

SOCIAL SECURITY AND HEALTH POLICIES

Economic integration and social priorities: the role and responsibility of parliamentarians

Summary of the presentations and discussions on Saturday, September 20, 1997

Chair:	Mr. Rafael Peguero Méndez President of the Chamber of Deputies of the Dominican Republic
Vice-Chair:	M. Robert LeSage Member of the National Assembly of Québec
Speakers:	Madam Graciela Fernández-Baca de Valdez Member of the Congress of the Republic of Peru
	Mr. Carlos Antonio Guerra Gallardo Principal Secretary of the National Assembly of the Republic of Nicaragua
	Madam Monique Simard Member of the National Assembly of Québec
Secretary:	Madam Suzanne Langevin National Assembly of Québec

Madam Graciela Fernández-Baca de Valdez is a member of the Congress of the Republic of Peru. She is a specialist in socioeconomic research. She spent 26 years as a civil servant, and held the position of President of the National Statistics System. In 1994, she was a candidate for the First Vice-Presidency of Peru alongside Javier Perez de Cuellar. She was elected to the Congress of the Republic a year later. She is currently President of the Peruvian Institute for Responsible Parents, a member of the Administrative Committee of the Congress of the Republic, a member of the Committees on the Economy and on Budgetary Review of the Republic and a research professor at the Universidad Peruana Cayetano Heredia, in Lima.

According to Madam Fernández-Baca de Valdez, there is an indispensable balance to be respected between economic policy and social policy. One of the strategies to achieve this is articulated around four fundamental ideas: 1) on the political level, the establishment of a representative democracy and the rule of law; 2) on the economic level, the search for equitable growth and consolidation of the market economy; 3) on the social level, the promotion of measures for general well-being and equal opportunity, particularly between men and women; 4) on the global level, the search for peace and prosperity through the integration process.

The dream of economic integration must not cause us to forget that there exist major differences between the countries in the Americas: not only cultural and demographic differences, but also, differences between the political systems and between the levels of economic and social development. In this discourse on globalization and modernization, many countries are hindered by social underdevelopment. The disparities between the GDPs of the different countries are striking. In 1995, the United States had a GDP of the order of \$27,000 per inhabitant, followed by Canada, with \$19,380. At the other end of the spectrum, seven countries had a GDP per inhabitant below \$1,000.

Countries such as Paraguay and Peru have seen their social spending virtually triple since the early 1990s, whereas it has decreased in Nicaragua and Honduras. For an effective social spending strategy, the following fundamental principles must be respected: a stable economic climate with sustainable growth; the implementation of a social investment program; the taking into consideration of regional particularities in the investment measures; a national effort, not only on the part of the State; and the setting of qualitative objectives to be regularly reviewed.

One cannot speak of quality of life for the inhabitants of the countries of the Americas if the social component is still unwell, if the health indicators do not improve and if the indicators of infant mortality and maternal mortality remain high, through lack of access to adequate prenatal and reproductive health services. Even though a recent report by UNICEF notes major progress in the area of health and a reduction in infant mortality, one cannot overlook the tragedy that exists in the suburbs of the major cities in Latin America: a lack of water, of electricity, of schools and of health care centres. The cost of health is high, but illness carries even higher costs, and it also constitutes a violation of human rights.

As legislators and participants in the dialogue on social development, parliamentarians have the responsibility to find solutions to these problems. They must be familiar with the demographic situation of their countries, with the population growth projections, the distribution of incomes and the distribution of specific needs. They must also exercise political control and severely sanction corruption. They still must coordinate their actions with those of the NGOs as regards the provision of services. The continuity of social programs and investments must be ensured. Health education must also be given an ongoing role, whether in the medias or in school.

As long as the differences remain so pronounced, it is difficult to envisage a veritable economic integration both within countries and between them, in terms of quality of life and equal opportunity. Nevertheless, it is important to continue the dialogue in quest of this integration, which is indispensable if we want to create a new and more egalitarian world for all the inhabitants of the Americas.

