In the Wake of Structural Adjustment Programs

Exploring the Relationship Between Domestic Policies and Health Outcomes in Argentina and Uruguay

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ABSTRACT

Background: The implementation of structural adjustment programs (SAPs) in developing countries has been followed by a marked reduction in their progress on economic growth, health outcomes, and social indicators. Comprehensive and contextualized explorations of the effects of SAPs are needed to assist health and social policy-makers in better determining responses to such programs that continue to dominate global trade, aid and debt cancellation negotiations.

Methods: A comparative case study of Argentina and Uruguay was developed exploring the effects of SAPs on health. Using a framework developed to analyze the relationship between globalization and health, changes in domestic policies resulting from SAPs and the corresponding economic, social and health outcomes of the countries were explored.

Results: In general, SAPs were implemented with greater severity and speed in Argentina than in Uruguay, with the greatest differences occurring over the 1980s. The more gradual and modest reforms implemented in Uruguay were associated with better economic, social and health outcomes.

Conclusions: Findings support those of previous studies demonstrating that countries that have maintained more dynamic public social and health programming while applying SAPs have been better able to protect the health of the most vulnerable sectors of society.

MeSH terms: Structural adjustment; economics; socioeconomic factors; politics; public sector; Argentina; Uruguay

La traduction du résumé se trouve à la fin de l'article.

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Globalization has led to a number of important changes in population health-related economic policies.¹⁻⁸ In the 1980s and 1990s, many developing countries underwent radical changes due to the implementation of structural adjustment programs (SAPs) that were introduced as conditions of their access to foreign credit.¹⁻⁸ Many studies of SAPs have been limited to a simplistic analysis of their role in promoting economic growth, with insufficient attention to their effects on income inequality, the erosion of public health systems and social protection.¹⁻⁵ In addition, few studies of SAPs have incorporated comprehensive methods that capture the complex interaction between the economic, political, environmental and social contexts on a global, national, and local level that collectively culminate in health outcomes.⁹⁻¹¹

METHODS

Comparative case studies of Argentina and Uruguay have been developed incorporating a comprehensive framework designed to analyze the links between globalization and health (see Figure 1).⁹

The selection of the countries was made through a process of matching their pre-existing endowments from the globalization and health framework prior to the onset of SAPs.⁹ Pre-existing endowments included 1) economic development levels, 2) time period in which SAPs were implemented, 3) racial and ethnic composition and 4) economic and political progression. Matching allows for the differences being observed after SAPs were implemented to be credited to differences in the way SAPs were adopted by countries rather than being attributed to other unrelated factors.

In addition to the matched characteristics, key differences were used in the country selection. Key differences consisted of 1) historical development of domestic policies and social structures prior to the onset of SAPs and 2) progression of income inequality after the introduction of SAPs. Differences in the historical development of the countries' domestic policies and social structures before the introduction of SAPs was used as a good predictor of possible differences in the way the countries might implement SAPs. Along with the differing emphasis on social policies prior to the onset of SAPs, trends in the progres-

sion of income inequality in the countries after the implementation of SAPs was used as further evidence of potential variations in the countries' abilities to buffer the negative effects of SAPs.

Following the country selection, a comprehensive analysis of the SAP conditionalities implemented in the two countries, and their corresponding economic, social and health outcomes, was undertaken, covering a 20-year time period that spanned the initiation of SAPs in the early 1980s to the year 2000. Using secondary health, economic and demographic data sets, and a narrative review of published studies examining relationships between different elements in the framework, changes in health-determining pathways were explored from the supranational to the household level.

