dangers. The reason for his orientation is societal changes that have created a new state of psychological vulnerability and ultimately a new risk profile. Giddens associates risk with objective and subjective conditions. The objective conditions relate to the intensity of the harmful effects of an increased number of risk sources (technologies, ecological and natural disasters, etc.), hazards resulting from “nature transformation” (pollution, contamination, desertification, deforestation) and the institutionalization of certain types of risks in the social system (for example, voluntary risk).

3.2 CONFLICT OF ECONOMIC AND ETHICAL INTERESTS AS A MANIFESTATION BETWEEN THE EFFECTIVE ALLOCATION OF RESOURCES AND THE VALUE SYSTEM OF SOCIETY IN THE CREATION OF HUMAN CAPITAL

Liberal economists are fully convinced that the market is a prerequisite for all resource allocation efficiencies. However, reality confirms the assertion that this efficiency is not always the only goal that society is pursuing. The example of education and health can be fully demonstrated. In the real world, the market has for ever been offering goods that can be harmful to consumers. In the early 18th century, the Dutch writer, philosopher and economist Bernard de Mandeville, in his essay The Fable of the Bees: or Private Vices, Public Benefits, considered as the basis of economic liberalism the believes that the desire for personal welfare is the source and precondition of economic growth and the wellbeing of the whole society. His work includes, among other things, controversial passages, such as the refusal to educate the social group of the poor, as education could create...
a desire for property. In the same period, the prominent Irish philosopher and Anglican theologian George Berkeley described Mandevill's theoretical concept as immoral. At the same time, it is also necessary to bear in mind that Mandeville should rather than defend the existence of vices, point out that each law or “moral value” was originally a defence of the utilitarian interest of a group, anticipating the conclusions of the modern philosophy of law.

In some cases, the market ensures an efficient allocation of resources, but effective allocation of resources is not usually the only goal a company is tracking. The market may offer consumers goods that are harmful to them or, on the contrary, some goods are being replaced by other goods that are less beneficial for the consumer. This may be due to the fact that consumers are not market sovereigns and are manipulated by advertising. The state is then trying to reinforce the position of consumers in the market by intervening, for example by restricting some types of advertising. Another reason for state intervention may be the preferences of some consumers that society considers to be wrong and attempts to correct them (a typical example is the demand of drug addicts). However, the rationale for state measures that promote the value system of society is mostly ethical rather than purely economic.

For the above reasons, state interventions may take the form of a complete ban on the sale of certain goods to all consumers (as is the case with drugs) or selected consumer groups (for example, prohibiting the sale of alcoholic beverages to children). Restrictions on the consumption of certain goods (e.g., alcoholic beverages) can also be pursued by higher taxation on other goods. On the other hand, the state can support the consumption of other goods and services (examples: support for the construction of physical and social health facilities) by tax relief or subsidies. It is clear that efficient allocation of resources may conflict with other company goals. A classic example is full or partial prohibition in the history that leads to the reduction of highly efficient production of alcoholic beverages, thereby reducing the tax revenues of the state.

3.3 HUMAN CAPITAL THEORY AS A SOCIAL POLICY PURPOSE FOR CREATING HEALTH LITERACY OF THE POPULATION

The theory of human capital emerged from the intellectual environment of the
Chicago School of Economics in the early 1950s. The central methodological principle of the Chicago School is the elucidation of economic processes based on the principle of maximizing the net benefit of an economic entity in a market environment. This approach is also applied in non-market areas. This also leads to the basic conception of all economic life contexts in the theory of human capital. This was developed by key figures of the school, Gary Becker, Theodore W. Schultz and others.

According to Gary Becker’s concept, human capital is divided into a pool of personal and social capital. Personal capital is further divided into “habitual” and “imaginative”. Becker’s theoretical analysis is based on the presumption that each individual is an almost universal consumer. The amount of consumption is determined by income, whereas its orientation is based on his preferences (Becker, 1997). These are determined by the biological and psychological typology of personality, social environment and customs. It is clear that each person is born with different abilities that have evolved since childhood.

