

Confronting AIDS in Developing Countries

Address to Members of the European Parliament (Brussels, Belgium)

by
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I want to begin by extending my gratitude to the European Commission and the European Parliament for organizing this important event. In particular, I want to thank Michel Rocard, the President of the Committee of Development at the European Parliament, for his kind welcome and stimulating remarks. The World Bank's research report [*Confronting AIDS*](#) would not have been possible without the support of the European Commission, especially the support of João de Deus Pinheiro. I also want to single out the contribution of Dr. Lieve Fransen, the manager of the European Commission's HIV/AIDS program for developing countries, for her active input at every stage of the project. In addition, we benefited from the intellectual assistance and financial support of the Joint United Nations Programme on HIV/AIDS (UNAIDS) and the governments of Australia and Switzerland.

The statistics and analyses assembled in the *Confronting AIDS* report show convincingly that developing countries cannot ignore the AIDS epidemic. In developing countries, where 90 percent of all HIV infections occur, AIDS is reversing hard-won gains in improving the quality of life. Since 1950 average life expectancy in developing countries has increased from 40 to 63 years. But in many hard-hit countries AIDS has already reduced life expectancy by more than 10 years. In Zimbabwe it has reduced life expectancy by 22 years. AIDS is also exacerbating poverty and inequality. Its effects are especially devastating for the poor, who have the fewest resources to cope. And when it spreads unchecked, HIV/AIDS overloads the fragile health systems of developing countries, ballooning government spending on health care.

These are some of the reasons the World Bank, whose mission is to promote long-term growth and alleviate poverty, has been so actively concerned about AIDS.

The Bank has been fighting AIDS since 1986. By the end of 1996 the Bank had committed \$632 million to 61 HIV/AIDS projects in 41 countries. We are eager to do more, both by providing more money and by working with our member countries to devise effective strategies that curtail the spread of HIV, cushion its impact on the health sector, and provide care for those already afflicted with AIDS.

NOW IS THE TIME FOR ACTION

We cannot confront AIDS without first acknowledging that it threatens every country. Country after country has ignored the AIDS epidemic, denying that the behaviors that spread HIV occur within their borders. And country after country has been proven tragically wrong.

Africans said that AIDS would never strike them. But today 14 million African adults are infected, half of them women, in the world's largest heterosexual epidemic. Asians said that their behavior would prevent AIDS from spreading widely. Yet the number of new infections in Asia each year likely has surpassed that in Africa, though to be sure its prevalence remains much lower. And countries elsewhere continue to ignore the disease, even as a possible epidemic looms on the horizon. For instance, rising levels of other sexually transmitted diseases in the countries of the former Soviet Union foreshadow an explosion of AIDS if action is not taken immediately. Will these countries learn from the rest of the world that denial will merely worsen the epidemic?

We still have time to prevent an widespread HIV/AIDS epidemic among the 2.3 billion people living in developing countries where HIV is relatively uncommon even in high-risk populations. Another 1.6 billion people live in developing countries where HIV has spread widely among people engaged in the riskiest behavior—such as sex workers and injecting drug users—but has yet to spread widely among people at lower risk. Steps can still be taken to prevent HIV from spreading to the general population in these countries. And even where AIDS is more prevalent, preventing infection among people at risk and helping them to protect themselves and others can slow the growth of the epidemic or even reverse it.

BALANCING CONFRONTING AIDS WITH OTHER OBJECTIVES

Acknowledging AIDS is only the first step. Our response to the epidemic must also be fair and cost-effective. Poor people and poor countries face many pressing problems besides AIDS, and government resources are scarce. In a typical developing country it costs as much to treat one AIDS patient for a year as it does to educate 10 primary school students for a year. Balancing these worthwhile objectives is difficult but essential.

All too often, AIDS policies are framed by politics and emotions. While many countries' first response to AIDS has been to focus on prevention, seldom has there been a discussion of the most effective ways to prevent the spread of HIV.