Mr. Carlos Antonio Guerra Gallardo is Principal Secretary of the Administrative Committee of the National Assembly of Nicaragua. He founded the national leadership of the Liberal Party for National Unity, of which he is currently President. For the legislative period 1997-1998, Mr. Guerra Gallardo is chairing the Committee on Human Rights and Peace. He is also a member of the Committee on External Relations, of the Special Anti-Corruption Committee and the Special Committee on Tourism.

Often used as a reference for poverty in the Americas, Nicaragua has a young population with an average age of 16.1 years and a growth rate of 2.9% per year. With an unemployment rate of 54%, 70 % of the population lives in a situation of poverty. In the area of public health, 45% of the population has no access to water supply systems, and the situation is worst in rural areas. With regard to waste disposal, barely 446 of the 1,272 metric tonnes of daily garbage are collected, which gives an idea of the efforts that must be deployed in the area of public health. In addition to emergent diseases, certain diseases that had disappeared, such as cholera, are reappearing, while others which had come under control are regaining in vigour.

Mr. Guerra Gallardo explained the measures that have been taken in his country to face this reality, and which are articulated around five policies. The first consists of a modernization of the health care sector through an updating of the legal framework and an ordering of the functions or roles that are incumbent upon each institution.

The second policy aims to reinforce the Department of Health, which in addition to its regulatory function, must finance the health costs of persons who are not able to pay, and must provide the entire population with the services that they require, whether financed by the State, by social security, or by the citizens themselves.

The third policy is attached to the reinforcement of hospital care. The priority that was traditionally placed on primary care led to a deterioration of the infrastructure and equipment of hospitals. This is why hospital services must be reorganized so that they will be satisfactory for the users, thanks to a more effective information system for the population and an improvement of the emergency services.

The development of new public health strategies is the subject of the fourth policy. Health care, which was of a curative nature, must offer a broader range of basic services to the population, and also must orient itself, according to the available financial resources, toward prevention and the fight against epidemics.

Finally, efforts are being made to modernize the social security system and to reinforce the health system to provide care to all beneficiaries through the purchasing of services from both private and public enterprises. In addition, the insured must be free to choose which establishment that will provide their care, whether public or private.

In closing, Mr. Guerra Gallardo alluded to the questions of social security, pointing out that the phenomenon of street children and the abandoning of senior citizens are problems that are difficult to combat. In his view, uniform legislation is needed, one of the priorities being the adoption of a Charter for Children as well as the implementation of a Labour Code.

Madam Monique Simard is a member of the National Assembly of Québec. After having been responsible for the status of women for the Confédération des syndicats nationaux (CSN) from 1979 to 1983, she became its Vice-President in 1983. She was a member of the Conseil du statut de la femme from 1981 to 1985. From 1983 to 1988, she was a Commissioner for the Commission des droits de la personne du Québec and a member of the Council of Governors of the Canadian Social Development Council from 1987 to 1991. From 1989 to 1993, she chaired the Fondation Sida-secours. Elected a Member of the National Assembly in 1996, she is currently a Member of the Board of Administration of the Canadian Foundation for the Americas.

The globalization of an increasingly large part of the economy leads to a headlong race to improve competitiveness. This is translated into very strong pressure on Governments to reduce their expenditures so as to make the domestic products more competitive, to increase national production and thereby to improve the standard of living of the population. The question of redistributing the fruit of economic growth is being raised with increasing insistence in view of the fact that increasing gaps are being observed between rich and poor countries, but also between the wealthier and poorer elements within a given country.

While social development is linked with economic development, the latter does not necessarily guarantee good social development. There are choices to be made, and they are not made in the same way in every country. For example, the United States ranks second in the world in terms of GDP, but tenth in terms of life expectancy. In comparison, Québec would rank ninth in terms of GDP and fourth, together with five other countries, in terms of life expectancy.

