# Rethinking the Origins of Health Economics: Medical Economics in Interwar America

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## Problem

- Contemporary health economics is a major sub-discipline of economics that informs key policy decisions.
- Despite its significance, the development of health economics has received little historical attention (Forget 2004).
- Existing accounts usually portray health economics as a post-war discipline that emerged in the late 1950s.
- Yet institutions, research programmes and publications dedicated to *medical economics* existed decades earlier in Interwar America (Bankovsky, M., and Holmes-Mariţiu forthcoming).

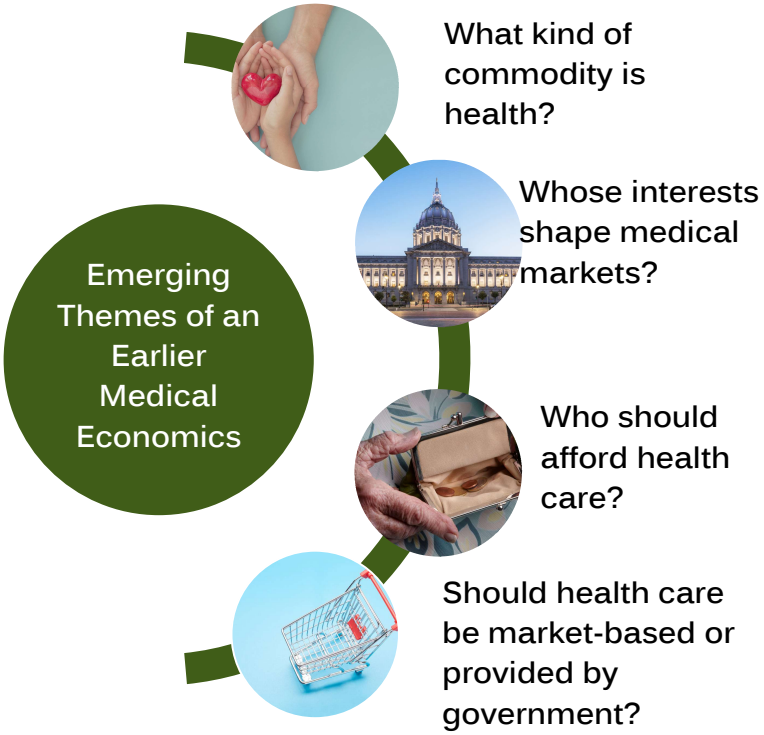
## Research Question

- Did significant forms of health economics exist before the late 1950s?
- What issues did interwar 'medical economists' seek to address?
- How did broader political, economic, and social conditions, particularly those pertaining to the developments occurring within the emerging medical market, shape the development of early medical economics?
- How might these developments broaden our understanding of contemporary health economics?

## Research Methods

- This study adopts a historical political economy approach to examine the development of medical economics within its broader political, economic and social context.
- The research analyses publications and institutional records produced by organisations including the Committee on the Costs of Medical Care (CCMC), and the American Medical Association (AMA) Medical Economics Bureau.
- These primary sources are triangulated with secondary histories of medicine, healthcare and the medical profession in Interwar America, to reconstruct the broader context in which medical economics emerged and to account for the institutional interests shaping these sources.

## Preliminary Historical Development and Emerging Concerns

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| Pre 20c | • Medical care occurred largely outside the market (Fuchs [1974] 1998; Starr 1977).<br>• Health care was not yet widely understood as an economic activity, |
| 1910s | • Medical markets emerged as care expanded into medical practices and hospitals.<br>• Economists started to situate health care in economics: attempting to represent health just like any other market commodity, and to optimise the hospital just like the factory floor (i.e. Fordism) (Gainty 2025).<br>• Debates were developing over the growing influence of professional medical associations on medical markets on both the supply and demand side (Gainty 2025). |
| 1920s | • The *Medical Economics* magazine emerged, largely reframing physicians into businessmen (Fox 1979)<br>• Bespoke Committees like the CCMC are established to address health care affordability.<br>• Emerging debates intensify between economic liberalism versus reformist counter-movements that argued for institutions like charity hospitals to remain and against full commercialisation of medical care (Starr 1977). |
| 1930s | • The AMA's Bureau of Medical Economics was established.<br>• The Bureau published extensive reports and advocated for the inclusion of the first medical economics curriculum in the education of physicians. The curriculum reflected extant tensions between marketisation of health and affordability (Fox 1979; Organization Section of the Journal of the AMA 1937).<br>• The growing influence of the AMA raised questions about professional power, competition, and control of medical markets (Gainty 2025). |

## References