Compassion for those who have already contracted HIV and are suffering from AIDS has led some countries to finance costly treatment. Yet HIV/AIDS is only one of many health problems, and health problems are only one of many demands on public resources in developing countries. It does not take an economist to remind us that tradeoffs are inevitable, as painful as they may be.

Even caring for people with AIDS raises hard questions. Newly developed -anti-retroviral treatments from industrial countries require substantial medical supervision and laboratory backup and complex regimens of dozens of pills that must be taken at specific times each day. One year of these treatments costs \$10,000 to \$20,000, but the conditions under which they are effective have not been established—even in industrial countries,

where the necessary monitoring and diagnostic services are more likely to be available. Can and should governments in developing countries try to provide these costly experimental treatments to their citizens? Whether we like it or not, doing so will raise difficult questions: Could that money be better spent on prevention? Or should the money be used to cure other diseases instead of to extend the life of someone infected with HIV? Or to provide basic education to 10 or even 100 children who might otherwise remain illiterate?

Emotions have proved a poor guide in designing AIDS policies. Instead we must rely on the lessons learned in the 15 years since the epidemic began and on research in medicine, epidemiology, and public economics. Much of this experience and evidence is synthesized in the *Confronting AIDS* report.

THE ROLE OF GOVERNMENT

Fiscal expenditures

Governments must take the lead in fighting AIDS. Spending on HIV prevention can pay for itself by saving governments the cost of future AIDS treatment. But the rationale for government involvement is much broader than this narrow justification. There are two economically based arguments for government involvement in the fight against AIDS. The first focuses on the public goods nature of information and knowledge. The second focuses on the externalities associated with the prevention of communicable diseases, a *public* as opposed to private health problem.

Information as a public good

Information is an effective weapon against the spread of HIV. And because information is a public good, government has a responsibility to produce and disseminate it. Otherwise, there will be an undersupply of information. Widespread knowledge about infection levels, modes of transmission, and protection can prevent HIV from spreading. In Thailand, for example, the public revelation in 1989 that 44 percent of sex workers in the northern city of Chiang Mai were HIV positive is believed to have contributed to the growing use of condoms in commercial sex, even before the beginning of large-scale government condom programs.

Preventing HIV requires monitoring trends in HIV infection, identifying pockets of risky behavior where prevention efforts can have the greatest effect, and evaluating the costs and effects of various interventions.

In many countries large segments of the population still lack essential information about HIV transmission. For example, recent surveys in seven African countries—all of which have been hit hard by AIDS—found that just 40 to 70 percent of people with a recent nonregular sex partner named condoms as a means of preventing HIV. In countries like Tanzania and Uganda, where nearly everyone knows someone who has died of AIDS, such low awareness of the benefits of condom use is shocking. Because part of the problem comes from the low levels of literacy in these countries, the need to prevent AIDS provides yet another reason for governments to support the expansion of primary education.

The international community also plays an essential role in generating and disseminating information. We are especially well placed to contribute to two types of knowledge. First, we can increase knowledge about the costs and effects of interventions to limit the incidence of HIV in different environments. And second, we should devote more resources to developing vaccines and low-cost preventive medical technologies that will be effective in developing countries. Such research is often too costly for developing countries to undertake alone. Moreover, the benefits extend far beyond the country that performs the research, bringing benefits to countries around the world. Unless the public sector—including international organizations—takes a leading role in these endeavors, they are unlikely to be pursued as intensively as they should be.

Prevention of communicable diseases

But information is not enough to fight the spread of HIV. Because AIDS is a communicable disease, it poses a public health problem that warrants a public response. When people are motivated to avoid risky behaviors, lowering the chance that they will contract and spread HIV, benefits to others are large. Left to themselves most people do not consider the full ramifications of their behavior and its effects on others. This is not unlike the situation facing private firms, which may underinvest in pollution control or basic research. Yet we have long recognized the importance of government subsidies for pollution control and basic research. The same logic applies to measures that prevent the spread of HIV.