This experience influences the desires and choices of adolescents and adults partly through habits that still influence adult behaviour since childhood. They can significantly affect the life of the individual. According to the spiritual father of Sigmund Freud’s psychoanalysis, the influence of early childhood on the later adult behaviour is decisive. Then childhood experiences could have a major impact on preferences and adult choices. Children spend their early years in the care of their parents and close relatives who decide what they will eat, what they will read, hear, what they will notice and what they will be indifferent to. The enormous influence that this has on a child’s choices explains the close link between children and parents in many attitudes and choices, including religious and political affiliation, smoking, use of alcohol and other addictive products, divorce, healthy eating, vegetarianism or the preference for exotic kitchens. Based on the natural modeling of parents’ influence on children in maximizing usefulness, it is assumed that the preferences of children and adults develop from an early childhood. Altruistic parents partially maximize their own benefits by maximizing the benefit of their children. They try to control the development of their children’s preferences to increase their benefits (Becker, 1997).

Habits are harmful if the current consumption reduces future benefits. An
example of this is health threatening heavy addiction to smoking, alcoholism or drugs. Similarly, habits are beneficial if greater current consumption increases future benefits, such as the introduction of a regular physical activity, i.e. a healthy lifestyle. It is natural that bad habits attract more attention than good ones, but the reality is that rational behaviour also implies that the strong habits examined are more damaging than beneficial. Proof of this is the type of contemporary modern consumer society. Based on these analyses, there is considerable active promotion of unhealthy lifestyles and failure of education systems to equip individuals with adequate skills to get, understand, evaluate and use information on how to improve their health. This paradox has resulted in the health literacy crisis in Europe and elsewhere in the world. Almost half of the adults in European countries have inadequate or problematic habits that negatively affect health literacy. This is manifested in the quantitative and qualitative dimension of human capital, whose main determinants, according to modern economic theories, are investment in health and education as a precondition for ensuring stable macro-economic growth (Brinkley, 2001).

As the second, “imaginary” component of personal capital, Becker identifies the trained ability of an individual to anticipate the future – the “imagination capital” (Becker, 1997), which helps them to better appreciate future benefits. Given that the theory of the redistribution system is looking for ways to “decipher” human behaviour, it could help develop this component of the capital. It is the imagination of wider contexts, some kind of insight into own behaviour as well as the behaviour of other people, which can be a good entry capital to life. Social capital then determines the influence of other people’s preferences on an individual’s social environment. The rise in social capital can increase or decrease individual benefits. This can be interpreted as an example when the pressure of a reference group on a teenager to start a healthy lifestyle increases their benefit, and their dependence on the behaviour of others can create different externalities of a positive nature.

Sociology also offers a well-known theory of human capital as a reaction to the economics of the concept of human capital that was developed by Pierre Félix Bourdieu. It divides human capital into four areas (Bourdieu, 1986): economic (material wealth), cultural (education, awareness), social (recognition, contacts) and symbolic (prestige from different types of capital). It is undoubtedly a wider
concept of the category of human capital seeking a certain permeability and transferability of capital from one to another, the third or fourth form of capital. Education is basically a cultural form of capital, but it is also an important factor in capital formation in other areas. In essence, Bourdieu criticized the education systems in Western Europe at the beginning of the second half of the 20th century, especially their role in “preserving” the existing social differences.

It follows from the above text that the notion of human capital is not theoretically anchored or precisely specified. There is no uniform definition. In fact, the term economic refers to the knowledge and abilities of an individual and their value generated by investments. In sociology, human capital is a means of social success and position. However, the role of education is always mentioned in connection with the creation, content or structure of the various definitions of human capital. The theory of human capital does not include only an economic and sociological aspect. This is clearly evidenced in pedagogy, which has space for research and assessment of the “input component” of human capital and thus school education. This includes, in particular, the question of the target structures, content, forms and methods of educational processes in the school system. The verification of the results of the pedagogical process is a fundamental problem. Some current topics of pedagogical science, such as functional literacy, intercultural education, alternative education, marketing of educational institutions and others, are also affected by the creation of human capital.

