



Technical

Discussions



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REPORT OF THE RAPORTEURS OF THE TECHNICAL DISCUSSIONS ON THE TOPIC

"METHODS OF EVALUATION OF THE CONTRIBUTIONS OF HEALTH
PROGRAMS TO ECONOMIC DEVELOPMENT"

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METHODS OF EVALUATION OF THE CONTRIBUTIONS OF HEALTH PROGRAMS TO
ECONOMIC DEVELOPMENT

The Technical Discussions were held during the XIII Meeting of the Directing Council of the Pan American Health Organization on Friday, 6 October 1961. Officers were:

Moderator: Dr. M. LOPEZ HERRARTE
Rapporteurs: Dr. C. S. QUIROS (representing public health)
Dr. J. M. CASTILLO (representing economics)
Technical Secretary: Dr. A. P. RUDERMAN

The discussions were based on the following Reports:

Evaluation of the Economic Impact of Health Activities, by Dr. A. Macchiavello (Doc. CD13/DT/1, Rev.1). Discussion of Dr. Macchiavello's paper by Dr. M. Perlman (Doc. CD13/DT/3). Accelerating Economic Growth and Improving National Health in Underdeveloped Countries, by Dr. W. Malenbaum (Doc. CD13/DT/2). Discussion of Dr. Malenbaum's paper by Dr. M. Kybal (Doc. CD13/DT/5). Discussion by Dr. J. Sol (summarized from stenographic transcript in Annex I). Report on the methods of evaluation by the Rural Sanitation and Community Development Administration, Ministry of Health and Social Welfare, Mexico (Doc. CD13/DT/4).

At the morning session, the authors of the principal papers devoted themselves to an elaboration and clarification of their documents.

In the general discussion, a number of examples were provided of national experience in the relationship between health and economics. It was noted that malaria eradication had effects ranging from a reduction in absenteeism on the part of school children (implying a greater return on investment in education) and freeing hospital beds for other uses to increasing agricultural production and changing the pattern of land values.

The general problem of scarce resources was discussed at length. The possibility of loans from international financial organizations was raised, and it was observed that loans were generally made for projects such as water supply and housing, but that it was possible that provision of credits for these purposes could free national resources for use in other types of public health activity. There was general disappointment with the lack of availability of credit for health work in view of the pressing health problems and limited health budgets of many American countries.

It was suggested that all funds for public health work did not necessarily have to be provided by governments. The case was cited of a law which provided that employers who did not maintain a stock of antivenin would have to indemnify workers bitten by snakes as if it had been an industrial accident, and which resulted in the widespread provision of antivenin by these employers. It was generally agreed, however, that in the Americas public health was by and large a public rather than a private function.

As regards improvement of public health planning and the integration of health programming into general development plans, it was emphasized by several delegates that the immediate need was for improved statistical indicators which would provide a sound basis for planning. In view of the importance of health work and development activities in rural areas, rural community studies covering health and socio-economic factors were vitally needed. Both general statistical indicators and special studies would not only provide a basis for drawing up plans, but would be needed in order to evaluate the progress made in health and in social and economic well-being.

The introduction of the concept of "sanometrics" as the rigorously scientific measurement of health and health-economic relationships aroused general interest. While the subject was in its infancy, hope was expressed that it would develop with the advance of experience in planning and evaluating health and development programs and the provision of better statistics. Survey techniques were of particular importance.

The problem of economic development was viewed, in essence, as that of providing capital and skills so that production could not only keep pace with but outstrip the increases in population brought about by modern health measures, and eventually bring about a process of self-sustained growth without the need for outside aid.

It was noted that the problem had to be viewed in dynamic rather than static terms since the health sciences were advancing steadily and health workers had a moral imperative to improve their techniques.

There was general agreement on the need for integrating health plans with national development plans and obtaining appropriate priorities for health programs within the general process. It was observed that this raised problems of political and administrative organization and coordination as well as purely technical problems of program and project planning. Public Health workers had long experience in planning at the project level, through somewhat less at the program and overall national level. At the project and community level, health workers in some American countries had had extensive experience in fitting health work into the general pattern of social and economic life. Achieving this at the national level was a new challenge.

Finally, the view was expressed that continued contact between health officials and those engaged in economic planning, at both the national and international level, would help each to understand the other and facilitate the task of integrating health into the general planning process so as to ensure its maximum contribution to social and economic development.

Rapporteur: Dr. Carlos S. Quiros

Rapporteur: Dr. José María Castillo

Annex I

SUMMARY OF THE COMMENTS OF DR. JORGE SOL, ASSISTANT SECRETARY
FOR ECONOMIC AFFAIRS, ORGANIZATION OF AMERICAN STATES

For many years, the thinking of most economists was based on experience in the United States, Canada, and Western Europe. This led to an assumption which proved erroneous --that, if there was sufficient investment to increase gross national product, sooner or later this advance would extend to and benefit the majority of the population, resulting in increased purchasing power, improved cultural conditions, and greater consumption of goods and services among the mass of the people. Recent history has shown that hitches occurred in the underdeveloped countries, and that a wide distribution of income either did not take place automatically, or was so imperfect that it gave rise to tensions. In recent decades it has been observed in the Americas that social tensions have occurred in countries where national income in the aggregate has grown satisfactorily but did not benefit the majority. This demonstrated practically that it could not be taken for granted that economic growth would automatically result in improved living conditions.

