

Recession and Austerity in Europe and Latin America

The Impact on UHC, Health, and inequalities

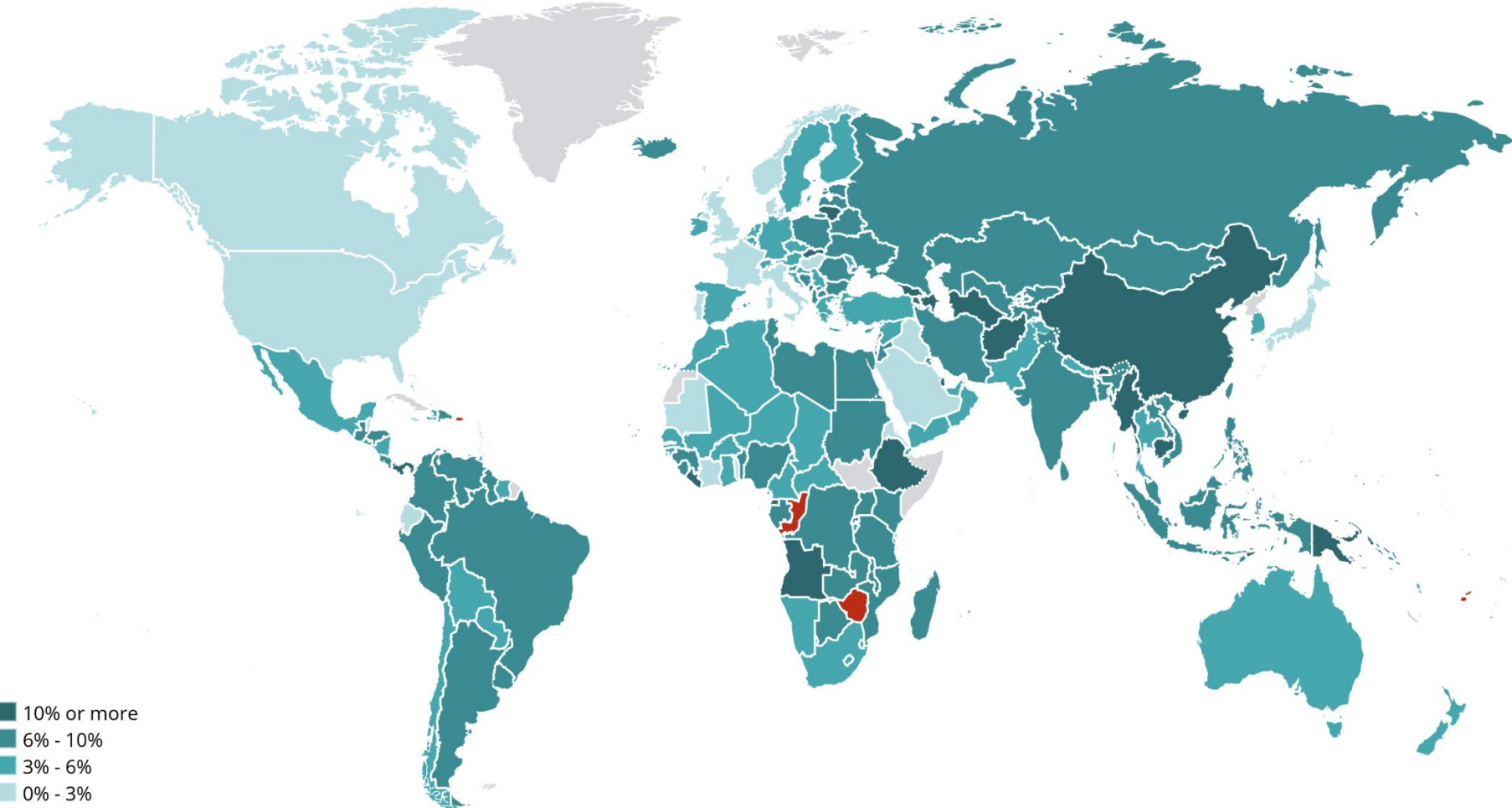
Thomas Hone
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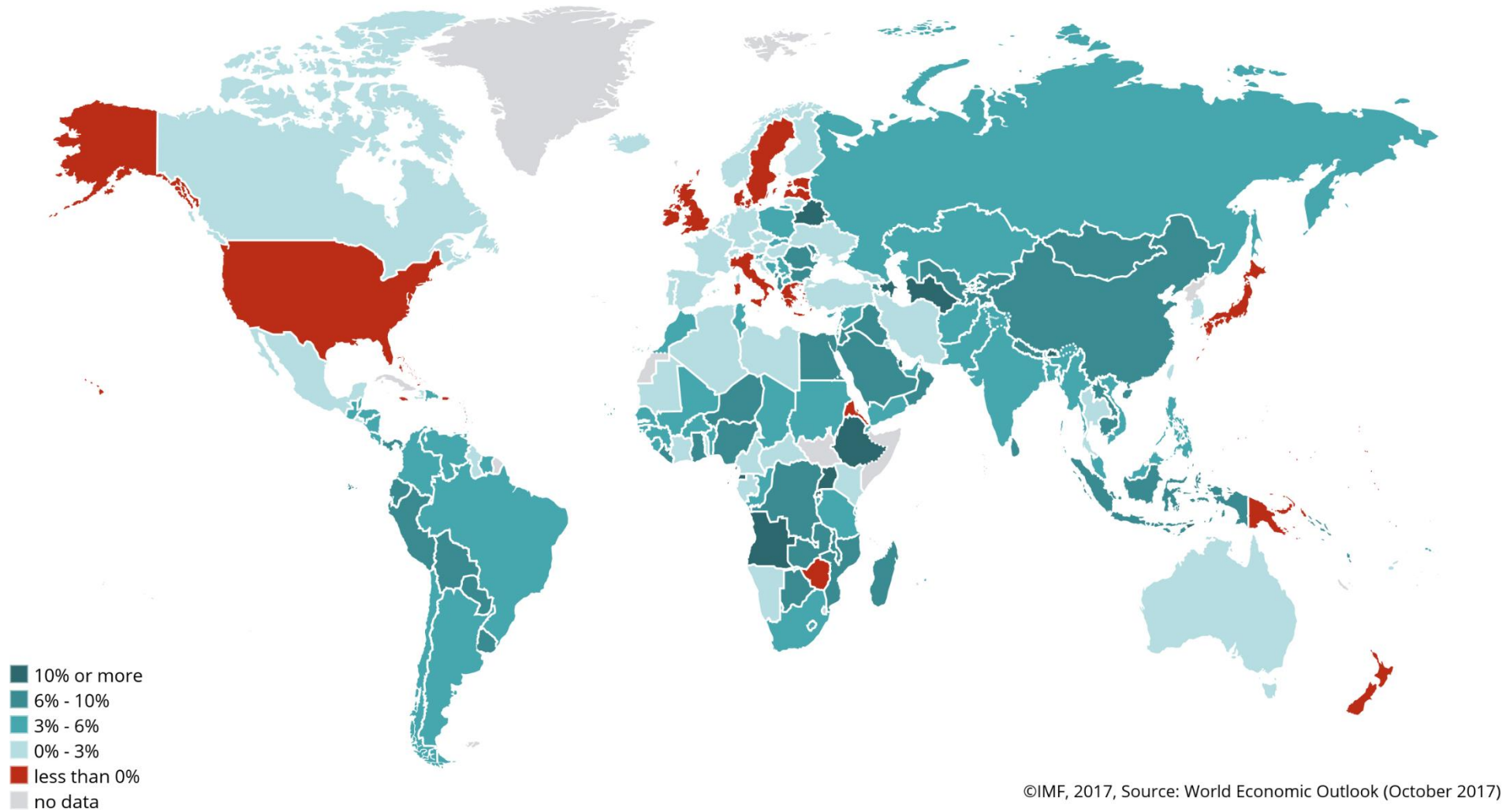
Financial crises in Europe and Latin America