Andragogy, in connection with human capital, focuses on the issue of adult education, in particular on its professionally oriented part (Abel, 2013). It should give some relevant insights into this component of human capital development. This is the design, implementation and evaluation of courses, their quality and impact on work performance. It does not only concern career development processes. Attention should also be paid to interest-based education, as this area also relates to the adaptation of an individual to life in society and to their lifestyle.

3.4 INVESTING IN HEALTH IN THE CONTEXT OF ECONOMIC GROWTH

G. Becker defined health as part of human capital. He did not formulate a theoretical model of health investment, which was done by Michael Grossman, whose model analyses consumers’ choice of consumption and investment in health
supplies, thus affecting their length of life along with factors that influence such choices. Grossman used Becker’s general model of investment in education and training at work, but he claimed that the impact of health and education on an individual’s activity differed. He argued that it was not easy to assume that better health would automatically lead to higher wages, which is the case with education. While Grossman’s education affects productivity, health affects the amount of time an individual can devote to work (or consumption). Grossman thus created the theoretical concept of demand for healthcare by allocating health capital from the theory of human capital. Based on this concept, each person is an active “producer” of their health (health capital) and as inputs for “production” uses purchased healthcare and their time (Grossman, 1972).

Regarding population health in the above-mentioned sense, economic development (with a high specialization of the labour force) needs to reduce morbidity, avoid epidemics by effective treatment or prevention and return labour to the labour force as quickly as possible. The initial theoretical concept is endogenous growth (Romer, 1986, Lucas, 1988), because it is generated by forces within the economy. The beginnings of this theoretical concept date back to the 1980s as a response to controversial impacts of Solow’s traditional neoclassical growth model. The essence lies in technological progress in the form of improving its determinants, which are physical and human capital (Wawrosz & Valenčík, 2014).

The application of the method of synthesis of the theoretical concept of endogenous growth with Grossman’s investing in health model (Becker, 1975) and Becker’s concept of human capital (Becker, 1997) can provide important arguments supporting the principle of investing in health as a factor of economic growth and prosperity education.

3.5 HEALTH LITERACY AS A COMBINATION OF HEALTH AND EDUCATION POLICY AND MIX OF INVESTMENT IN HUMAN CAPITAL

In the context of monitoring the economic aspects of health literacy in human capital formation, two approaches to human capital can be applied, both microeconomic and macroeconomic. With the microeconomic approach, three types of human capital acquired during lifetime can be distinguished: initial human capital created in the family, human capital gained through study and human capital
gained during working life. Since the 1960s, human capital has also been studied from a macroeconomic point of view in connection with the application of growth accounting techniques to analysing the impact of education and human capital on economic growth. All theoretical concepts of human capital regard education as its basis. The basis for this is the educational system, which is an integral part of the health literacy of the population. Its determinants are a mix of public policies with national and regional competences, appropriate engagement of civil society and corporate cultures, with appropriate support from the state in the form of applied fiscal policy (Rivera & Currais, 1999).

The economy of health is a relatively young discipline. Although the issues it dealt with existed, of course, prior to its formation, an article in the American Economics Review, 1963, written by the American economist and Nobel Prize winner in economics Kenneth Joseph Arrow under the title “Uncertainty and the Welfare Economics of Medical Care” is considered to be a fundamental and constitutive work (Arrow, 1963). Approximately 11 years later, in 1974, the term health literacy by Scott Simond was first used in Health Education as Social Policy (Ratzan, 2001). This is described as a health education that meets the minimum standards for all levels of education. The importance of health literacy is that it helps people improve their health (by becoming familiar with the principles of healthy lifestyles and strengthening personal responsibility) and increasing the overall health status of the population, whereas low health literacy can lead to increased health risks, economic losses or health disparities status among social classes.

