ALLOCATIVE EFFICIENCY AND EQUITY OF PUBLIC HEALTH BUDGET IN THREE PROVINCES OF CHINA

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A Thesis Submitted in Partial Fulfillment of the Requirements
for the Degree of Master of Science
Faculty of Economics
Graduate School
Chulalongkorn University
Academic Year 1996

ISBN 974-636-592-4

I17810565

Thesis Title	:	Allocative Efficiency and Equity of Public Health Budget in Three Provinces of China
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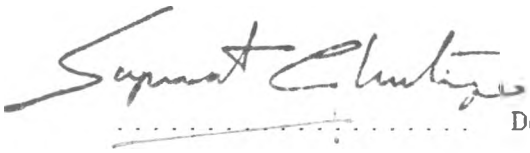
Accepted by the Graduate School, Chulalongkorn University in Partial Fulfillment of the Requirements for Master of Science Degree in Health Economics



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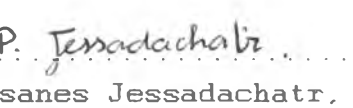

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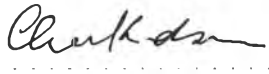

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พิมพ์ต้นฉบับบทคัดย่อวิทยานิพนธ์ภายในกรอบสีเขียวนี้เพียงแผ่นเดียว

3970333129 : MAJOR HEALTH ECONOMICS
KEY WORD: PUBLIC HEALTH BUDGET / ALLOCATIVE EFFICIENCY / EQUITY
JIANG YUAN: ALLOCATIVE EFFICIENCY AND EQUITY OF PUBLIC HEALTH BUDGET IN THREE PROVINCES OF CHINA. THESIS ADVISOR: ASST. PROF. ISRA SARNTISART, Ph. D. THESIS CO-ADVISOR : PHITSANES JESSADACHATR, Ph. D. 88pp.
ISBN 974-636-592-4

The objectives of this study are to describe the trends of government health budget in three provinces (Shanxi, Jiangsu, and Guizhou provinces) of China, to evaluate the allocative efficiency between curative and preventive budget, and the equity of public health budget among 5 counties in the three provinces during 1985-1993.

The study analyzed data from a special survey which was conducted by Chinese Academy of Preventive Medicine in 1994. Results show that: in the three provinces, the proportion of government health expenditure to GCP has decreased; the ratio of government recurrent budget for health to total government expenditure also has a decreasing trend; especially for the preventive sector, the proportion of budget to GCP decreased dramatically. They indicates that government gradually paid less attention to the preventive health sector.

A model was established to evaluate the allocative efficiency between preventive and curative budget before and after the economic reform in 1989. The marginal effect of preventive and curative budget were estimated. Results show that, before the economic reform, the marginal effect of preventive budget was smaller than that of the curative one. But after the economic reform, the curative budget marginal effect was only 60% of preventive one. It indicates that before economic reform government allocated too much budget to the preventive sector. But after the reform, local government over allocated budget to the curative sector.

Gini coefficient was used to evaluate the equity of preventive and curative budget among the 5 counties during the 9 years. Results show that, poorer counties got more preventive budget than richer counties, while richer counties got more curative budget than poorer counties from local government. The equity of both type of budget decreased after the economic reform due to decentralization.

ภาควิชา Economics ลายมือชื่อนิสิต Jiangyuan

สาขาวิชา Health Economics ลายมือชื่ออาจารย์ที่ปรึกษา

ปีการศึกษา 1996 ลายมือชื่ออาจารย์ที่ปรึกษาร่วม P. Jessadachatr.

Acknowledgments

I would like to think Dr. Isra Sarntisart, my thesis advisor, and Dr. Phitsanes Jessadachatr, my thesis co-advisor, for their kind and active guidance , and all their invaluable time devoted to the improvement of my thesis. Without their close supervision I could not finished it in time.

I also wish to thank Dr. Chev Kidson for his enormous help on my thesis and my study in Thailand. His constant encouragement and guidance are important for me to finish my study.

I would like to express my gratitude to Dr. Pongsa Pornchaiwiseskul for his continued advice and encouragement as the Chairman in my committee.

Special thanks must go to WHO, which support me the one-year fellowship of my study and living in Bangkok.

Here, I also want to give my deeply thanks to Dr. Liu Huaqing, Dr. Chen Changjuan, Dr. Li Weirong and Miss Liang Jinjin. All of them help me finished the Delphi precess in my study.

Last, but not at all least, I would like to express my thanks to my director, Prof. Jin Shuigao and other colleagues in the Chinese Academy of Preventive Medicine. Without their support it will be impossible for me to finish my study.

Jiang Yuan
20 April, 1997

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Abbreviation

CAPM: Chinese Academy of Preventive Medicine

EPS: Anti- epidemic Pevention Stations

GCP: Gross County Production

GRB: Government Recurrent Budget

MCH: Maternal and Child Care Clinics

MOH: Ministry of Health

SY : Shouyang County, Shanxi Province

Qi : Qi County, Shanxi Province

DY : Danyang County, Jiangsu Province

JR : Jurong County, Jiangsu Province

LP : Lipo County, Guizhou Province