

**The Interplay Between Economic Development and the Saudi Health Sector**

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**Introduction:**

At first glance, it may seem to the uninformed observer that the health sector is a purely consumer sector. However, the reality is quite different. The health sector is closely linked to the economy; one cannot exist without the other. This link is evident in the targeted role of the health sector, which affects human life, existence, and continued health and well-being.

There can be no economy without people to work in it, creative, develop, and innovate. And there can be no creativity, production, or development without a healthy body and a sound mind, both physically and mentally. Therefore, most developed and developing countries focus primarily on education, health, and security. These are not just requirements for economic development and growth; they are requirements for life in general. If people do not feel secure about their future through education, their bodies through health, and their minds through security, their balance will be disrupted, their determination will be lost, and their productivity will be zero.

Therefore, modern world countries recognize that their human resources are the most important element in their production process and the foundation of their economic structure. They therefore develop comprehensive health insurance plans for their citizens in several stages. The first stage is to provide emergency services to cure their illness and provide the necessary treatment to achieve their full recovery and prevent complications. It also provides vaccines and serums to protect them from diseases that may affect their health.

With this in mind, spending on the health sector is not consumption spending as it appears, but is in fact productive spending that leads to the accumulation of human capital, which maximizes production and productivity. This necessarily leads to increased output and productivity, achieving economic development and contributing to the development of other economic sectors such as tourism, industry, and trade.

Investing in the human sector and productive capital is no less important than domestic and foreign investment. Preparing healthy people who are able to work and produce relieves the state of the burden of supporting them and bearing their expenses, as well as being a burden on society. Therefore, spending on the health sector is not only seen as a consumption expenditure, but it goes beyond that to be considered a productive expenditure in terms of lifting the burden of supporting the disabled and unable to work from the state and providing the labour market with the skilled labour and human resources necessary to achieve development plans and progress.

## Health Conditions and Their Relationship to Economic Development:

### The Relationship Between Health and Sustainable Development:

The relationship between sustainable development and the health sector is strong. Improving the health environment and increasing life expectancy and the longevity of adults increases the size of human capital, which in turn increases the growth rates of the economic sector<sup>1</sup>. Healthcare also works with many other areas to support the national economy and provide it with the necessary expertise and knowledge, as well as the human resources needed to develop it. Increasing healthcare spending and reducing disease and disability rates reduce individual costs and stimulate long-term economic growth. Developing and developed countries are concerned with healthcare to lift the burden of supporting the unable to work and the sick from their shoulders, as they are considered non-productive individuals<sup>2</sup>. Measuring health rates and the quality of the health environment in which people live in the country is considered one of the most important factors in measuring the level of the country's economic development. According to the indicators of health in a country are some of the most important measures of the level of economic development in it, according to what was indicated by the Ninth Labour Conference for the year 1996-2001<sup>3</sup>, health is a basic goal of development, but development itself depends on health.

The Kingdom of Saudi Arabia has adopted many health initiatives that have targeted supporting sustainable development, such as the "Ta'amni" initiative, in which the state has given top priority to pregnant women to care for them and their children, in order to improve and strengthen their health levels. Also, in belief in the role of the Kingdom of Saudi Arabia in the role of healthcare in supporting economic development, it launched the "Reducing Hospital Waiting Lists" initiative, through which the state sought to strengthen the human resources and medical cadres in order to expand the scope of coverage of more health cases in a shorter time in order to achieve the Saudi Vision 2030. Many health initiatives have also been launched in order to achieve sustainable development<sup>4</sup>.

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<sup>1</sup> Michael Spence and Maureen Lewis, Commission on Growth and Development - Health and Development, 2009 p: 12.

<sup>2</sup> Al-Fatih Muhammad Othman Mukhtar, "The Economics of Health Care Services in Developing Countries and Their Impact on Development," *Amarabac*, a scientific journal issued by American Arabic Academy of Science & Technology, Volume: Four, Issue: Ten, 2013, p. 122.

<sup>3</sup> Muhammad Othman Abdel Malik Health, Development and Poverty - Discussion and Commentary, *Public Health Newspaper*, October 2007, p. 4.

<sup>4</sup> <https://www.moh.gov.sa/Ministry/Projects/Pages/Initiatives.aspx>.

### **The Relationship Between Health and Savings:**

On the other hand, individuals' savings and investments are directly linked to the economies of countries in general. Since an individual enjoys good health and increases his life span according to good care for his physical and mental health, he is more likely to want to save and invest money, as well as increase his income as he gets older according to his increasing experience, which increases his ability to save money and invest it in economic fields that support the national economy of the state<sup>5</sup>.

As a result, the Kingdom of Saudi Arabia has enhanced investment in the health sector to reach 330 billion by 2030, in order to provide a healthy environment for citizens that encourages their savings. In addition, the savings rates in the Kingdom of Saudi Arabia have been recorded at 1.6% of household income, which is a very weak percentage compared to developed countries. As a result, the National Debt Management Center has issued a number of savings programs at the level of the Kingdom, in order to encourage increased savings and instil a culture of saving that achieves a leading regional and global position in the field of financial education and awareness. It is noteworthy that the financial sector development program aims to increase the savings rate of Saudi households to four times the current rate. Among the most important initiatives issued by the National Debt Management Center was the allocation of an International Savings Day and raising community awareness of savings, as well as launching a number of savings wallets such as "Zod Savings" and "Zod Generations". Therefore, in addition to healthcare, Saudi efforts have converged to support the economy by raising savings rates<sup>6</sup>.