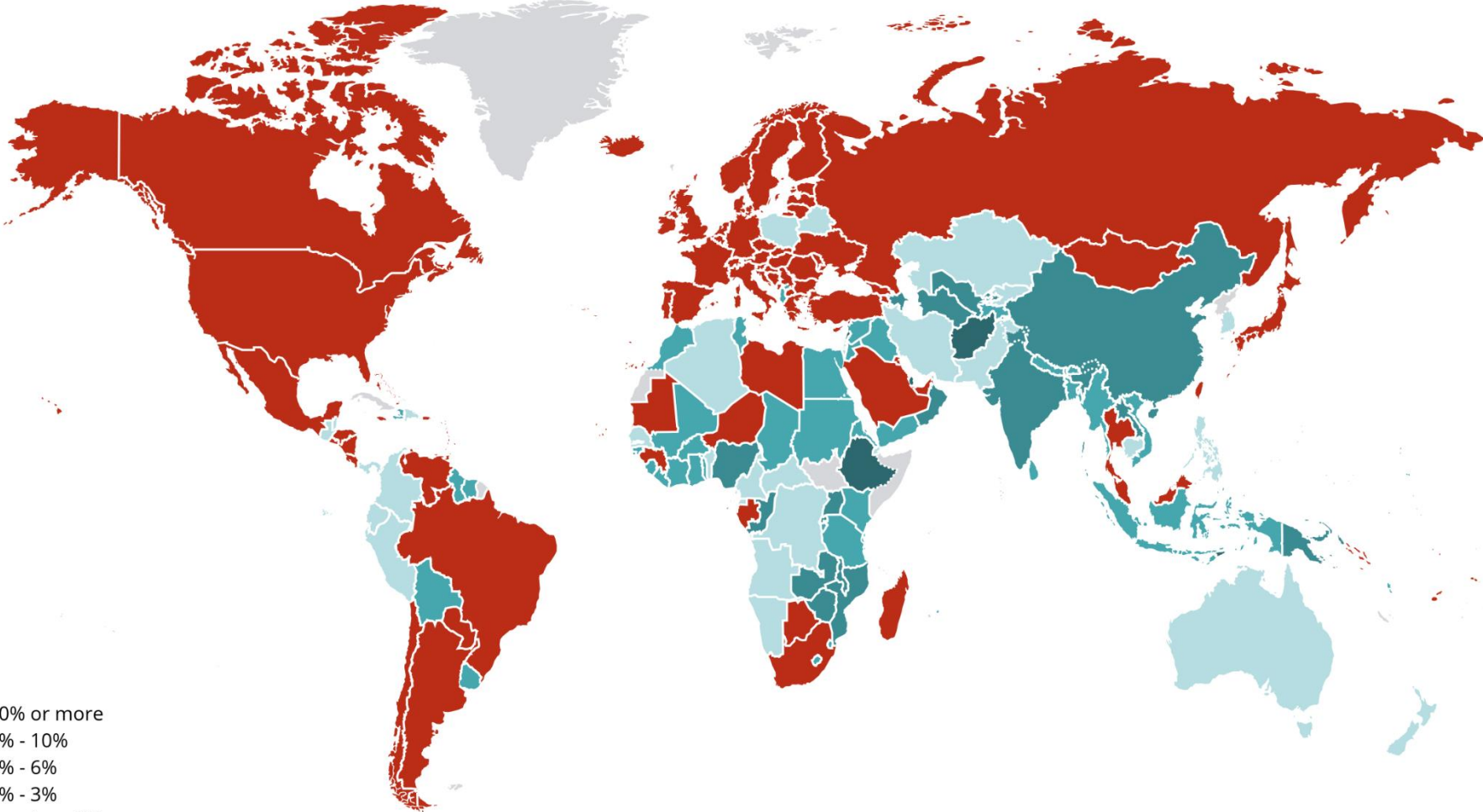
Europe	Latin America
Started in 2008	Later, 2009 onwards
Subprime mortgage crisis in USA	Falling commodity prices
Austria; Belgium; Bulgaria; Croatia; Cyprus; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Iceland; Ireland; Italy; Latvia; Netherlands; Norway; Portugal; Spain; Sweden; Switzerland; UK	Argentina; Belize, Bolivia; Brazil; Chile; Ecuador; Paraguay; Peru; Uruguay; Venezuela

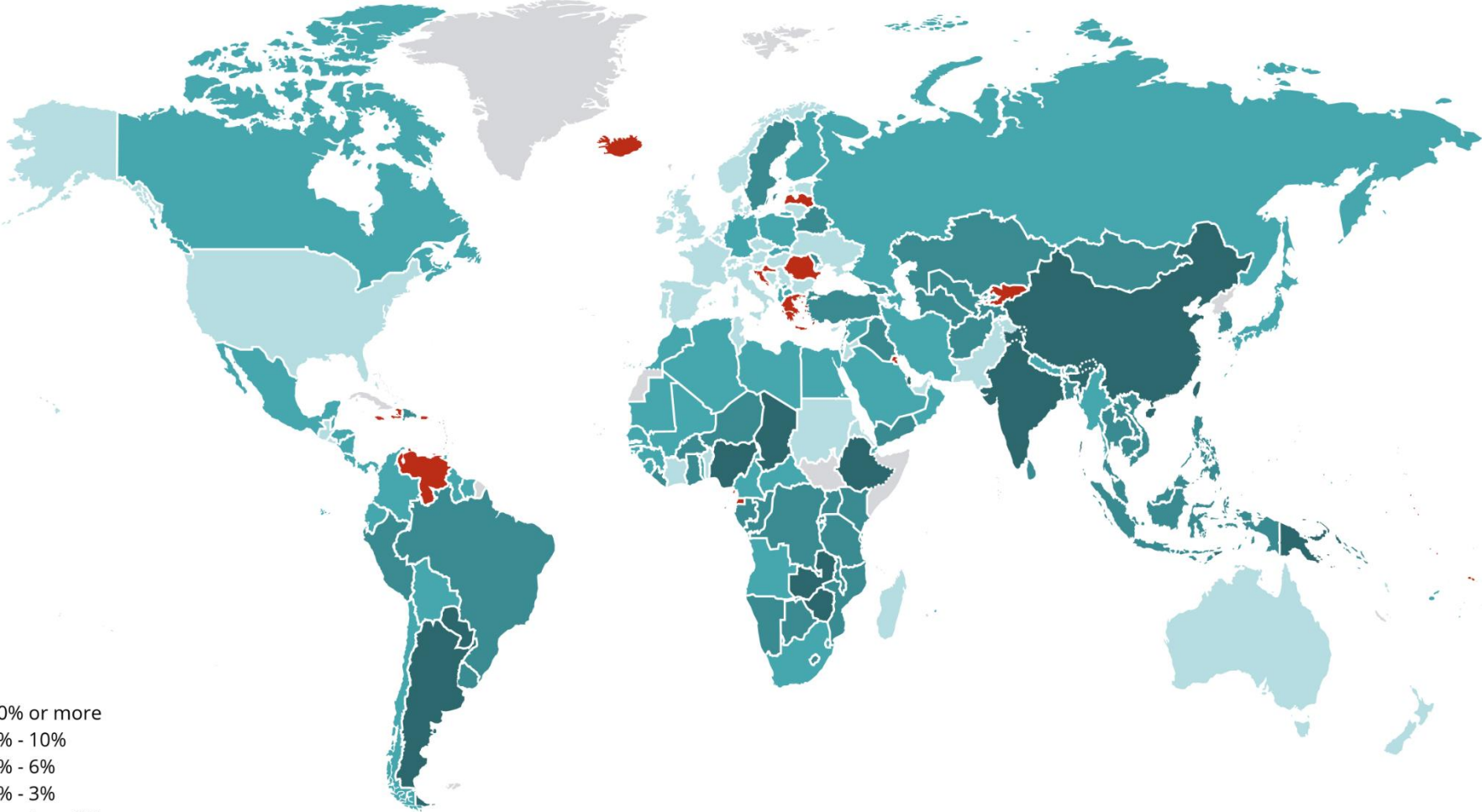
- **Commonalties:**

- Contraction of public finances;
- Implementation of austerity;
- Lessons on reducing harms to health during crisis;

