

SOCIAL SECURITY AND HEALTH POLICIES

The implementation of fair social security and health policies: political options and economic feasibility

Summary of the conferences and discussions on Friday, September 19, 1997

Chair:	Mr. Cleuber Carneiro Vice-President of the Legislative Assembly of Minas Gerais
Vice-chair:	Mr. François Beaulne Member of the National Assembly of Québec
Speakers:	Mr. Juan Antonio Casas Director, Division of Health and Human Development, Pan American Health Organization (PAHO) Mr. Carmelo Mesa-Lago Distinguished Service Professor of Economics and Latin American Studies, University of Pittsburgh Madam Marcia Rivera Executive Secretary of the Latin American Council of Social Sciences (CLACSO)
Secretary:	Madam Nancy Ford National Assembly of Québec

Dr. Juan Antonio Casas is Director of the Division of Health and Human Development of the Pan American Health Organization (PAHO). Originally from Costa Rica, he holds a Master's degree in social medicine from the Autonomous National University of Mexico. He has also pursued studies in social pediatrics, epidemiology and primary health care. Among others, he has held the positions of Head Physician of the Belize Department of Health, Program Coordinator in Belize for the PAHO, Project Leader in Guatemala for UNICEF, Health Program Analyst for the PAHO in Washington and representative of the World Health Organization in Guatemala and Panama.

Mr. Juan Antonio Casas dealt essentially with issues of health, integration and human development.

Firstly, he described the role of the Pan American Health Organization as an intergovernmental agency that sets the guidelines for policies and directives in the area of health. The strategic programs and orientations adopted for the region of the Americas during the four-year term 1995-1998 confirm the fundamental criteria established at the beginning of the current decade in the

following areas: health and human development, development of health services, health protection and promotion, protection and development of hygiene and living condition, and finally, the combatting and prevention of diseases.

Also, among the principle political trends affecting the field of health, he underlined that the globalization of markets has led to major transformations in the political, economic and social conditions of the regions, and consequently, to new challenges that need to be faced.

The main challenge that must be faced by the health sector consists in overcoming the lack of equity, both in the area of hygiene in living conditions and in that of access to care. If we wish health-care to play a primary role in the process of human development, it is essential to take the following measures: to improve the health situation and ensure universal access to basic care; to mobilize the resources and extrasectorial support to respond to the needs of the most vulnerable social groups; to initiate a reform of the health-care sector so as to achieve the goals of universality in basic care, health promotion and increased efficiency in the distribution of financial resources; and to promote a gaining of awareness, among political leaders, of the importance of health in human development.

Mr. Casas also touched on the necessary cooperation between the organization that he represents and the various legislative Assemblies as well as the regional Parliaments such as the Latin-American Parliament and the Andean Parliament. This would result in an improvement in the health-related legislation, a modernization of the parliamentary process, a gaining of awareness regarding the importance of health as a political issue, and greater cooperation between the executive and legislative powers in the administration of health services.

Mr. Carmelo Mesa-Lago is a Distinguished Service Professor of Economics and Latin American Studies at the University of Pittsburgh. He has also been received as a visiting professor at the Universities of Oxford, Miami, Havana and Madrid, among others, and as an associate researcher at the Max Planck Institute, of the Freien University in Berlin, at the Torcuato Di Tella Institute and

at the University of Miami. In addition, he has served as a consultant for the World Bank, the ILO, la IDB, the UNCTAD, USAID, the OAS and the PAHO. Finally, he has given conferences in 32 countries and has written or edited more than 40 books and 150 articles, translated into eight languages, and published in 26 countries, dealing in particular with social security and health in Latin America.

Mr. Mesa-Lago firstly underlined the importance of developing policies to eliminate poverty, as well as the need to evaluate the costs of reforms. Among other things, the phenomenon of globalization of the economy raises the problem of competition, which could have a negative effect on social security if certain countries decided to reduce standards in this area in order to reduce the payroll taxes of businesses. Furthermore, on account of the incredibly high level of costs for the social security systems in certain South American countries, the financing of the system becomes an increasing burden. Indeed, the integration and globalization of markets does not automatically result in economic growth, no more so than economic growth ensures social progress.

Mr. Mesa-Lago then dealt with the issue of the reform of social security systems, pointing out that it is impossible to rely on a single model, in view of the great diversity of the systems in Latin America. Currently, there exists a traditional model, namely that of the International Labour Office, and a new model, namely that of the World Bank, based on three pillars: a basic obligatory public system, a retirement system, and a private complementary system on a voluntary basis.

With respect to the role of international organizations in this sensitive sector, it is urgent for the latter to work in collaboration rather than in competition. In addition, the participation of those affected by a social reform is essential in order to arrive at a consensus. Parliamentarians, for their part, must well understand the priorities in order to adopt programs adapted to the needs of their countries, covering the entire population.

