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Economic dimensions of NCDs in LAC

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Thank them for coming and thank Branka and Claudia for their arrangements and special thanks to Rachel-main mover behind the idea of there being merit to a DCP/PAHO work to produce something useful for DCP as she will explain.

Regret that I cannot be here for the whole meeting-no reflection of my intense interest in the topic. Confess that originally when James Hospedales asked me to be editor of the book, I declined. But then I was struck recently by intense guilt-I had been speaking about NCDs all over the world, so I could not ignore our Region. Thus, I approached Branka with an offer to help. I am pleased that two bona fide economists are the editors. Dr. Nugent will speak of the link with DCP3. I was an editor of DCP2 and am very pleased how the DCP approach has now spawned some 8 volumes dedicated to issues that had not been dealt with fully in DCP2 and to explore new methods of analysis.

With regard to this work, I am pleased that it was decided that there was merit in addressing the economics of NCDs again, but also to look at the Region, as there is regional specificity in various aspects of NCDs and their economic relationships. I am sure this work will build on previous work done by PAHO in this field. PAHO's interest and to some degree leadership in this area goes back many years. The technical cooperation program on NCDs goes back many years. Twelve years ago PAHO joined with IDB, the World Bank UNDP and ECLAC to explore how investing in health would benefit economic growth, household productivity and poverty alleviation. The publication brought together the final reports from three research projects sponsored by the three organizations. As I wrote in the prologue to that work, the results reaffirmed what some of us knew but could not always verify: the positive still unquantified contribution of health to different dimensions of human development.

We were interested then in health in general, but since then there has been growing recognition of the changing demographic and epidemiological profiles in our countries and realization of the importance of the NCDs in all their dimensions. PAHO's

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NCD program has increased in size and scope and the Organization has played a part in the movement to elevate NCDs to a global political level. PAHO was very much a part of the UNHLM in September 2011 and I understand that the resulting Political Declaration has helped to shape its programs. I like to think that the increased activity as regards NCDs that we have seen in countries such as Brazil and Mexico and several Caribbean countries has been in part the result of the commitments made in the Political Declaration from that meeting. But yet there is until recently, little acceptance of the economic dimensions of this change. It has still been necessary to point out the economics of NCDs at the macro as well as at the micro level.

Two years ago PAHO convened a Regional workshop that examined the economic, fiscal and welfare implications of NCDs in the Americas. My memory of that workshop is acute not only because of the quality of the papers and the rich discussion, but It brings memories of Phil Musgrove who presented a brilliant paper on the economic rationale for government involvement in the prevention of NCDs and put to rest the shibboleth that the prevention of these through avoidance of risk factors was essentially an individual problem.

But it is fair to ask why should there be any specificity of the economics of NCDs in the Americas. There is of course no fundamental difference in the risk factors for NCDs. Tobacco is equally noxious in Peru as it is in Pakistan. So let me hazard a few guesses as to why there is need for research and work on the economics of NCDs in LAC. First, I would make the general point that the LMIC often make significant contributions to our understanding of various global problems. After all, it was China which showed the irrelevance of cholesterol levels to cardiovascular events which of course led to the realization of the true impact of statins. But to return to our region. One of the phenomena that will color the economics of NCDs is the growing urbanization in LAC. This is now essential an urban region and the novel approaches to extended cost-effective analysis will have to take this into consideration.

In addition we have an aging Latin America. For example, life expectancy has jumped by 22 years over the last 50 years and its population is now dominated by working-age adults with significantly fewer children. The region faces the prospect of rapid aging. Globally, one-fourth of countries that are aging most rapidly are in LAC. According to a World Bank Report *“Population Aging: Is Latin America Ready?”*, “economic growth in Latin America will be more challenging in countries with large numbers of elderly people and meeting health care, pension, and other needs will be especially difficult for low- and middle-income countries. Establishing appropriate policies and institutions to accommodate the region’s powerful demographic shifts will be vital to safeguard Latin America’s social and economic future.

To quote the author of the Report, Daniel Cotlear “We need to understand the economic life cycle, elderly work and incomes, family support, gender, and also the cost of health care in old age. In the long run, pension coverage needs to cover more people, especially those who work off the radar in the informal jobs market where government regulations and protections just don’t apply. Some of the other important phenomena

which will affect the economic analyses are the apparently intractable inequality and one of my *bête noirs* is the increasing obesity in both sexes. Indeed in the Caribbean the rate of increase in obesity is greater in males than females.

I am sure the Workshop will go well, judging by the caliber of the participants and there will be rich discussions. Julio Frenk and I are committed to writing the final chapter so I hope the papers will provide us with stimulating, provocative and well-reasoned arguments for having a special input from our region into DCP3.