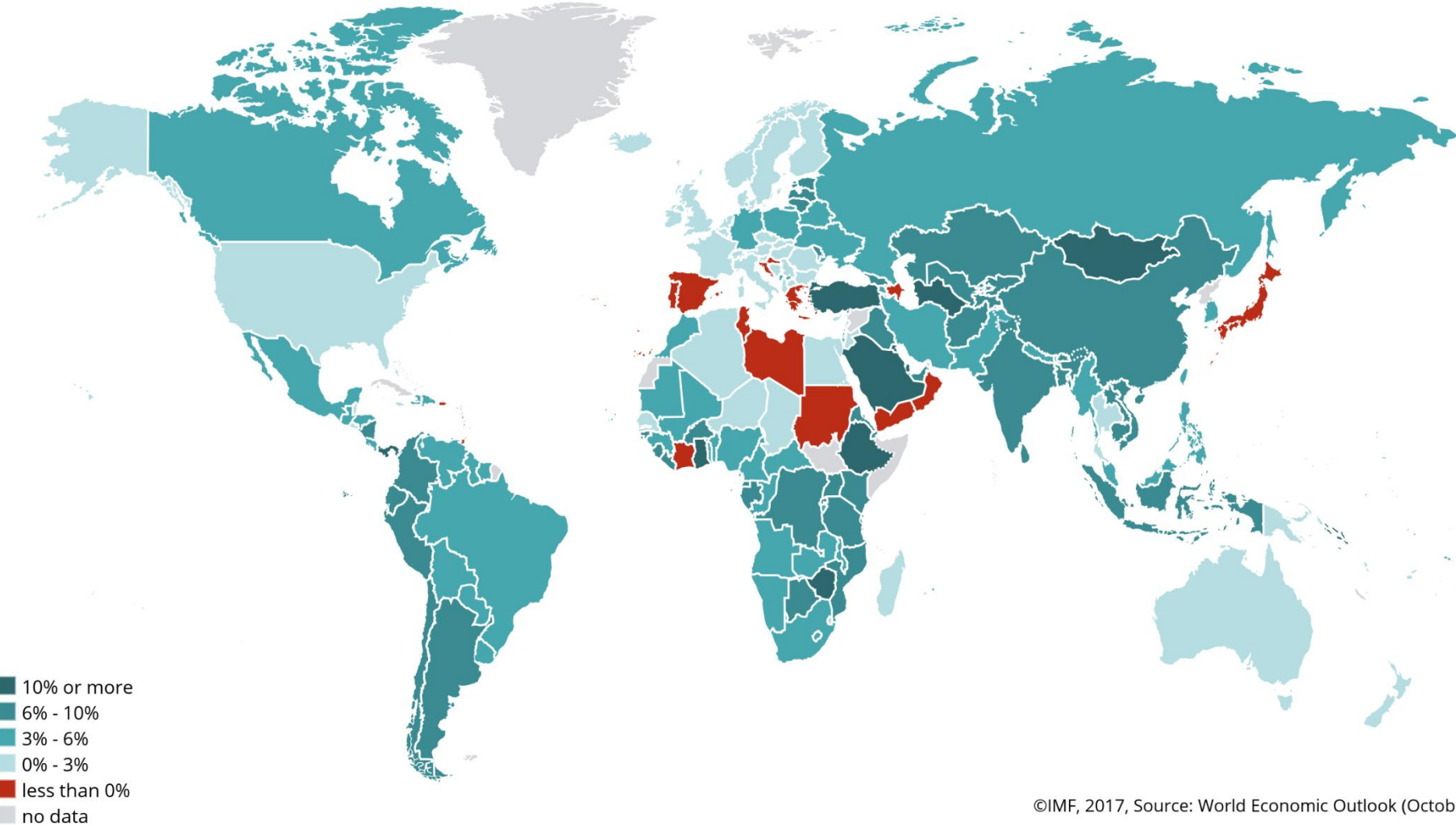


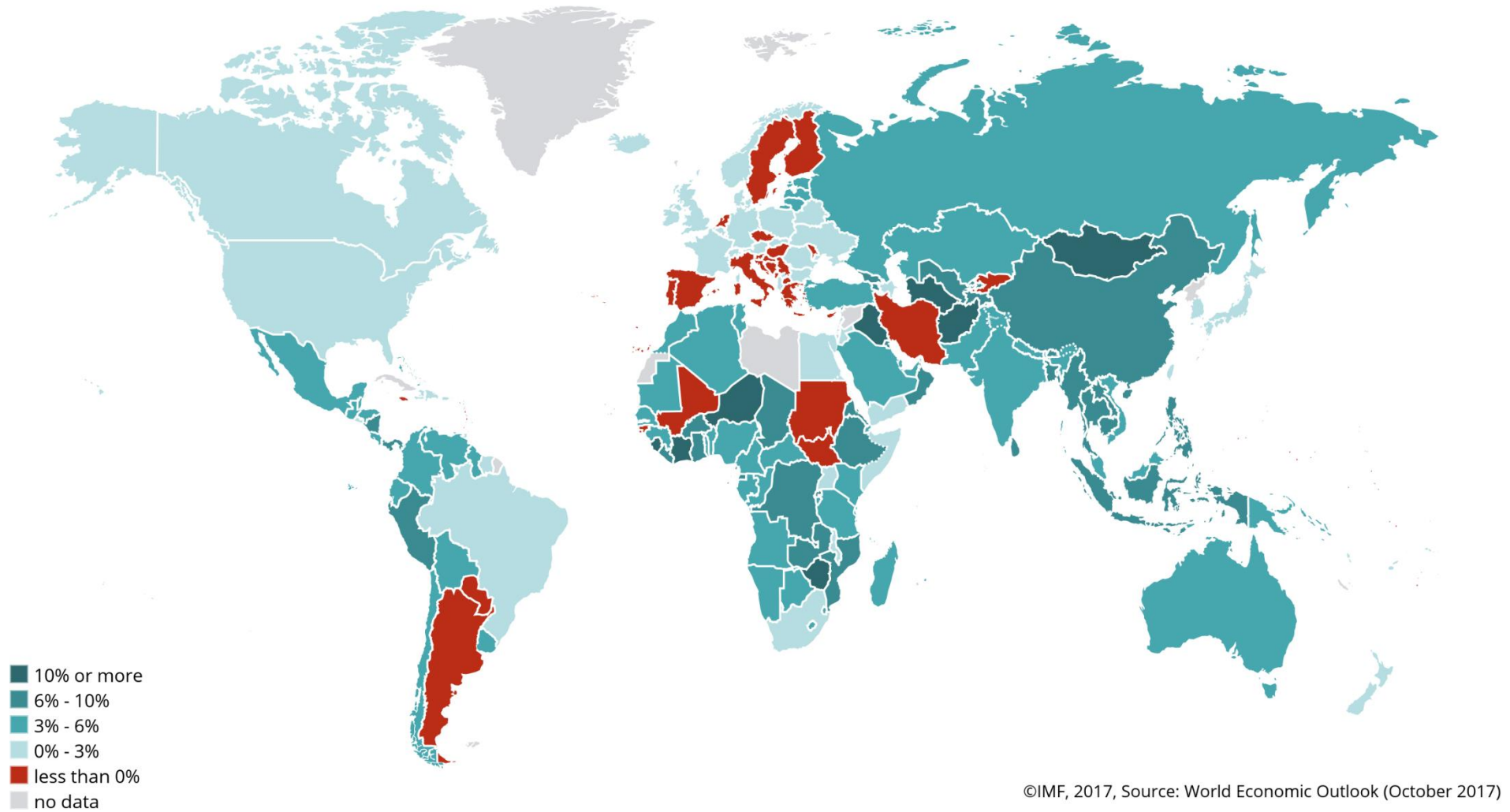


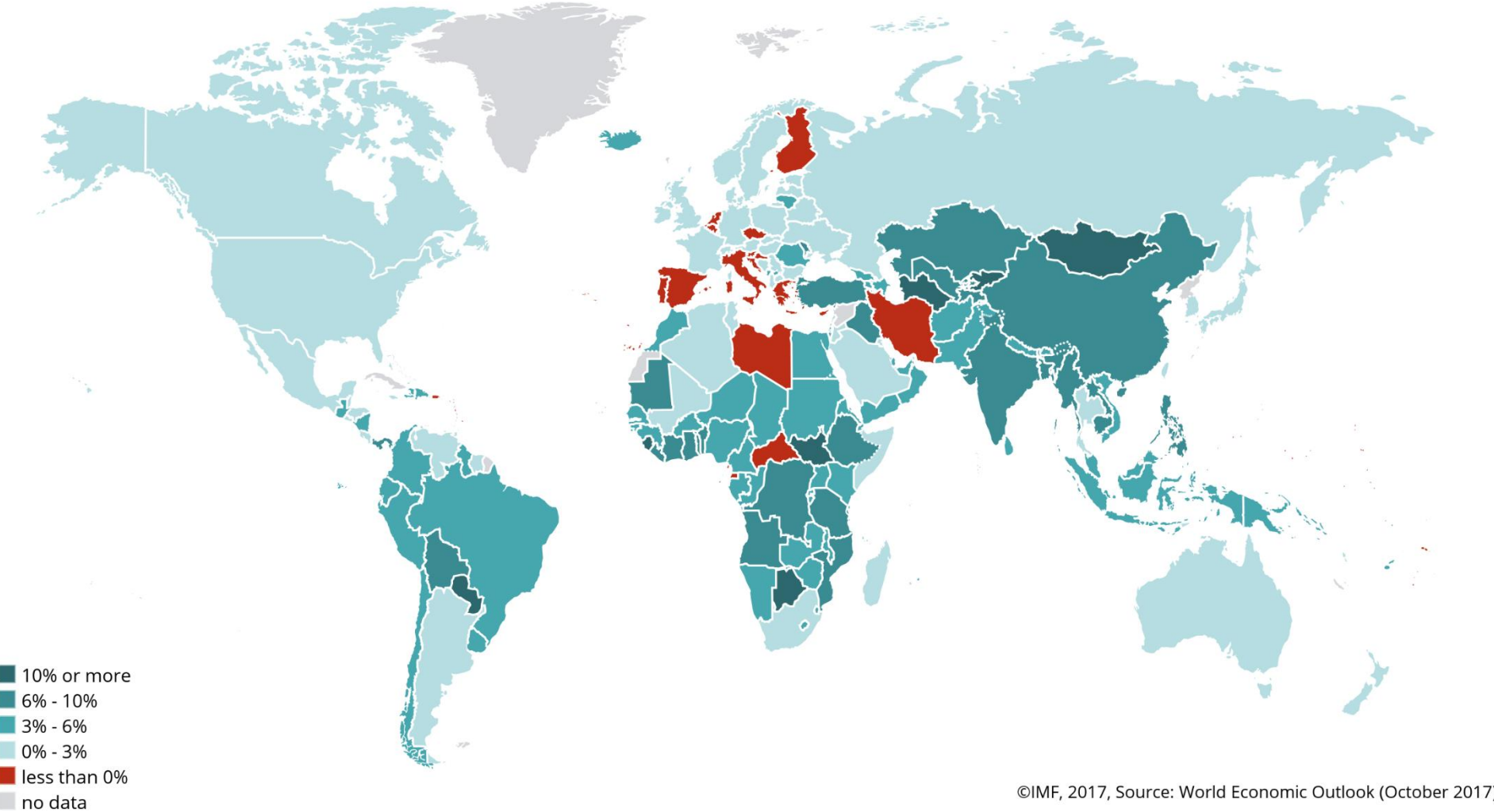


