

Economic crisis and health outcomes

There are a wide range of studies that analyze the evolution of poverty, unemployment and inequality throughout the Argentine crisis of 2001-2002 which find a remarkable improvement in these indicators during the subsequent recovery period. A recent paper by Cruces, Glüzmann and López-Calva (2011)¹ evaluates the effects of the Argentine collapse (2001-2002) on several dimensions of welfare, mainly focusing on long term socioeconomic and health outcomes.

The study's main objective is to document the permanent and irreversible effects of the crisis, which arise for at least two potential reasons. First, poverty and health indicators tend to worsen more prominently during a crisis in comparison to their corresponding improvement during recovery. Second, adverse socioeconomic shocks, although temporary, may leave permanent scars and consequences which may be costly to reverse. For instance, infant and maternal mortality are irreversible. Furthermore, low birth weight has been recognized to have permanent consequences on the physical and intellectual development throughout children's lives, and its effects are not easy to revert.

The study obtains its results by exploiting the differences in the impact of the crisis on provincial GDP and social indicators using data from 1993 to 2006. The findings indicate that for each percentage point reduction in provincial per capita GDP, 0.5 percent of the population falls into extreme poverty, and that this effect is larger (0.8 percent) for children younger than 12 years old. However, while poverty, unemployment and inequality improved in the aftermath of the crisis, health outcomes indicate permanent and irreversible effects. For each percentage point drop in per capita GDP, maternal mortality increased by 0.04 cases per 10,000 live births, infant mortality grew by 0.05 per 1,000 live births, and the number of children with low birth weight rose by 0.18 cases per 1,000. These coefficients represent a substantial adverse effect since their average levels during the selected timeframe are 4.2 (maternal mortality), 17.9 (infant mortality) and 72.9 (low weight at birth). Thus, a 10 percent decrease in GDP raised maternal mortality by 9.4 percent, infant mortality by 2.5 percent and low birth weight by 2.5 percent.

The paper concludes that it is essential to implement policies to prevent or mitigate the adverse effects of crises, especially on health outcomes. In this sense, the authors examine the role of provincial public spending over social indicators. They find that the negative effects were significantly stronger in those provinces which cut their social expenditures.

¹ "Economic Crises, Maternal and Infant Mortality, Low Birth Weight and Enrollment Rates: Evidence from Argentina's Downturns", by Guillermo Cruces, Pablo Glüzmann and Luis Felipe López-Calva (2011). Working Paper No. 121. Working Paper Series CEDLAS.