### **The Relationship Between Health and Foreign Investment:**

The relationship between health and foreign investment is a direct one, as the foreign investor always puts the health status of the country in which he wants to invest in mind. This is because the health of workers directly affects production rates on the one hand, and on the other hand, his health and the health of those responsible for supervising the project will always be a matter of consideration due to its impact on the project's outcome. Therefore, it is unlikely for any investor to invest his money in a country where disease is widespread or epidemics are prevalent, as the health and strength of the workforce is a major attraction for foreign investors<sup>7</sup>.

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<sup>5</sup> Somaya Ahmed Ali Abdel Mawla, "The Role of the State in the Health Services Sector," Contemporary Egypt Magazine, Volume 97, Issue 483, Egypt, July 2006, p. 423.

<sup>6</sup> Report No. (100) of the Committee of Economic and Development Affairs, entitled The culture of saving in the Saudi family and its impact on the Saudi economy, issued on 20 February 2023.

<sup>7</sup> 3 - Lena Sommestad, "Health and Wealth: The Contribution of Welfare State Policies to Economic Growth", Speech Prepared for The Expert Conference "Best Practices in Progressive Governance", 2001, p: 3-4.

The Kingdom of Saudi Arabia has obligated, through the internal regulations and systems that govern the work of foreign investors in the Kingdom of Saudi Arabia, as well as non-Saudis, to observe the health principles and rules that ensure the health of society, the safety of the product, and the health of workers involved in its production and manufacture by providing a suitable health environment to attract foreign investment. This is considered one of the most important aspects of the health sector's participation in the development of the Saudi national economy<sup>8</sup>.

### **The Relationship Between Health and Tourism:**

Tourism is one of the most important sources of the national economy, and some countries even rely on it primarily to support their economies and provide foreign currency. Although the quality of the tourism product is one of the most important factors targeted by tourists, the level of public health in the tourist destination is one of the considerations that tourists keep in mind. Therefore, the health of workers in the tourism sector and those responsible for it, as well as the general health status of the tourist destination, are matters that directly affect tourism<sup>9</sup>.

Therapeutic health is also one of the most important types of tourism in modern times, which attracts many tourists coming to it. The recent trends of the Kingdom of Saudi Arabia have seen radical movements in order to support therapeutic tourism and support the national economy. It has embarked on projects that attract therapeutic tourism such as the Red Sea project and the Amala project located on the north western coast of the Red Sea, which include most of the specialized health centres in supporting health care. The Amala project is one of the Saudi projects that aims to create a new concept for luxury domestic and international tourism, centered around convalescence, health and treatment<sup>1</sup>.

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Nigel Gaines and Karl Theodore, "The Impact of Health Investment on Foreign Direct Investment and Tourism in the Caribbean", Department of Economics, The University of the West Indies, St. Augustine, 2004, p. 17.

<sup>8</sup> - Electronic article, accessed 26 February 2024,

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<sup>9</sup> Nigel Gaines and Karl Theodore, "The Impact of Health Investment on Foreign Direct Investment and Tourism in the Caribbean", Department of Economics, The University of the West Indies, St. Augustine, 2004, p. 17.

<sup>1</sup> Electronic article, accessed 26 February 2024,

<https://saudipedia.com/article/5363/%D8%A7%D9%82%D8%AA%D8%B5%D8%A7%D8%AF->

## The Relationship Between Health and Productivity Levels

The health status of workers and those involved in production has a significant impact on the continuity of work, the regularity of the worker, and consequently the increase in his productivity. Recent studies have confirmed that workers suffering from diseases have a much lower productivity than healthy people with sound bodies and minds. For example, a study at a British university showed that about 40% of employees who suffer from chronic diseases have a much lower productivity rate than those who do not suffer from any diseases. Accordingly, increasing the individual's health rate improves his productivity, which in turn improves his income, raises his savings rates, and improves his standard of living<sup>1</sup>. Therefore, health affects the individual's productivity in particular and the economy of society in general<sup>1</sup>.

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Under the banner of Vision 2030, the Kingdom of Saudi Arabia has not overlooked any aspect of supporting and developing the national economy. Saudi legislation has been concerned with providing a safe and healthy work environment for workers in the public and private sectors by obliging institutions to provide healthcare for their workers and subject them to health insurance systems, as well as providing global health and safety factors, and trying to deal quickly with accidents and injuries that occur at work, studying their causes, and addressing ways to prevent them and avoid their occurrence. In fact, even the anticipation of future accidents or injuries that may affect workers and those in charge of work in all sectors is considered. This is because the Kingdom believes in the important role of the physical health of workers and employees and its value in raising productivity and supporting the national economy. Therefore, it has given the provision of healthcare the utmost importance in its future vision 2030 through legislation, regulations, and systems<sup>1</sup>.

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<sup>1</sup> 5-Munir et al., "Work Limitations and Employer Adjustments for Employees with Chronic Illness", Int.J.Rehabil.Res. 28, 2005, p: 111 - 117.

<sup>1</sup> Alaa Muhammad Saleh, The Production Function in the Saudi Health Sector, King Saud University - Faculty of Business Administration, Department of Economics, 2010, p. 3.

<sup>1</sup> Electronic article, accessed: 26 February 2024.

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