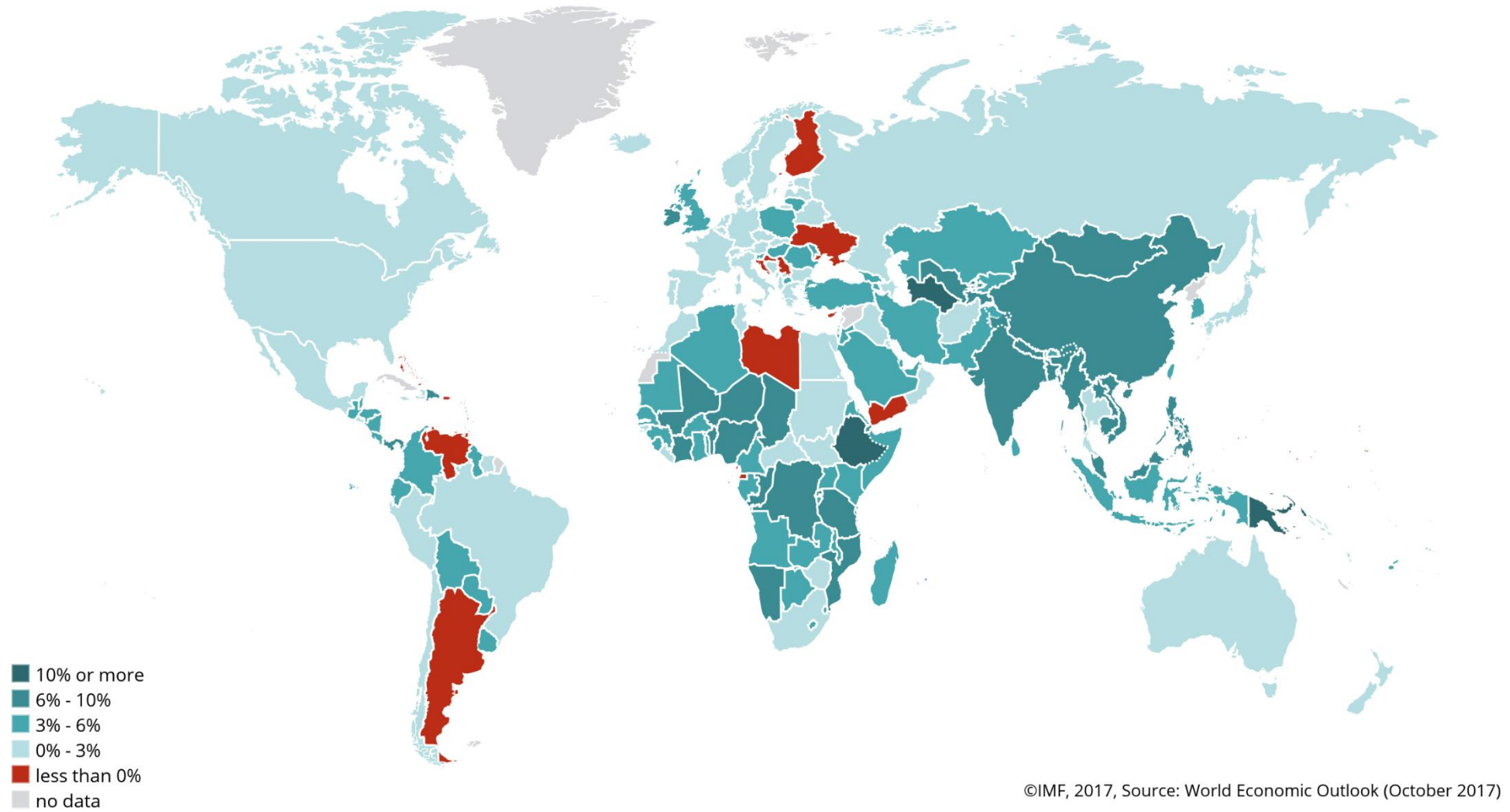


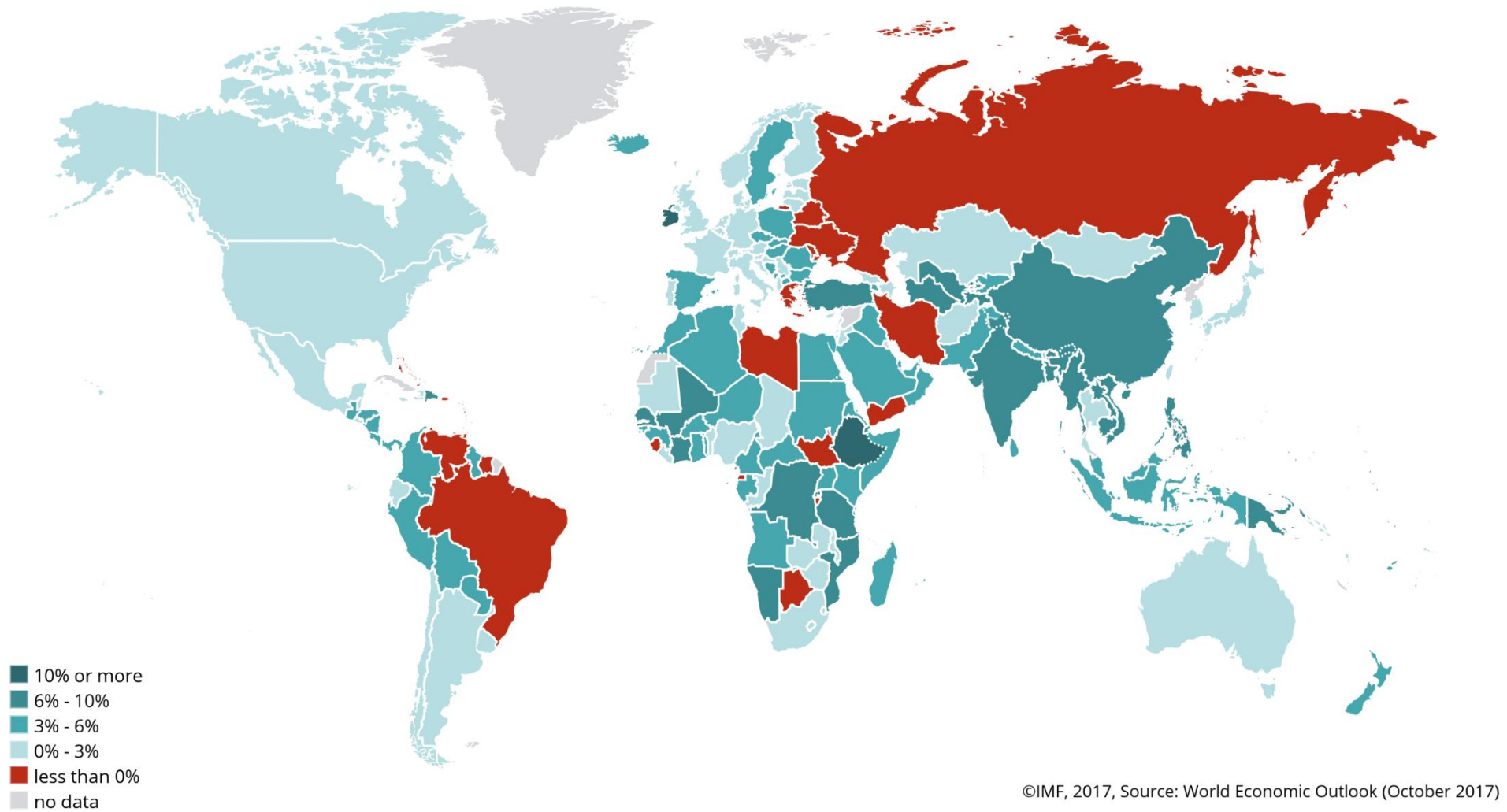
- 10% or more
- 6% - 10%
- 3% - 6%
- 0% - 3%
- less than 0%
- no data