According to Don Nutbeam’s model, there are three levels of health literacy: functional, interactive and critical (Nutbeam, 2000). Functional health literacy concerns the outcome of traditional health education, provides information on health risks and how to behave in the health system. The aim is to broaden and deepen people’s knowledge of health risk factors and motivate them to willingly take the prescribed measures. This includes, for example, participation in vaccination, adherence to the schedule of preventive examinations. The aim of interactive health literacy is to develop citizens’ ability to act independently, in particular to strengthen their motivation and responsibility while respecting health guidelines. It is not just obedience and effort to meet all the well-considered counsel of health professionals, but to develop self-identity and autonomy in decision-ma-
king, to strengthen internal motivation to help improve health (Holčík, 2010). At the same time, active citizenship is anticipated, where people become equal partners with health professionals and are motivated to strengthen and protect their health (Zvírotský, 2007). These include the activities of self-help groups of patients. Critical health literacy represents the highest level of health literacy, develops in individuals such abilities as their individual behaviour and socially and politically oriented activities, whose purpose is to contribute to the creation of a favourable health and social environment (Holčík, 2010).

The interdisciplinary approach of social, humanities and medical sciences is a tool for the promotion of all forms of prevention (primordial, primary, secondary and tertiary) that contribute to the sustainable development of humanity and the quality of life. The essence of prevention is the notion that it will be possible to reduce the incidence of diseases and injuries by actively influencing risk factors. An economic analysis of the cost of treatment of illnesses, on the one hand, and the costs of prevention, particularly through the implementation of health literacy programmes, on the other, clearly confirm the success of prevention.

For the reasons outlined above, health literacy, as part of preventive activities, can be seen as one of the basic inputs to health. This should not be understood merely as an expression of the realization of humanistic ideals and social aspects related to health care, but also as an interest in increasing the stock of available human capital in the most effective way, both in terms of macroeconomic and microeconomic growth – a particular person striving to maximize the benefits for their life.

The results of current empirical studies developed by applying quantitative methods in healthcare define dependence on growth rates and life expectancy: an advantage of five years of average life expectancy in a given country will affect the annual growth rate of gross domestic product by 0.3–0.5% (Bloom, Canning & Sevilla, 2001). According to Bloom, raising the average life of the population by one year leads to a cumulative increase in gross domestic product by up to 4% in the long run (Bloom & Rosenberg, 2007). Other studies (Bloom & Rosenberg, 2007), which confirm the positive correlation between investment in health and economic growth, identify the causal link leading to a shift from education and health to economic growth, leading to recommendations to invest in these
sectors, which is supported by empirical studies that show a positive correlation between the level of population health and economic growth in developed economies (Suhrcke, McKee, Arce, Tsolova & Mortensen, 2005).

4 CONCLUSION

At present, socio-economic analyses include concepts such as sustainable development, society’s well-being, living standards, the quality of life or the education of society as well as the need to change the educational system or address the gradual ageing of the population and its impacts on the health, social and economic system. In most of these analyses, account needs to be taken of changes in human capital. This is confirmed by the attitude of public policies (especially social and regional), which, based on the theoretical concepts of the interested disciplines, are oriented towards the human dimension. This trend has accelerated in recent years. A significant part of this is also important in the field of health literacy, which, as one of the factors of quantitative and qualitative aspects of human capital, contributes to the creation of economic growth.

For the above reasons, it is a matter of public interest to develop health literacy with a priority to prevent the emergence of diseases and injuries in modern civilization. Therefore, this form of literacy can be characterized as an integral part of the health culture and social skills of the population. It is in public interest to enhance the importance of increasing health literacy of the population from basic education (Marádová, 2014). In connection with the expected evolution of ageing of the population, health literacy is at the forefront of the social issues of gerontology. Thus, the state administration and self-government bodies are tasked with creating support for the development of educational programmes in school institutions and civil society.
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