Since the Quiet Revolution, a choice has been made in Québec to invest in the public sector, with the State assuming an extremely important role as a lever of economic development and social progress, which has made it possible to considerably increase the indicators in terms of education, health and culture. With globalization, this important place for the State in collective life is called into question, while strong pressures exist in favour of the privatization of certain services. In this context, Québec's parliamentarians have a crucial role to play, since it is necessary for them to preserve the essence of the gains made, while at the same time bringing in reforms that are needed to streamline the role of the State and reestablish the equilibrium of public finances. For example, the reform undertaken in the area of health aims to reorganize health care toward services focusing more on home care, though without affecting the essential elements of the health care system, which remain public, universal and free of charge.

Apart from the health system, the social safety net in Québec is made up of several programs, either federal or provincial (last resort assistance, employment insurance, family allowances, retirement pensions, legal aid, etc.). Since most of these programs are paid for out of public funds, the tax system is at the centre of the concerns, and the progressive structure of Québec's tax system makes it possible to narrow the gaps between incomes; for it is the concern for equity that is at the base of the social security system, while the most effective measure, under this relationship, remains a better distribution of wealth.

Madam Simard concluded by referring to two fields in which parliamentary action could prove essential in the coming years: increasing the participation of civil society and the development of a new sector of the economy, namely the social economy. The recognition of these new instruments of intervention and of development would allow a more rapid and more harmonious evolution, for the benefit of the populations.

SUMMARY OF DISCUSSIONS

The participants noted that there exist important differences between Québec and the Latin American countries. One of these differences is related to the expenditures devoted to health care. They represent 10% of the GDP in Québec, but nearly all of them come within the public sector. In Latin America, the health care expenditures exceed 10% of the GDP, but only one third of these expenditures come within the public sector, while two thirds are within the private sector. According to one participant, this would then mean that two thirds of the population work for a small group. In his opinion, the tax structure of the Latin American countries is also highly regressive, as the greater part of revenues comes from consumption taxes, which means that the poor devote a larger proportion of their income to taxes.

In the opinion of several participants, a system such as the one existing in Québec would be nearly unthinkable in the Latin American countries. In Québec, for example, 30% of the budget of the State goes to health care, whereas in the developing countries, it is impossible to devote such a high percentage, since other problems such as illiteracy and housing issues must also be taken into account. For this reason, several participants consider that the governments of the Latin American countries cannot take charge of all the health care expenditures. It is therefore necessary to turn toward other forms of financing which bring into play all actors, from both the public and private sectors. In Peru, the workers have the choice between contributing to social security or subscribing to private insurance plans. Colombia has also opted for a mixed system, which provides the possibility of benefiting from private insurance or from a subsidiary insurance plan financed both by the State and by workers' contributions. The goal is to have 98% of Colombians covered by an insurance plan between now and 2002.

Moreover, even though the bill is high, the health care expenditures are often poorly distributed and not well used. Several countries have a tendency to put all the money into the curative part and not enough into prevention. According to one participant, other fundamental needs are often left aside, which have a considerable influence on the quality of life and health of the population. This is to forget that 90% of the gains in life expectancy that have been achieved in the developed world since the beginning of the century are attributable to factors other than medical ones, such as the physical and social environment, the sanitary infrastructure, roads, and general improvements in living conditions and nutrition.

Parliamentarians have a major responsibility in this regard, but they often lack information necessary to make more enlightened decisions. They have a watchdog role, but sometimes are too timid toward the executive branch when the time comes to discuss the distribution of the national budget. It is therefore essential for parliamentarians to assert their role, which is to act as negotiators capable of defending the needs of the population and to ensure that the governments follow them in the priority measures such as health and education. They must also fight corruption, which is a phenomenon that affects a number of Latin American countries.

Parliamentarians also have another responsibility, namely that of being consistent in all their overall political actions. In this sense, it is also necessary to attack at the root of the problems, particularly in fighting unemployment, which is one of the main causes of the difficult situation that we are currently facing.

Finally, parliamentarians must also feel supported in their actions, hence the need to establish structures of solidarity. Meetings such as the Parliamentary Conference of the Americas are therefore very valuable, as they reinforce parliamentarians in their conviction and in their desire to involve themselves in favour of social policies, development, human rights and health. The globalization process must therefore be based on solidary actions of the peoples of the Americas.