In the last few years there has on occasion been excessive faith in the ability of the private sector to bring about an adequate rate of development --the idea that development would take place without organized effort just as trees grow in a forest. But experience has shown that there are countries which enjoyed good export prices and a solid income in foreign exchange yet this success did not produce the kind of social changes which occurred in nineteenth-century Europe. Many American societies are still archaic, having a relatively modern but artificial superstructure which has not influenced the majority of the population. The tax system is deficient and the State has not been able to redistribute added income by devoting part of it to better schools, health programs, etc.

The type of thinking referred to above was reflected in the economic relations between the United States and Latin America. In 1954, at the time of the Quintandinha Conference, the U.S. advice to Latin America was to create a favorable climate to attract private investment from abroad which, together with a few basic investments by the public sector, was supposed to develop these countries. Moreover, the U. S. position was radically opposed to any scheme for price stabilization for export commodities as counter to the laws of the free market. There was also very little sympathy for the economic integration of the Latin American countries as it would lead to preferential customs systems. Changes from this position have occurred in the last seven years. They are reflected in the Charter of Punta del Este. The program outlined in the Charter involves a series of measures to arrive at a rate of net economic growth (i.e., above the rate of population growth) of at least 2,5 per cent per annum. This does not seem much, but when compounded could double national product in about 25 years. A few countries have

already achieved net growth rates of 3 per cent or more, while others lag behind. As a minimum it would be desirable to achieve 2,5 per cent on the average in Latin America.

The Charter of Punta del Este also notes that economic development cannot take place haphazardly but must be planned. The organization of planning would be like that of Communist countries. In the mixed economies of Latin America, the Government would plan for its sector only, but would provide a system of incentives or penalties on selected economic activities in order to influence the direction of the private sector.^{1/}

The Charter implies to a certain degree the acceptance of what is called the "big push" theory, i.e. in a country where the economy was stagnant, massive investments in the economic and social spheres over a period of ten years would make it possible to obtain a self-sustained growth process. There is a further element in the Charter which was extremely important: the placing of this effort on a multilateral basis. Development of each country cannot be conceived in the Western Hemisphere in isolation. An international mechanism will be created so that the plans which countries formulated could complement each other. Moreover, each year countries will join together to examine this common effort at the Annual Meeting of the IA-ECOSOC.

These changes have made people think in different ways --the present group is an example. For instance, public health men and economists will need to leave their ivory towers and work together in planning economic and social development. If economic development is to take place not only will it be necessary to make economic investments but also to provoke social transformations such as agrarian and tax reforms. There is a need to transform the social and tax structures not only through reforms but also through massive education programs, etc.

One may ask what this implies for ministries and high officials in public health. In a short period (planning organizations already exist in some countries), each country should prepare a ten-year program to make a "big push" effective, not only in the economic sphere but to give rise to the social changes mentioned above.

The first problem for the Ministry of Health or the Public Health official is how to fit into this plan. There would probably be planning systems at the inter-ministerial level where the Minister of Public Health would be a member of the committee and would have a voice. There are at least four or five fields where the participation of the public health official in the national programming effort is necessary. The first

^{1/} CF. "Planning for Economic and Social Development," Topic I, Agenda of Punta del Este Conference, OAS Document Series H/X.1.

is the share of public health in the determination of the amount or percentage of total government outlays to be allotted to public health. This could vary greatly from country to country. Public health had already reached a high degree of development in some countries. In certain countries, health conditions were very poor and had to be improved as a preliminary to economic investment. In the recent case of Haiti, the extent of yaws was so great that in certain areas it had to be eradicated before anything else could be done. The same had been true in some regions with respect to malaria.

The second role of the public health planner is to determine the scope and content of the public health programs such as the direction that should be followed in reference to water supply, for example, the extension of medical and para-medical services, etc. The public health official should define and evaluate such programs.

Third, it is also important that the public health official should participate in planning of other programs, not only those concerned strictly with public health, e.g. housing, irrigation, and drainage, in order to make sure that their sanitary aspects are properly taken into account.

If there are to be changes in distribution of income, e.g. through labor legislation or schools to be provided by landowners, it would be important for the public health official to give directives so that these aspects could be developed in the most adequate way for a particular entrepreneur and for the human beings who would benefit from them.

Fourth, with regard to private industrial and agricultural development, it would be wrong to continue to think that private companies could do as they please, endangering the health of their workers, the general community, or national resources, such as rivers and streams.

Finally, it is indispensable for the public health official to have a voice in all sanitary aspects of a national development program, including both the public and the private sectors.