RESULTS

Conditionalities

A review of the implementation of SAPs conditionalities in Argentina and Uruguay reveals that SAPs in Argentina were implemented with greater severity and at a more rapid pace than in Uruguay, with the most notable differences occurring over the 1980s. Public sector investment collapsed in the 1980s in Argentina and continued to decline through the 1990s.^{12,13} In contrast to Argentina, Uruguay's cuts to the public sector were modest in the 1980s and increased during the 1990s.^{13,14} Trade liberalization was extensive in Argentina in the 1980s and increased in the 1990s, while in Uruguay there was only a slight increase in openness over the 1980s that accelerated in the 1990s.¹⁴⁻²³ Reforms to the labour market were also more gradual and less severe in Uruguay than in Argentina.^{14,17,20-27} During the 1980s in Argentina, labour market policy was tied to the economic concerns of market productivity, controlling inflation and reducing the fiscal deficit.^{17,20,23-27} In Uruguay, pressure to relate labour policies to economic demands in the 1980s was resisted more successfully than in Argentina.^{17,20-22,24-26} Over the 1990s, deregulation of the labour market proceeded slowly in Uruguay and rapidly in Argentina.^{14,17,24-26} One exception to the pattern of more intense and rapid reforms occurring in Argentina in comparison to Uruguay was in the area of

Figure 1. Globalization and health framework: Simplified pathways and elements

financial liberalization. Extensive financial reforms undertaken by the military dictatorships over the 1970s in both countries were continued by the democratic governments of Argentina and Uruguay over the 1980s and 1990s.^{14,16-18,28-30} Privatization of state firms also differed in that it did not begin until the 1990s in both countries but it started earlier and was more comprehensive in Argentina.^{13,14,17,27,31,32}

Economic effects

Economic trends in Argentina and Uruguay worsened in the 1980s and improved over the 1990s, but in Argentina the economic problems experienced in the 1980s were more severe than in Uruguay.^{14,16,19,23,32,33} Per capita public and publicly guaranteed external debt in Argentina was four times as great in 1990 as it was in 1980 (one indication that SAPs

failed even in their claimed macroeconomic impacts), while debt in Uruguay increased by 2.5 times over the 10 years.³⁴ Inflation in both countries followed a similar pattern to that of debt, rising in the 1980s and decreasing in the 1990s with Argentina experiencing more severe inflation than Uruguay over the 1980s.³⁴ In 1980 inflation in Argentina was 91% in comparison to 55% in Uruguay, and by 1989 Argentina had reached hyperinflation at 3058% while Uruguay's inflation had only increased to 76%.³⁴

Social effects

Socio-economic trends in Argentina and Uruguay also reveal a bleaker picture for Argentina than Uruguay.^{13,14,17,24,26,35,36} Although, at the beginning of the 1980s, Argentina and Uruguay had similar levels of income inequality, Uruguay's inequality

Figure 2. Infant mortality rate (per 1,000 live births) in Argentina and Uruguay

Figure 3. Under 5 mortality rate (per 1,000) in Argentina and Uruguay

improved and Argentina's worsened by the end of the 1990s.³⁷ The Gini coefficient in Argentina went from 0.365 in 1980 to 0.423 in 1990 and 0.439 in 1997. In contrast, Uruguay's Gini coefficient improved from 0.379 in 1981 to 0.353 in 1990 and 0.3 in 1997. In looking at data of the percentage of

income in the poorest quartile, Argentina decreased from 9.3% in 1980 to 7.5% in 1987 while Uruguay increased from 9.3% in 1981 to 11.9% in 1987. This second measure of income distribution demonstrates that increasing inequality in Argentina was to the detriment of the poor in the country.³⁷

Data on unemployment and real wages in the country also demonstrate an association between lower levels of employment and real wages and increased adoption of SAPs.²⁴⁻²⁷ Argentina's unemployment at the beginning of the 1980s was 2.3% and climbed to 7.3% by the end of the decade, reaching 15% by the end of the 90s.³⁴ Uruguay's unemployment in the beginning of the 1980s was actually higher than Argentina's (13.9%) but fell to 7.3% by the end of the 1980s and then steadied at 9% until rising sharply to 13% at the end of the 1990s.³⁴ Real wages also declined steadily in Argentina over the two decades, while in Uruguay they rose after the return to democracy in 1985 and did not start to decrease until the end of the 1990s.²⁴⁻²⁷

