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Central American governments continue to invest less than the average for all of Latin America in social spending, the UN Development Program (UNDP) said in its Second Report on Human Development in Central America and Panama. For 1990-1999, per capita social spending in the region was US$187, "a level that continues to be very low, within the Latin American context, and which represents just 10.7% of total regional GDP, an equally low figure." The region reached this level only by increasing social spending during the decade of the 1990s.

El Salvador ranked fourth lowest in social spending at US$82 per capita. In comparison, Panama spent US$642 and Costa Rica spent US$622. In absolute terms, Nicaragua and Honduras spent the least, at US$57 per capita. In spending more than US$600, Panama and Costa Rica fell into the "high to medium high" category. Breakdowns for individual countries showed that Guatemala, Honduras, and Nicaragua concentrated most of their meager spending in education, while Costa Rica spent mainly on social security, health, and nutrition. Panama focused on health and nutrition.

Thus, the isthmus has two of the highest- and the four lowest-rated countries in social spending, which the report says "reflects in good measure the effort that societies make to improve the level of life of citizens. This variable is fundamental to explain the levels of human development reached by the Central American countries long term, because there is a direct correlation between the magnitude of that spending in a given period, and the improvement, medium and long term, in the situation of individuals and their families."

The study finds it "imperative" to increase social spending or investment to accelerate human development in the region. Mixed economies, mixed results In health care, the study found that spending in the region is concentrated in the private sector. Private investment accounts for half the totals, public insurance systems for 30%, and governments spend 20%. El Salvador, Guatemala, and Honduras all have mixed, predominantly private systems in which access to health care is paid for mainly out of pocket.

Regionally, spending on health amounts to 7.5% of GDP, 4% public, 3.5% private, but for Guatemala, El Salvador, and Honduras, private spending predominates. About 8.2 million people, fewer than 25% of the population of the region, are covered by public health insurance, and more than 50% of these are in Panama and Costa Rica. In Guatemala, El Salvador, and Honduras, fewer than 15% are covered, and in Nicaragua, fewer than 10%.

Says the report, "Inequality in income distribution is prejudicial for the health of the entire population, not only of those of least earnings." A widening gap While Costa Rica stands at the head of the list in social spending, it is also the country in which the breach between rich and poor is accelerating at the greatest rate. With the richest 10% of the population controlling 30% of the wealth, however, the country still has not achieved the disparities of its neighbors.

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The UNDP report uses a measure called the Gini coefficient. The higher the Gini, the greater the difference between rich and poor. Under this measure, Costa Rica went from .438 in 1990 to .473 in 2000. By contrast, Honduras, which experienced an opposite trend, went from .615 to .564 during the same period. The remaining countries, with indices between .518 and .564, did not undergo significant changes for the decade.

As a benchmark, according to Jorge Vargas Cullel, member of the technical team that worked on the report in Costa Rica, a developed country would have a Gini index around .200, and the average for all countries of the world is less than .400. Guatemala and Nicaragua, whose top earners get 40.5% and 40.3% of total income, respectively, are the countries with the widest disparity. Panama, Honduras, and El Salvador follow with 37%, 36.5%, and 32%. Breaking down concentrations of poverty regardless of total populations, Guatemala is highest with 6.5 million people unable to attain the basic material necessities of life, followed by Honduras with 4.7 million, El Salvador with 2.9 million, Nicaragua with 2.4 million, and Panama with 1.1 million.

UNDP figures demonstrate that, in the last four years, economic growth was less than during the years of regional war. While high profile "democratization" flourished, economic progress languished. The region has added two million new poor. Measured by a quality-of-life index, Nicaragua is the poorest country, with 72.6% of its households unable to meet basic needs. Honduras follows with 64.9%.

Plans do little to change situation

The countries have responded to the numbers in a variety of depressingly predictable ways. In Nicaragua, where enormous thefts of the national treasury on the part of the last administration (see NotiCen, 2003-01-09) have yet to be dealt with legally, and no recovery of the public wealth is in sight, President Enrique Bolanos speaks of a poverty-reduction plan to be unveiled momentarily.