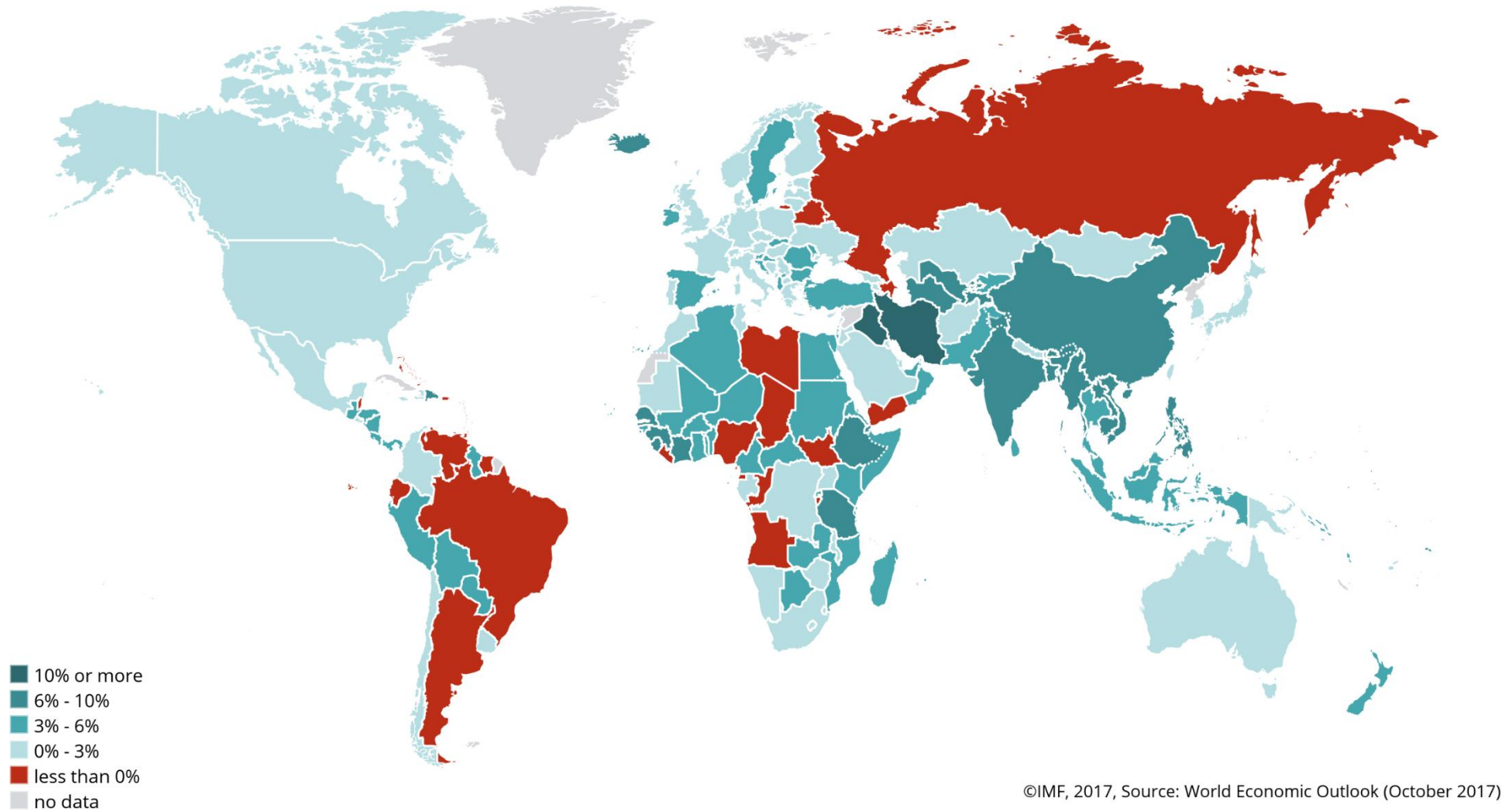




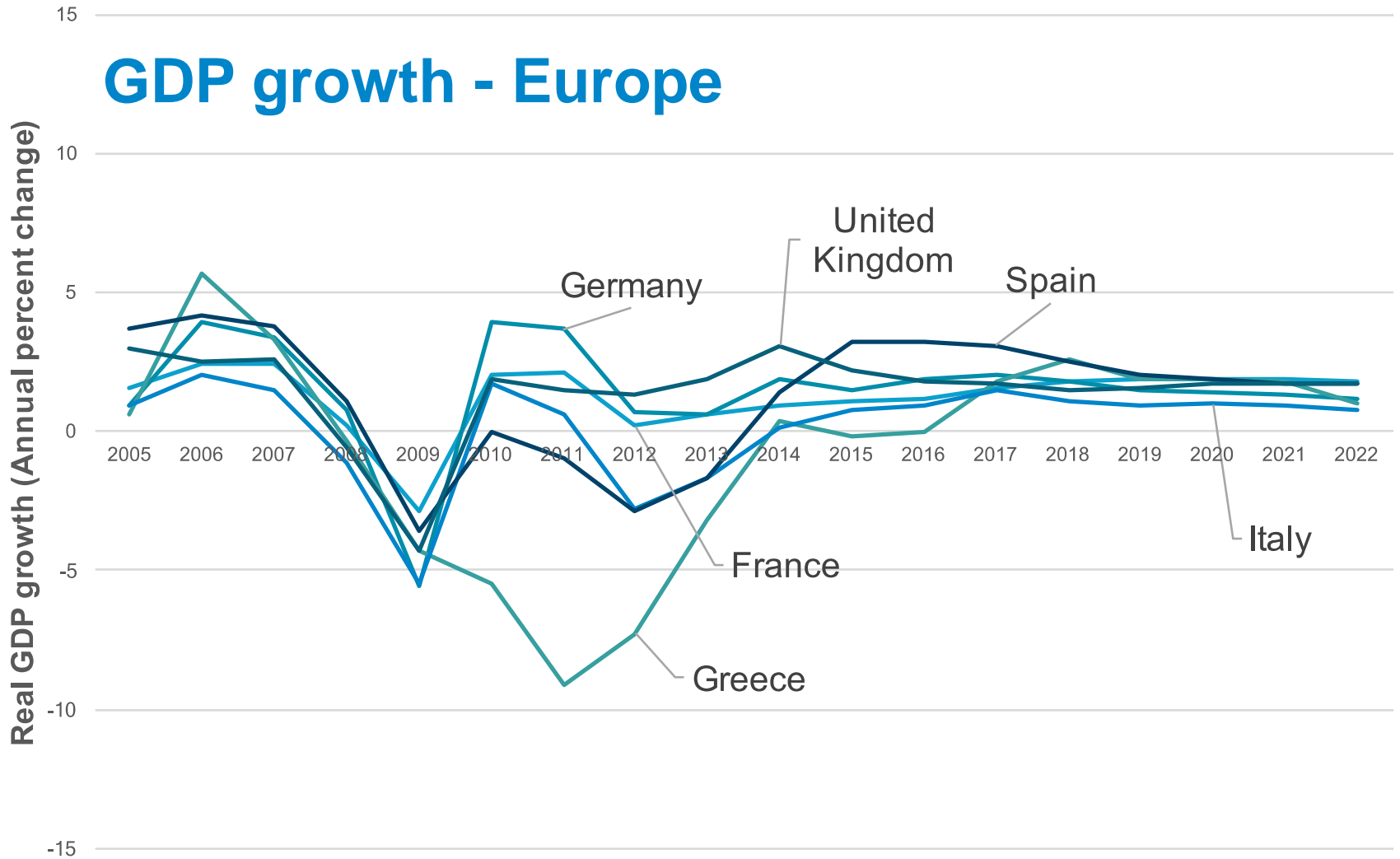


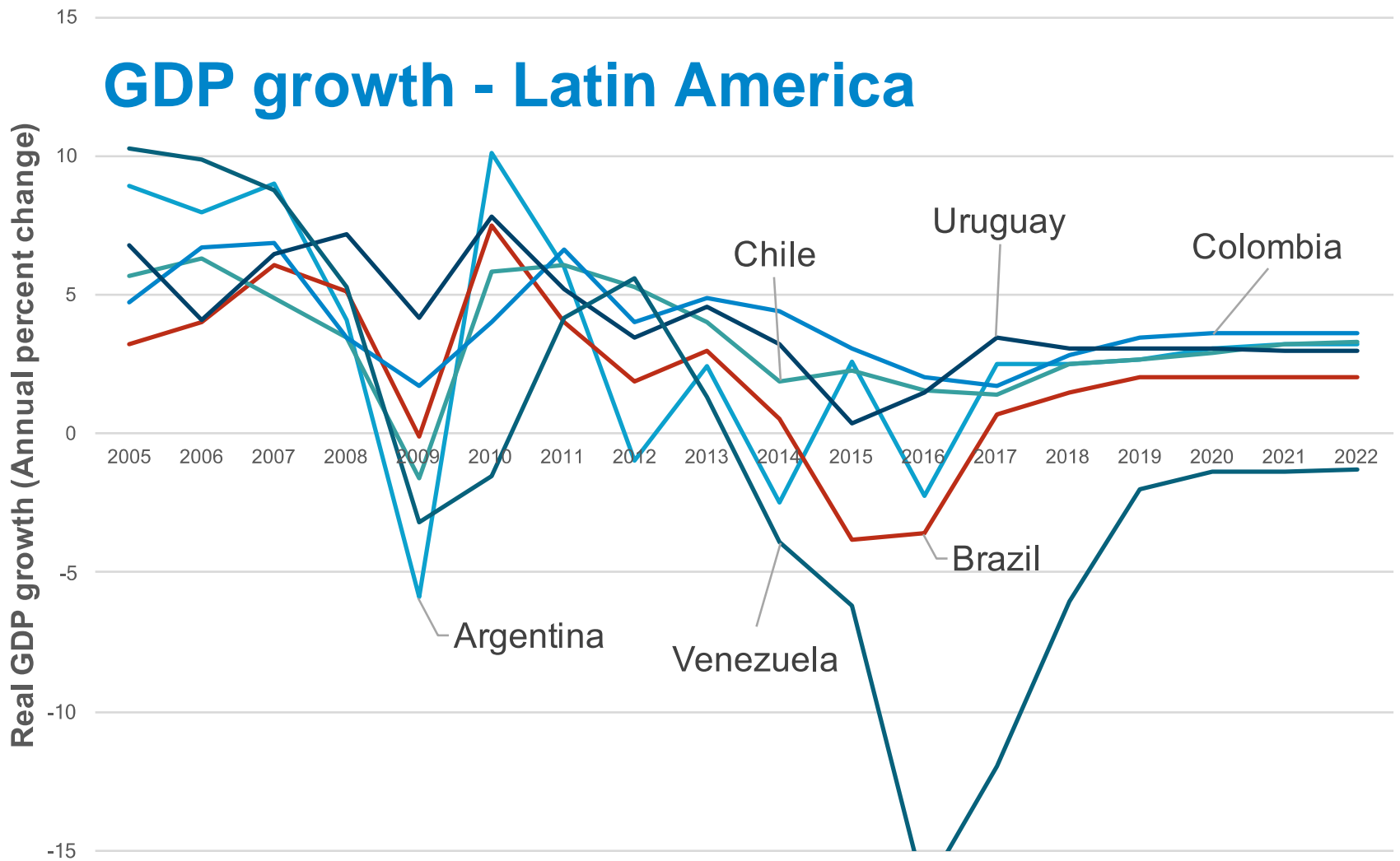






GDP growth - Europe





Impact of recessions

Individuals:

- Unemployment
- Lower wages

Governments:

- Reduced tax incomes
- Higher social security costs

Companies/wider economy:

- Lower investment
- Stagnating productivity



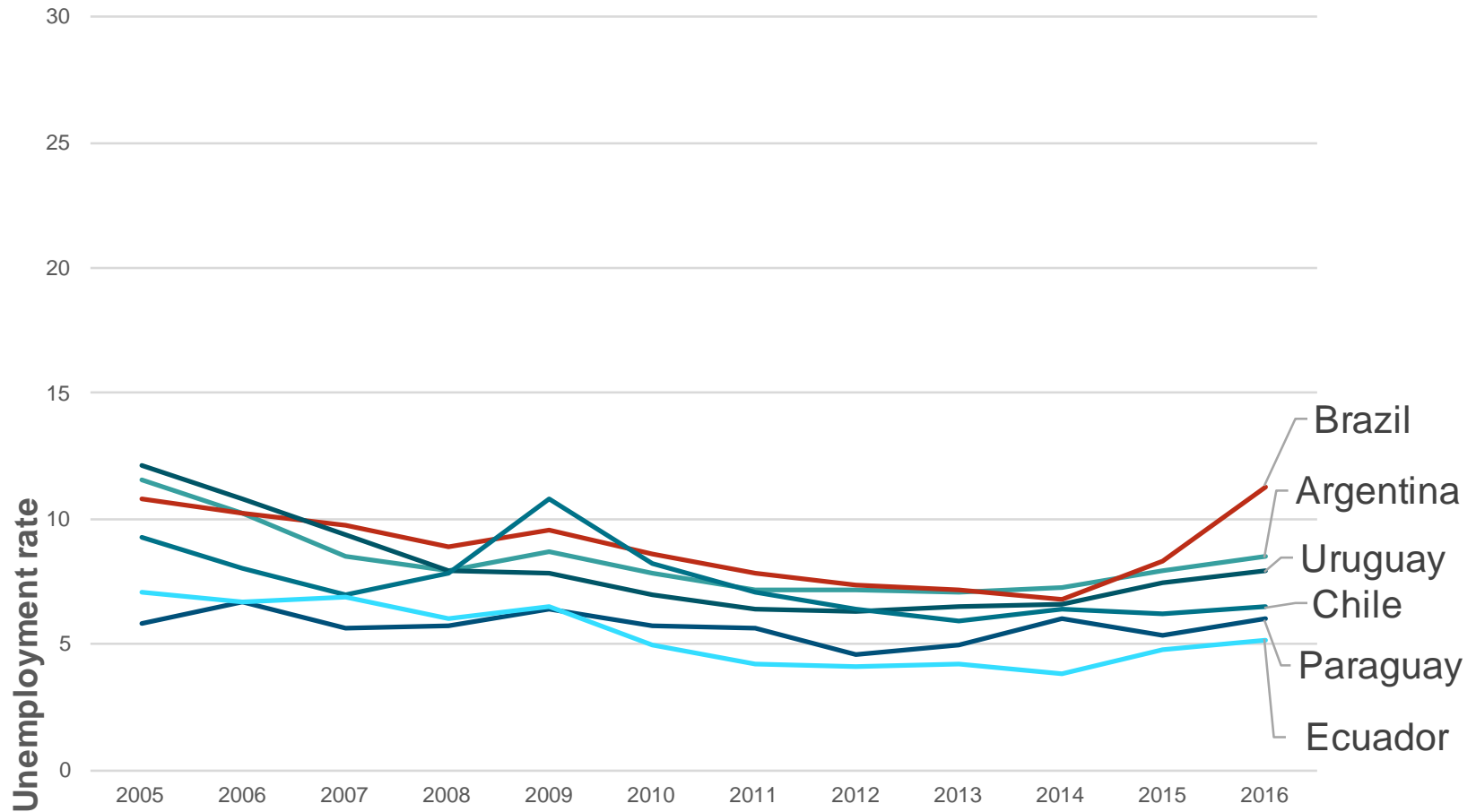
Recession: Potential health effects?

Individuals:

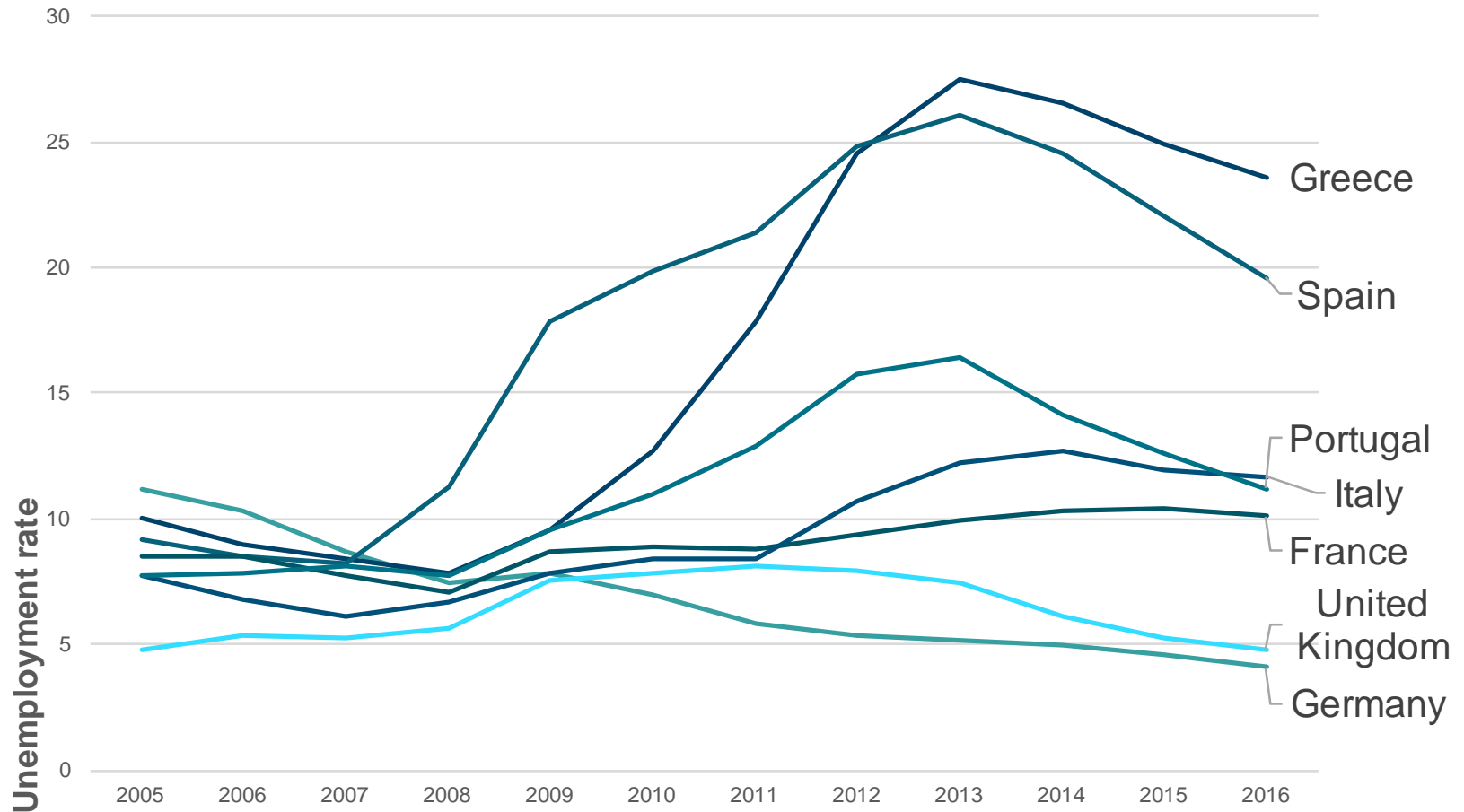
- Unemployment
 - Lower wages
-
- Anxiety/Stress
 - Loss of social status
 - Suicides
 - Mortality from accidents
 - Higher overall mortality



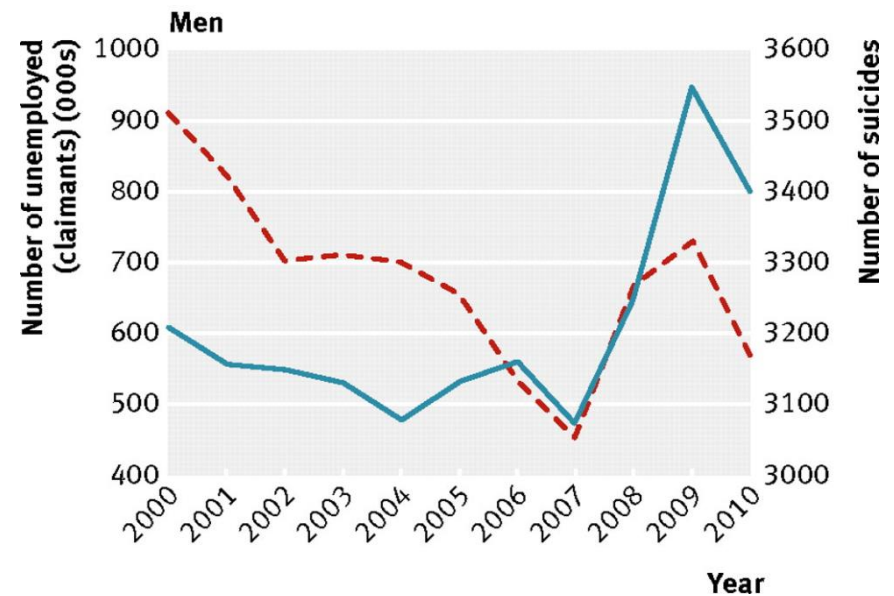
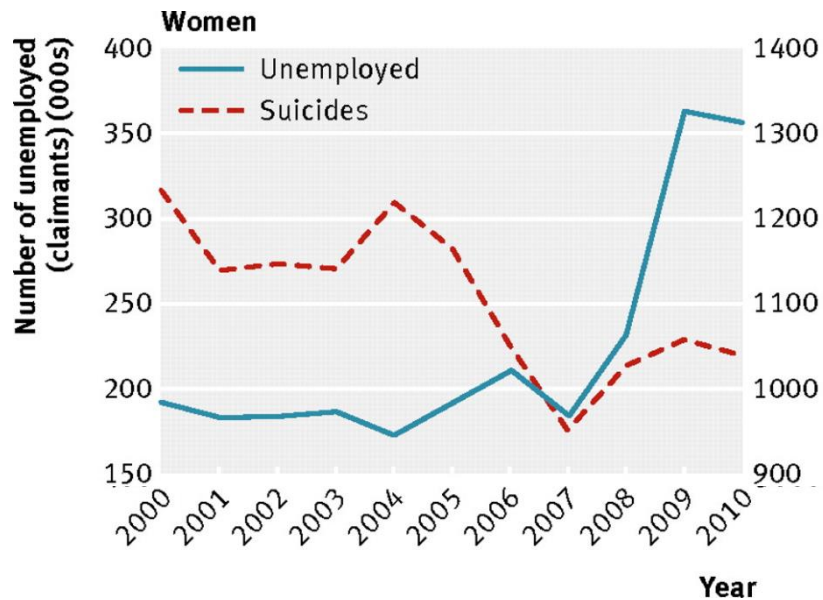
Unemployment: Latin America



