HEALTH INVESTMENT

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Abstract: *Investing in health – in human capital – is a clear prerequisite for the new EU members and for the EU, in order to meet the requirements for accession. The EU has the means and mechanisms to simultaneously determine a major impact on the quality of the human capital formation within the newly-admitted countries and to protect the interests of the Union's existing citizens. The key constraints seem to be the willingness of the new member states to consider health-committed resources as an investment in the future of their people and the willingness of the EU to pay the same amount of attention to the protection of human health in other policies as it paid to the environment protection.*

Keywords: *health, investment*

Rezumat: *Investiţia în sănătate – în capitalul uman – reprezintă o condiţie clară a noilor state membre ale Uniunii Europene şi a Uniunii Europene, în vederea îndeplinirii criteriilor de aderare. Uniunea Europeană deţine mijloacele şi mecanismele necesare, atât pentru crearea unui impact major asupra calităţii capitalului uman din noile ţări membre, dar şi în ceea ce priveşte protejarea intereselor cetăţenilor Uniunii Europene. Constrângerile cheie par fi legate de viziunea noilor state membre de a privi resursele implicate în sănătate ca o investiţie în viitorul populaţiei, dar şi de acordul Uniunii Europene de a acorda atenţie protejării sănătăţii şi prin perspectiva altor politici, cum s-a dovedit în cazul protejării mediului înconjurător.*

Cuvinte cheie: *sănătate, investiţie*

Health investment is very important for the ambitious programme of integrating new member states into the European Union. These investments may be accomplished directly or by paying special attention on the impact held by the other policies involved in this process.

Some arguments are defining for this aspect.

First of all, there is a big difference as regards the health condition of the population of the newly-admitted countries and of the existing ones and this inequity represents one of the arguments for the action. Secondly, the existing member states are preoccupied by the health status of the new countries' citizens (especially, regarding the infectious diseases). There is another argument that correlated the health status with the economic performance. Data of a large number of countries showed a significant correlation between the population's incomes (economic performance) and a series of health condition indicators.

There is one factor above all, which has a major impact on the EU accession. This is done by the economic performance of the new member states. There is a gap between the incomes of those 15 existing countries and the newly-admitted ones. Domestic gross product per inhabitant regarding those 10 Central and Eastern European countries, measured in terms of the purchasing power parity (PPP), as a percentage of the EU average, represented 38% in 1999, respectively 39% in 2000.

It is true that the EU has the experience of the accession of relatively poor countries. Within this context, the accession of Ireland (1973), Greece (1981), Spain (1986) and Portugal (1986) represents the most relevant examples. Ireland is frequently presented as the most successful experience. In the moment of the accession to the EU, the gross domestic product per inhabitant represented 54% of the EU average. In 2002, due to an average increase of 6,5% per year, Ireland reached 120% of the EU average. Greece, Spain and Portugal also registered significant economic progresses, starting from relatively low levels of the national gross product (62% of the EU average for Greece, 71% for Spain and 55% for Portugal). Yet, there are major differences between the then accession and today's. First of all, the accession of those above-mentioned four countries did not have a major impact on the EU, as a whole. In contradiction to the above-mentioned, the access of such an important number of countries in the first wave brought about the decrease of the national gross domestic product per inhabitant with almost 20%. Secondly, the rules of the game had changed meanwhile.

It is obvious that in parallel with the investments in infrastructure and industry, the economic increase will impose to the society the investment in the human capital, as well. A study of the World Bank (Thomas and others, 2002) concluded that no country reached an economic growth without a sustained investment in the population's

education and health. Health investment idea has a long academic tradition (Grossman, 1972). An important study of the European Commission (Bloom and others 2001), made on more than 100 countries shows that health improvement has a global positive effect on society. Healthy individuals may work harder, will register a higher productivity and low levels of absenteeism, with a direct impact on the gross domestic product. The investments in efficient health services will ensure low budgetary costs and of a better quality. The improvement of the output of these services (a better health) will bring about a reduction of the costs for certain social interventions in the future (in health, disabilities, unemployment etc.).

Table no. 1. Economic performance of the newly-admitted countries in relation with EU 15.

Country	Gross domestic product per inhabitant regarding PPP (% of the EU average)		
	1995	2000	2004
Bulgaria	27,7	24,1	27,7
Cyprus	79,4	82,6	90,0
Check Republic	62,2	60,1	63,8
Estonia	32,0	38,0	43,6
Latvia	24,3	29,2	33,3
Lithuania	27,5	29,5	32,5
Malta	49,3	53,2	55,5
Poland	33,9	38,9	40,1
Romania	31,9	26,9	30,0
Slovakia	43,9	48,1	51,2
Slovenia	64,3	71,6	78,0
Hungary	46,1	52,8	59,4

Recent studies show that the level of development of a country or region depends mainly on the social capital, as well. This refers to the institutions, relations and norms that shape the quality and the quantity of the social capital. The social capital does not represent only the sum of the interactions that form the society but the link that hold them together. The most important argument of the social capital is that the economic and social development will succeed when the representatives of the state, corporate field and civil society create means that will help identifying and implementing common purposes and where the relations between individuals and institutions are characterized by trust (including the absence of corruption and the proper treatment applied to individuals by the public authorities).

The investment in health plays an important part in the development of the social capital. First of all, "the social solidarity" of the public health assistance may significantly contribute to cohesion and trust (the importance of eliminating the corruption of the health system, social solidarity in financing the health system). A better adaptability of the health services to the individual and collective aspirations may also play an important part in building the social capital. For example, if the individuals are convinced that the health services will exist there where they or their families need them, they will become more mobile from the geographical point of view, when searching for a workplace.

Still, the health investments made in the new member states are not a priority yet, due to two major reasons: the investments in the human and social capital are not appreciated by the finances ministries and the health resources are looked as a form of consumption and not as an investment. The political objectives of these states were translated in the reduction of the public sector deficit and cost control; health was frequently considered as an outlet canal of resources and not as an instrument for multiplying the resources. Secondly, the fact that the health services were left in the competence of the states, discouraged the idea of reconsidering their importance. Romania is not making any exception; on the contrary, our governors allotted the smallest percentage of the gross domestic product of all the EU countries, for health. In 2006, in Romania, 5,1% of the gross domestic product was allotted to health, as against the EU average, of 8,7%, or of that of the EU 15, of 9,29%. It is to be mentioned that our integration partner, Bulgaria, allotted 8%$ of their gross domestic product for health in the same year.

Regarding the health expenses per capita, Romania spent 433USD/per inhabitant in 2006, as against our Bulgarian neighbours - 671, the average of the EU member states after 2004 - 869,41, the average of the EU 2334,34, or the average of the EU 15 - 2728,98. This indicates that the Romanian governors have not taken into consideration yet, that health is a national priority and this will have major consequences on the future development of the country.

We will try to present a number of solutions that may change the situation. First of all and in direct relation with the investments, a percentage of the post-accession funds may be reoriented towards investments in improving the population's health. The study for the use of the pre-accession funds between 1990 and 1998 shows that only 1,2% was allocated to the public health (Rosenmoller, 2002). Secondly, it is necessary to better orient on the consequences the other policies imply and to reconsider the importance of the health investment, as an economic and social development.

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