UNDP representative Jorge Chediek commented that, while the government has come up with any number of such plans that in the end have come to nothing, what is needed is a consistent program, with the flexibility to respond to changing international and local conditions. Also professing no faith in presidential plans, Ana Quiroz, Coordinadora Civil representative on the Consejo de Planificacion Economica y Social (CONPES), said it is worrisome that the Estrategia Nacional de Reduccion de la Pobreza has, by UNDP figures, been worthless, and worse still that the new presidential plan is incoherent. Telemaco Talavera, president of the Consejo Nacional de Universidades, worries that, with municipal elections on this year's horizon and presidential elections next year, this new development plan will be just another political boondoggle.

In El Salvador, relatively better off than Nicaragua, the report appears to have stung most on the health flank. Vice Minister of Health Dr. Herbert Betancourt said that his ministry has received a significant budget increase, but not sufficient to cover the construction of more health establishments and equipment for hospitals of the national health network that has been one of the principal tasks of recent governments.

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Agreeing with the UNDP finding that investment in health is relatively low, Betancourt said, "There has been a notable increase in the budget, but that doesn't mean we have the resources necessary to take care of the growing needs of the population. We have about 140,000 new Salvadorans annually to serve, for which the cost of health services is ever more expensive, and it isn't likely that we are going to have a budget that can satisfy the demand." Betancourt acknowledged the context in which the health system struggles: "We lack potable water, education, and availability of food, which makes diseases like dengue and influenza stress the health system even more." The ministry has gotten some recent help from the Inter- American Development Bank (IDB), which is financing some nongovernmental health organizations.

Betancourt said the organizations, under contract to the ministry, will work in the departments of Ahuachapan and Sonsonate, where the rate of malnutrition is high. This will give some 80,000 people access to care, taking pressure off the hospitals and reducing the need for rural people to travel for services.

More growth needed to reduce poverty

Somewhat paradoxically, while there are now millions more people in poverty in the isthmus, total percentages of poor decreased between 1990 and 2001. Significantly, however, as the number of poor people grows, the rate of economic growth necessary to lift them out of misery increases. Two very unlikely scenarios for the near future are, first, that measures to decrease the rate of population growth will become priorities for any or all of the countries, and second, that the rate of economic growth necessary to reduce poverty will increase. The region is not anywhere near the rate needed even to bring hope to present populations.

Says the report: "During the period 1995-2000, more than 1.1 million births and a little over 200,000 deaths occurred in the region every year. As a result of this, almost 900,000 people were added per year, which means a natural growth rate of 26.2 for every 1,000 inhabitants. If migration is subtracted from the natural growth rate, since Central America expels people, the population increase is closer to 850,000.

The Latin American Demographic Center (CELADE) says that Central America is in a moderate demographic transition. CEPAL, in 1996, classified El Salvador, Guatemala, Honduras, Nicaragua, and Belize, with 81% of the region's population, as countries in moderate transition. This is based on the fact that they still show high indices of birth, mortality, and population growth. It classifies Costa Rica and Panama as countries with completed transitions because of their lower rates of population growth.

Other social indicators for the region show a tendency to stagnate, however, and, in some countries, to regress. This is the case of the per capita GDP, whose growth decelerated in the 1970s and turned negative in the 1980s. Nations that suffered internal conflicts registered, in general, a deficient performance during this period. CEPAL's estimate for the period 1990-1996 suggests a modest recovery of the regional per capita GDP, which grew an average of 1.7% annually.

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Finally, widespread poverty persists in the region. "Three of every five Central Americans live in conditions of poverty, and two of every five are indigent or in extreme poverty...the countries and zones with fewer human development achievements are the most affected."

Responding to a question on the root causes of the inequalities that have resulted in fewer human development achievements, Vargas Cullel opined, "A lot of people talk about a lot of things; some say it is the privatizations, others that it is globalization, but there is no consensus on what are the causes. Certainly there are factors such as the quality of work opportunities and that a good part of the population is educated at a very low level, and that most of the wealth is not channeled toward production, but toward nonproductive consumption." Vargas was decisive on one point: "It's not true that opening markets will lower inequality."

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