Unemployment: Europe



Suicides: United Kingdom

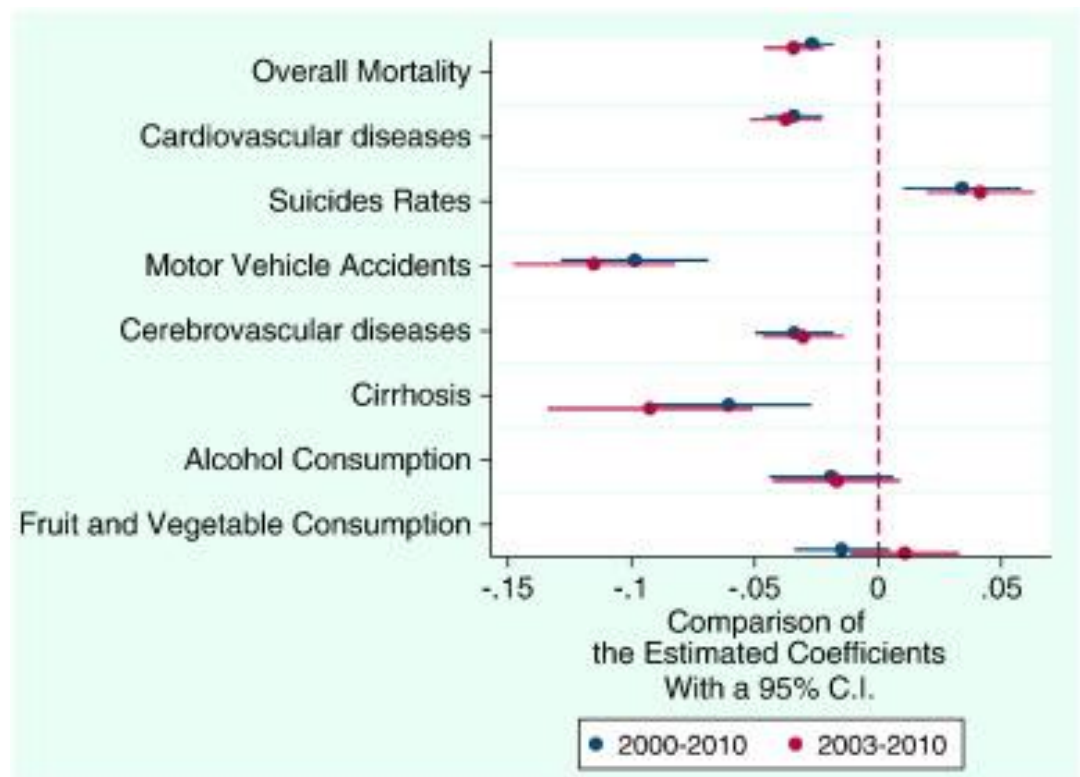


Barr B, Taylor-Robinson D, Scott-Samuel A, McKee M, Stuckler D. Suicides associated with the 2008-10 economic recession in England: time trend analysis. *BMJ : British Medical Journal* 2012; **345**.

Impact of economic recession on health

Unemployment associated with:

- Higher suicides
- Lower mortality
 - Overall
 - CVD
- Fewer accidents



Social Science & Medicine 74 (2012) 647–653



Contents lists available at [SciVerse ScienceDirect](#)

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Commentary

Will the recession be bad for our health? It depends

Marc Suhrcke^{a,*}, David Stuckler^{b,c}

CMAJ

ANALYSIS

The effect of economic recession on population health

Stephen Bezruchka MD MPH



Contents lists available at [ScienceDirect](#)

Social Science & Medicine

journal homepage: www.elsevier.com/locate/socscimed



Did the Great Recession affect mortality rates in the metropolitan United States? Effects on mortality by age, gender and cause of death



Erin C. Strumpf^{a,b,c,*}, Thomas J. Charters^{a,c}, Sam Harper^{a,c}, Arijit Nandi^{a,c}

Impact of recession on health outcomes

In USA and Europe, recession associated with:

- Worse self-rated health;
- Increasing morbidities;
- Worsening mental health;
- Overall alcohol consumption fell;
 - But increased in unemployed.
- Uncertain – diet, smoking, exercise;
- Increased suicides;
- Reduced road traffic accidents;
- *On average*, reductions in mortality;

Unequal impact of recession

- Different groups affected more;
 - Unemployed + low incomes
 - Men
- Widening health inequalities;
- Varies by countries
 - Impact of unemployment less where strong social protection exists;
 - Higher social spending – lower increase in suicides;

“Social protection expenditures appear to help countries “smooth” the health response to a recession...”

UHC protective during economic downturns

Articles



Economic downturns, universal health coverage, and cancer mortality in high-income and middle-income countries, 1990–2010: a longitudinal analysis

Mahiben Manuthappu*, Johnathan Watkins*, Aisyah Mohd Noor, Callum Williams, Raghieb Ali, Richard Sullivan, Thomas Zeltner, Rifat Atun

Summary

Lancet 2016; 388: 684–95

Published Online

May 25, 2016

[http://dx.doi.org/10.1016/](http://dx.doi.org/10.1016/S0140-6736(16)00577-8)

[S0140-6736\(16\)00577-8](http://dx.doi.org/10.1016/S0140-6736(16)00577-8)