Madam Marcia Rivera is Executive Secretary of the Latin American Council of Social Sciences, a network based in Buenos Aires, grouping together some one hundred research organizations spread

out across Latin America and the Caribbean. She has an academic background in economics, sociology and political science from the University of Puerto Rico and the University of London. She has conducted many research activities and has published writings on development issues relating to Latin America and the Caribbean. She is a consultant in the area of program design and project evaluation on human development for several United Nations organizations.

Madam Marcia Rivera presented the challenges of social policy in Latin America, basing her comments on the results of research on the evolution of economic policies in the six following countries: Guatemala, Mexico, Peru, Chile, Bolivia and Ecuador.

This study observed, over the past ten years, the failure of segmented policies having an exclusively social orientation, and the need to build on an integrated vision of economic and social policies.

Among the measures adopted during the 1980s, she mentioned the structural adjustment policy, the immediate objective of which was to stabilize the Latin American policies in the short term. This policy put into place a series of mechanisms, such as anti-inflationary budgetary reform, a price policy, a narrowing of the role of the State, private investments, deregulation of the labour market, a removal of ceilings and a decompartmentalization of the financial sectors and a search for a renewal of growth.

Through this policy, nearly all the countries have been able to choke off inflation and achieve a certain stability, although in other sectors, there has not been such clear success. Indeed, greater inequality has resulted, not only within a given country, but also between the countries of the region.

Despite economic growth, an increase is observed in certain countries in the rate of unemployment and of poverty and, especially, growing insecurity on the individual level.

During recent years, a set of policies have been implemented adopted in order to mitigate the negative aspects of structural adjustments through “social adjustment funds”, the basic concept of which is a decentralized process fostering the participation of different social groups in the implementation of social policy. Alongside these funds, a reform of the social security systems and

measures aiming to achieve greater flexibility in the labour market have been introduced, in most countries of the region, with results that warrant a closer examination.

It is interesting to note that all the studies tend to demonstrate that the active participation of citizens' organizations in the development of these social programs translates into greater productivity; hence the importance of what are commonly referred to as NGOs. Madam Rivera emphasized the need to eliminate the mistrust between the State and non-governmental organizations, to establish a new relationship between them, and to create a regulatory framework to allow for the legal existence of these NGOs.

Another apparent problem is that of the twinning of processes of participation and decentralization. Indeed, participation should not be envisaged only in connection with the implementation of centrally developed policies. It is essential that participation and decentralization go hand in hand. But to achieve these objectives, it is necessary to show creativity and to promote a propitious climate for experimentation, particularly through fostering investment in the social capital.

Within this process of decentralization, new functions of the State must be envisaged, and there must be a redefinition of the relations between the State and civil society. By favouring a devolution of power toward civil society, it is possible to deepen the process of democratization in the region. Madam Rivera underlined that one must not fear a strong and vigorous society, whose relations with the State include mechanisms of control working in both directions: a monitoring of civil society by the State, and conversely, a monitoring of the State by civil society. Only a relationship of this kind can make it possible to face the challenges, and for this purpose, it is indispensable to integrate economic policy and social policy. Education may be used as a fulcrum for change in order to achieve an integration of these policies.

SUMMARY OF DISCUSSIONS

During the discussion that arose following the presentations by the speakers, many participants pointed out the vital role of parliamentarians in everything related to health-care issues. In order to better assume this role, it is therefore desirable to have the best possible communications capacities,

greater possibilities for sharing experiences, regarding failures as well as successes in the area of legislation, and to create a mechanism to disseminate information.

Also, it was mentioned that the role of the State should be reviewed, but also that non-governmental organizations should be regulated so as to avoid, among other things, a duplication of roles. One must not lose sight of the fact that the transparency of the State allows for the entrenchment of democracy.

The problem of decentralization was dealt with in the sense that on the one hand, it seems urgent and necessary to decentralize social spending, whereas on the other hand, it is observed that decentralization sometimes leads to problems of iniquity which necessitate corrective mechanisms.

Concerns were raised about the question of globalization. Economic integration could generate new problems, such as increased migration of the populations in the regions toward the cities, and deficiencies in the area of housing, education and health care. This consideration leads to a gaining of awareness about the importance of a close link not only between social security and health, but also between health and education.

Iniquity in social security was also raised by several participants. It was suggested that States could make use of affirmative action policies in order to reestablish the balance.

It was also mentioned that the wealth of nations is a determining factor in health and that disease is often the result of poverty. To this observation is added the crucial problem of financing health-care as well as the consequences of the privatization of health care systems.