Health effects

The difficulty in obtaining detailed and reliable comparable health data for the two countries led to a decision to focus on two 'bellwether' indicators only: under 5 mortality (<5 MR) and infant mortality (IMR) rates. Although Argentina started out in the 1980s with lower IMR and <5 MR compared to Uruguay, by the end of the 1980s the opposite was the case: Uruguay's rates were lower than Argentina's and continued to decline at a faster rate over the 1990s.³⁴ (See Figures 2 and 3.) Percent decreases demonstrate that it was during the 1980s that Uruguay's <5 MR and IMR decreased at almost twice the rate of Argentina, while over the 1990s they decreased at more comparable levels (Table I).

CONCLUSIONS

The progress of the two countries on economic, social and health determinants was generally found to reflect the severity of and speed with which SAPs were implemented. The greater the speed and severity of the SAPs adopted, the worse the economic, social and health outcomes. The greatest differences between the countries were found during the 1980s, mirroring the more intense and rapid implementation of SAPs in Argentina in comparison to the more gradual and modest reforms undertaken in Uruguay. In the 1990s, differences in the effects of SAPs on the economic, social and health outcomes was reduced as Uruguay's adoption of SAPs increased.

It must be emphasized that this study offers descriptive findings only. Despite the matching described earlier, differences in size of the two countries, resource endowments, relationships with trading partners, strength and transparency of domestic institutions (e.g., banking, government) and other factors extraneous to SAPs could explain some of the outcome differences the study found.

One other methodological weakness remains: the absence of disaggregated data by income group, gender and geography. No sources were found that could provide comparable figures with multiple points over the study period. The major analytical problem this poses is the inability to determine how equitably (or inequitably) the deteriorating economic, social and health outcomes were distributed among both countries' populations. Other studies of SAPs and similar policies, however, suggest that the costs are disproportionately borne by the poor, the rural population and women.^{2,3,36,38-41}

Further comparative case studies of other countries that have implemented SAPs could provide a more comprehensive picture of the links between SAPs and health outcomes: 1) by examining if similar patterns found in this study persist in different country contexts and 2) by targeting countries with data that would allow for an analysis of the distribution of the economic, social, and health outcomes among the populations of the countries. Undertaking prospective studies of Poverty Reduction Strategy Papers (PRSPs) that replaced SAPs at the end of 1999 but retained many of the underlying principles of SAPs would allow for an ongoing evaluation of the health effects of these types of programs utilizing more comprehensive and targeted data and stronger research designs.

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RÉSUMÉ

Contexte : La mise en oeuvre des programmes d'ajustement structurel (PAS) dans les pays en développement a eu pour effet de ralentir les progrès réalisés dans les domaines de la croissance économique, des résultats de santé et des indicateurs sociaux. Un examen exhaustif et conceptualisé des effets de ces politiques est nécessaire afin d'aider les responsables des politiques sociales et sanitaires à mieux déterminer comment réagir à ces politiques néolibérales qui continuent de dominer les négociations sur le commerce mondial, l'aide au développement et l'annulation de la dette.

Méthodologie : Une étude comparative de la situation en Argentine et en Uruguay a été menée afin d'examiner les effets des PAS sur la santé. À l'aide d'un cadre établi pour l'analyse des relations entre la mondialisation et la santé, nous avons exploré les changements des politiques intérieures résultant des PAS et les résultats économiques, sociaux et sanitaires correspondants dans les pays examinés.

Résultats : En général, les PAS ont été mis en oeuvre de manière plus rigoureuse et plus rapide en Argentine qu'en Uruguay, les plus grandes différences ayant été observées au cours des années 1980. Les réformes mises en oeuvre de façon plus graduelle et plus modeste en Uruguay ont été associées à de meilleurs résultats économiques, sociaux et sanitaires.

Conclusions : Les conclusions appuient les résultats des études antérieures démontrant que les pays ayant maintenu des programmes sociaux et de santé publique plus dynamiques tout en appliquant les PAS ont été mieux en mesure de protéger la santé des couches les plus vulnérables de la société.

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