Economists naturally look to incentives as part of the solution. Some might be skeptical. After all, the behaviors that give rise to AIDS often seem contrary to an economist's view of rational behavior. And there is little doubt that most people are not taking the optimal measures to prevent their own infection with HIV. Fortunately, the *Confronting AIDS* report documents that individuals do respond to incentives, even as they affect drug use and sexual behavior. Lowering the costs of condoms and clean needles can have sizable effects on reducing HIV transmission.

It is often easier to mobilize political support for policies that raise the cost of risky behavior, like cracking down on prostitution or drug use. Numerous countries have tried this strategy. It does not work. China from the 1950s to the 1970s was one of the only countries able to nearly eliminate prostitution. The political and economic context of that policy, however, make it impossible to replicate in other countries or even to sustain in China. Instead, most countries have learned that aggressive criminalization drives behavior underground, making it harder to reach at-risk populations with programs to promote safer behavior.

Confronting AIDS draws on a substantial body of research in arguing that prevention efforts can make the biggest difference if they focus on changing behavior among people most likely to contract and inadvertently spread HIV. A highly successful HIV prevention program in Nairobi, Kenya, illustrates this point. By providing free condoms and treatment for other sexually transmitted diseases for 500 sex workers, the program prevented 10,000 HIV infections a year among the sex workers' clients, their clients' wives, and their clients' other sex partners. Had these efforts been directed at 500 men in the same community, they would have prevented fewer than 100 HIV infections.

HIV can spread extremely quickly among injecting drug users who share dirty needles. What happened in the city of Nikolayev in Ukraine is typical. In January 1995 less than 5 percent of injecting drug users were infected with HIV. Before the year was out, nearly 60 percent tested positive for the virus. And the AIDS epidemic in Nikolayev is unlikely to remain concentrated among injecting drug users. As in many other parts of the world, HIV will cascade out, infecting the users' spouses, their other sex partners, and their children.

Other cities have shown how Nikolayev could have prevented this tragedy. Studies find that the difficulty of obtaining clean needles is the main reason injecting drug users share them. Making this process easier—by decriminalizing possession of needles, making needles available over the counter in pharmacies, organizing needle exchanges, and providing drug users with bleach to sterilize their needles—can have an enormous impact. A program in Katmandu, Nepal, has kept HIV infection levels below 2 percent among injecting drug users by providing education, condoms, bleach, needle exchange, and primary health care.

This experience is not unique. In cities like Glasgow, Scotland, and Tacoma, Washington, needle exchange programs that were launched early in the epidemic have kept HIV infection below 5 percent among injecting drug users, even as infection rates soared to more than 40 percent in nearby cities without these programs.

Many of these programs are politically controversial, but they save lives. The epidemic cannot be stopped without them. We must face these controversies squarely, exposing them to the light of research and experience. There is substantial evidence that these programs reduce the risky behavior that spreads HIV and that they do not encourage more people to start using drugs. If we allow moral posturing to crowd out the weight of evidence, we will fail to prevent AIDS from spreading more widely, and efforts to improve the quality of life of billions of people will be dealt a huge setback.

Coping with the impact of the epidemic

Prevention is essential. But in some countries these words of wisdom come too late. More than a quarter of a billion people live in countries where HIV infection has spread widely beyond high-risk groups. Other countries may soon join their ranks unless they respond quickly. Once a country has a high infection rate, it must face the rising burden of AIDS-related sickness and death and their consequences. What is the government's role in this sad situation?

Having failed to prevent the epidemic, government has a responsibility to cushion its impact on the hardest-hit sector of the economy, the health sector. AIDS obviously increases the demands on the health care system. In addition, it increases the cost of supplying a given level of health care for three reasons. First, the cost of achieving a given level of safety rises when hospitals have to worry about contaminated blood. Second, in hard-hit countries AIDS can kill health care workers. And third, health care workers may require higher pay to compensate them for the greater risk of HIV infection. Together these factors may have increased the cost of health care by 10 percent or more in many African countries.

HIV and AIDS can push up government spending on health care by 40 percent or more. At the same time, people who are not infected with HIV may have less access to health care. One study in Kenya found that between 1988-89 and 1992 the number of HIV-positive patients admitted to a hospital more than doubled, while the number of HIV-negative patients fell by 18 percent.

