

Evolution of Social Public Investment in Health in Argentina

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Abstract

Argentina macroeconomic volatility has affected its population's capacity to build and maintain investments in health – physical capital - education - human capital. Particularly, health system fragmentation constitutes an institutional barrier that operates as a mechanism for the propagation of crises, which, in turn, affect different income groups unequally. This work aims at identifying public health expenditures response to such shocks, measuring its effectiveness, and evaluating its institutional performance. Investments in education and health care enhance individual and social capital. The ongoing study considers not only the individual, but also the State as a decision maker at the moment of setting the investment in physical and human capital. In a context of uncertainty about the probability of disease, two situations should be approached socially and individually: on the one hand, the definition of insurance mechanisms that provide for financial protection against sanitary shocks; on the other hand, the budgetary mechanisms that allow the State to develop capacity of response to potential macroeconomic shocks. To achieving such an approach, the evolution of expenditure for the period (1980-2004) was analyzed as well as its correlation with population's health needs.

Total Public Expenditures show a growing tendency up to 2001, mainly because of the motion of provincial expenditure since decentralization. In spite of this, the evolution and variability of health public expenditure not only does not respond to the various periods of low income but, on the contrary, it systematically overshoots it. Analogously to national programs, provinces also show inequity on health care resources allocation. Moreover, the argument about the role of investment in social capital as a mechanism for the reduction of financial shocks does not hold and neither does the hypothesis of equity within jurisdictions: the level of “accumulated” individual physical capital without formal coverage is deeply uneven across the country.

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