Dealing with these problems is difficult and inevitably requires making tradeoffs. But there is much the government can do. Government's most urgent responsibility is to ensure that AIDS patients are competently and fairly treated in both public and private health care settings. AIDS patients' access to care and the share of costs they bear should be commensurate with those of patients seeking curative care for other equally severe health problems. In some countries there appear to be major departures from this principle.

Physicians and other health care personnel must be trained in humane and cost-effective approaches to managing AIDS-related opportunistic illnesses, something for which medical school may not have prepared them. In Sub-Saharan Africa, for example, about \$300 a year is enough to relieve the symptoms of and cure easier-to-treat opportunistic illnesses, and thereby to provide several additional years of healthy life.

Government should also provide reliable information on the costs and effects of alternative treatments for the opportunistic illnesses that strike AIDS patients, so that families do not waste their money on quackery. Similarly, government should finance the start-up costs of health sector activities that are in greater demand because of AIDS. These include investments in blood supply technology and in the face masks, disposable needles, and rubber gloves that are an even more important defense against infection now than they once were. Government support can help launch home care for terminally ill patients, including AIDS patients, that can be maintained by nongovernmental organizations.

We must, however, guard against the temptation to provide more generous funding for AIDS treatment than is provided for other curative health care, as has been done in Brazil, Kenya, and Thailand. This policy is unfair to patients who suffer from other diseases and puts unendurable pressure on the health budget as the number of AIDS cases grows. Brazil's government has guaranteed AIDS patients complete funding of expensive and experimental anti-retroviral therapy. The drugs alone will cost Brazil \$700 million in 1998—4 percent of the Ministry of Health's budget and more than twice what the international community spends each year on AIDS prevention in the developing world. This well-intended policy will crowd out other national health spending and threaten the resources available for AIDS prevention.

THE BENEFITS OF DEVELOPMENT

The World Bank has been active in the struggle against AIDS partly because of its effect on our mission to promote economic development and alleviate poverty. AIDS undermines development. In the narrowest terms, it increases poverty and reduces growth. But it is also true that development can reduce the spread of HIV and make it easier to care for people with AIDS. Higher-income countries tend to have lower HIV

infection rates, and rising incomes provide more resources for countries to prevent and treat AIDS.

Today we recognize that development goes beyond simply increasing incomes. We must ensure that rising incomes benefit everyone, that growth is environmentally and socially sustainable, and that development is democratic. The research in the *Confronting AIDS* report provides yet another motivation for pursuing these broad goals. We know that higher inequality is associated with higher HIV infection. This is especially so in the case of inequality between men and women. AIDS spreads more widely where women depend on men's earnings, are unable to read, and have limited legal rights for divorce, inheritance, and child custody. Confronting AIDS requires us to confront these problems as well.

CONCLUDING REMARKS AND LESSONS FOR DONORS

I began my remarks on what sounded like a note of despair, noting that in many countries AIDS has reversed hard-won progress in enhancing human welfare. I want to end my remarks on a note of hope. By acting now and targeting our efforts, we can slow and even reverse the spread of AIDS. The few countries that have adopted the most effective policies are seeing results. One of the best examples is Thailand, which has been a leader in promoting public awareness and helping sex workers, their clients, and other high-risk groups to protect themselves and others. Today Thai sex workers and their clients use condoms more than 90 percent of the time, up from less than 15 percent 10 years ago. The benefits have been dramatic: the number of patients with other sexually transmitted diseases has fallen precipitously, and HIV infection among young army recruits has fallen by half.

The international donor community has been generous and timely in its response to the AIDS pandemic in developing countries. Our support has not, however, always gone to the most effective interventions. We must work with developing countries to ensure that our funds are used even more effectively in the future.

In addition, donors must concentrate on providing key international public goods, especially knowledge. One important type of knowledge is better understanding of policies that prevent the spread of HIV and of treatments that improve the lives of people who are already infected. The joint research undertaken by the European Commission, UNAIDS, and the World Bank is an important example of this kind of international public good. The next task for all of us here today is to translate these findings into practice.