See [Comment](#) page 638

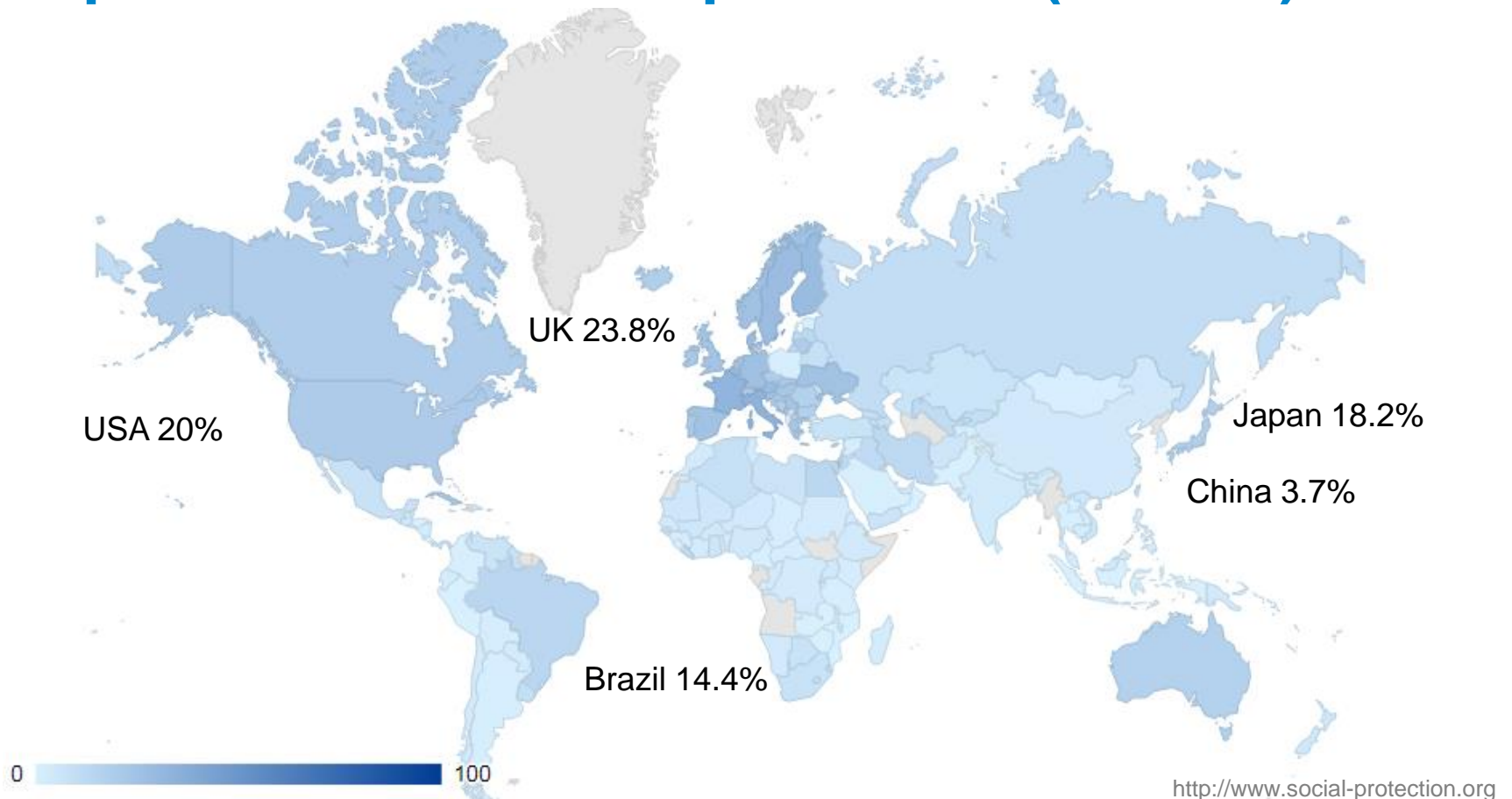
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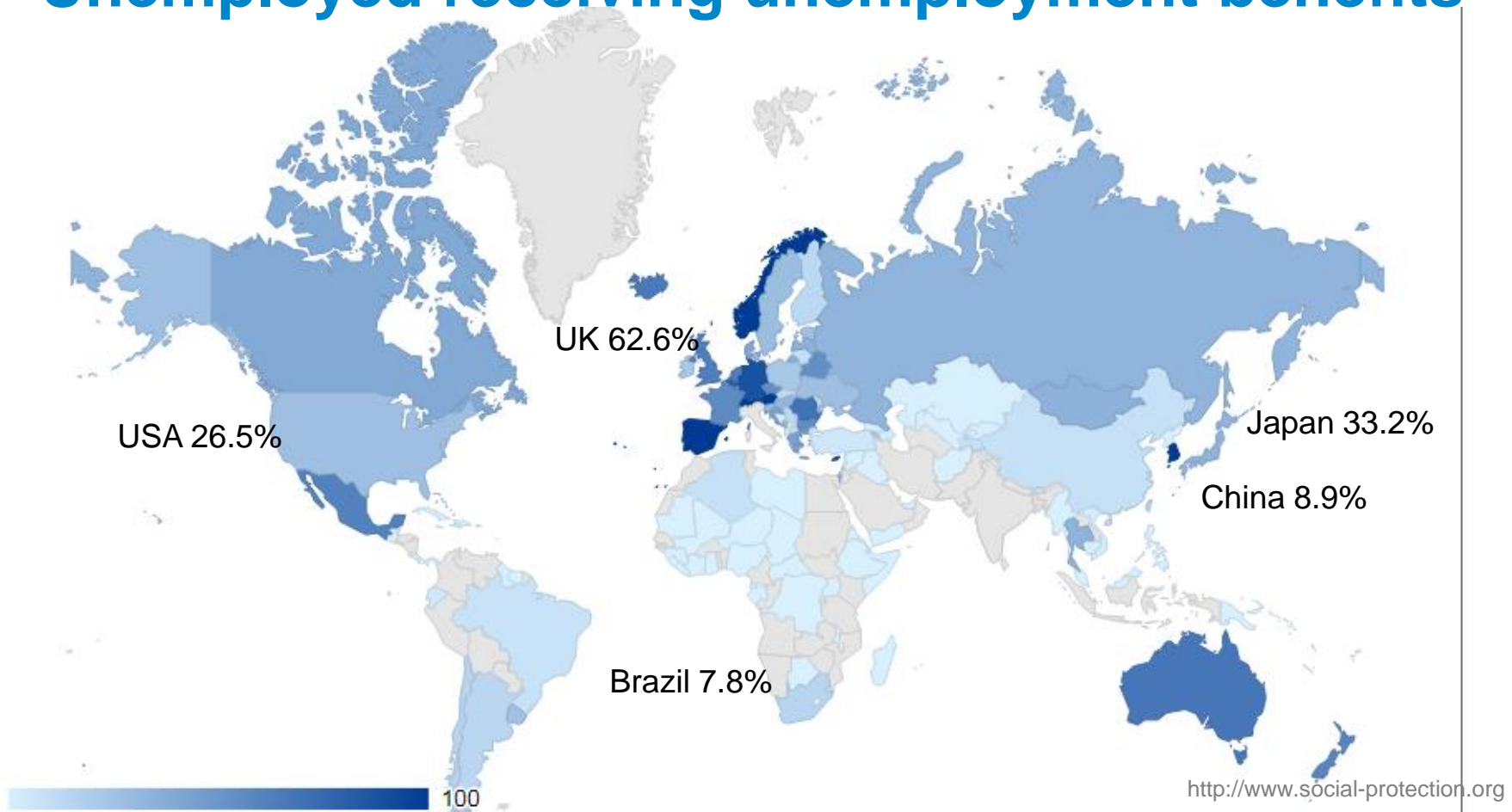
Background The global economic crisis has been associated with increased unemployment and reduced public-sector expenditure on health care (PEH). We estimated the effects of changes in unemployment and PEH on cancer mortality, and identified how universal health coverage (UHC) affected these relationships.

Methods For this longitudinal analysis, we obtained data from the World Bank and WHO (1990–2010). We aggregated mortality data for breast cancer in women, prostate cancer in men, and colorectal cancers in men and women, which are associated with survival rates that exceed 50%, into a treatable cancer class. We likewise aggregated data for lung and pancreatic cancers, which have 5 year survival rates of less than 10%, into an untreatable cancer class. We used multivariable regression analysis, controlling for country-specific demographics and infrastructure, with time-lag analyses and robustness checks to investigate the relationship between unemployment, PEH, and cancer mortality, with and without UHC. We used trend analysis to project mortality rates, on the basis of trends before the sharp

Expenditure on social protection (% GDP)



Unemployed receiving unemployment benefits



Low-income countries? Food prices?

Eur J Health Econ (2016) 17:535–551
DOI 10.1007/s10198-015-0697-6



ORIGINAL PAPER

Effects of food price inflation on infant and child mortality in developing countries

Hyun-Hoon Lee¹ · Suejin A. Lee² · Jae-Young Lim³ · Cyn-Young Park⁴

Received: 26 January 2015 / Accepted: 11 May 2015 / Published online: 24 May 2015
© Springer-Verlag Berlin Heidelberg 2015

Abstract

Background After a historic low level in the early 2000s,

have a significant detrimental effect on nourishment and consequently lead to higher levels of both infant and child

Austerity

- Aim: to reduce government budget deficits
 - Spending cuts
 - Increased taxation
- Policy response to recession;
 - Decision on where to cut;
- Variation across counties
 - In protecting social protection policies and healthcare from cuts



Social Protection and Healthcare important during recession

- Increasing unemployment
- Falling incomes
- Reliance on welfare
- Rising inequalities
- Loss of private health insurance
- Increasing health needs
 - At least for the most vulnerable



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journal homepage: www.elsevier.com/locate/socscimed



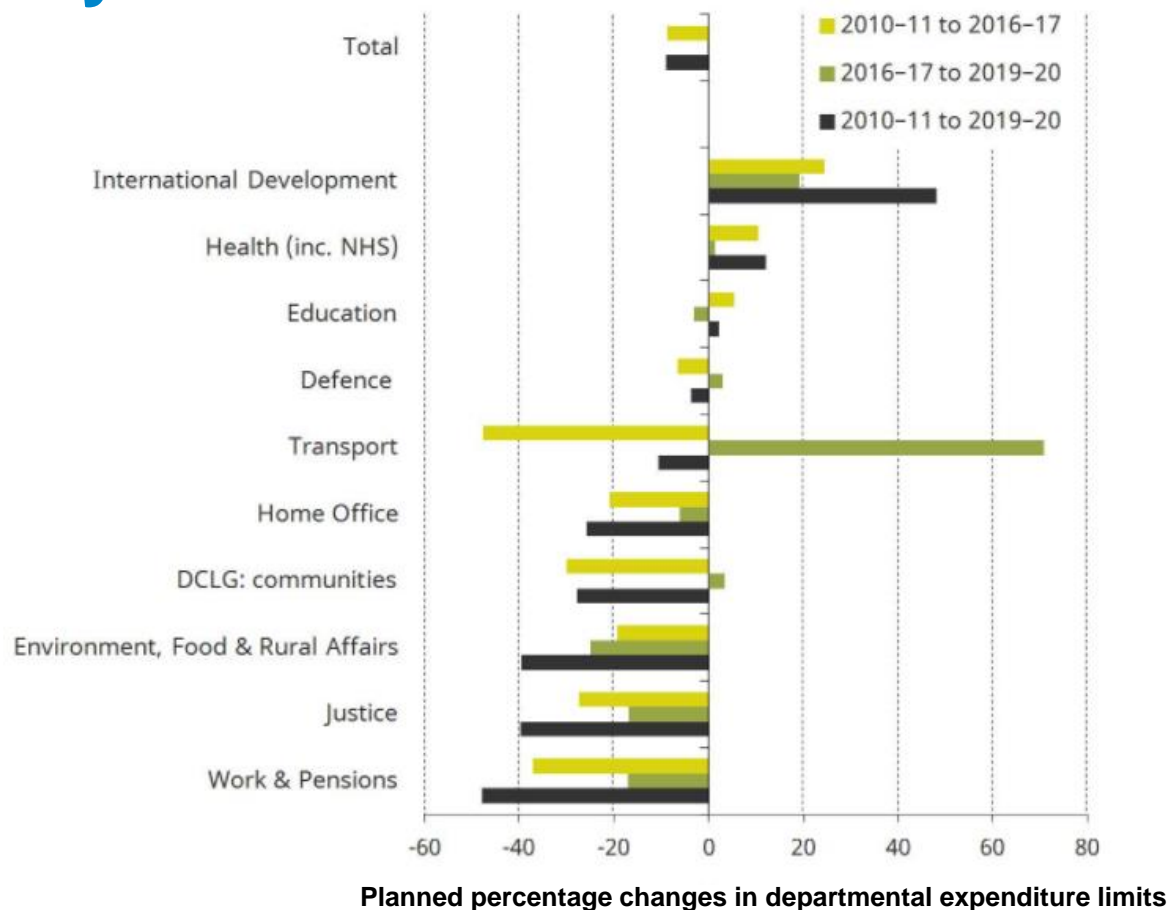
Health inequities in the age of austerity: The need for social protection policies



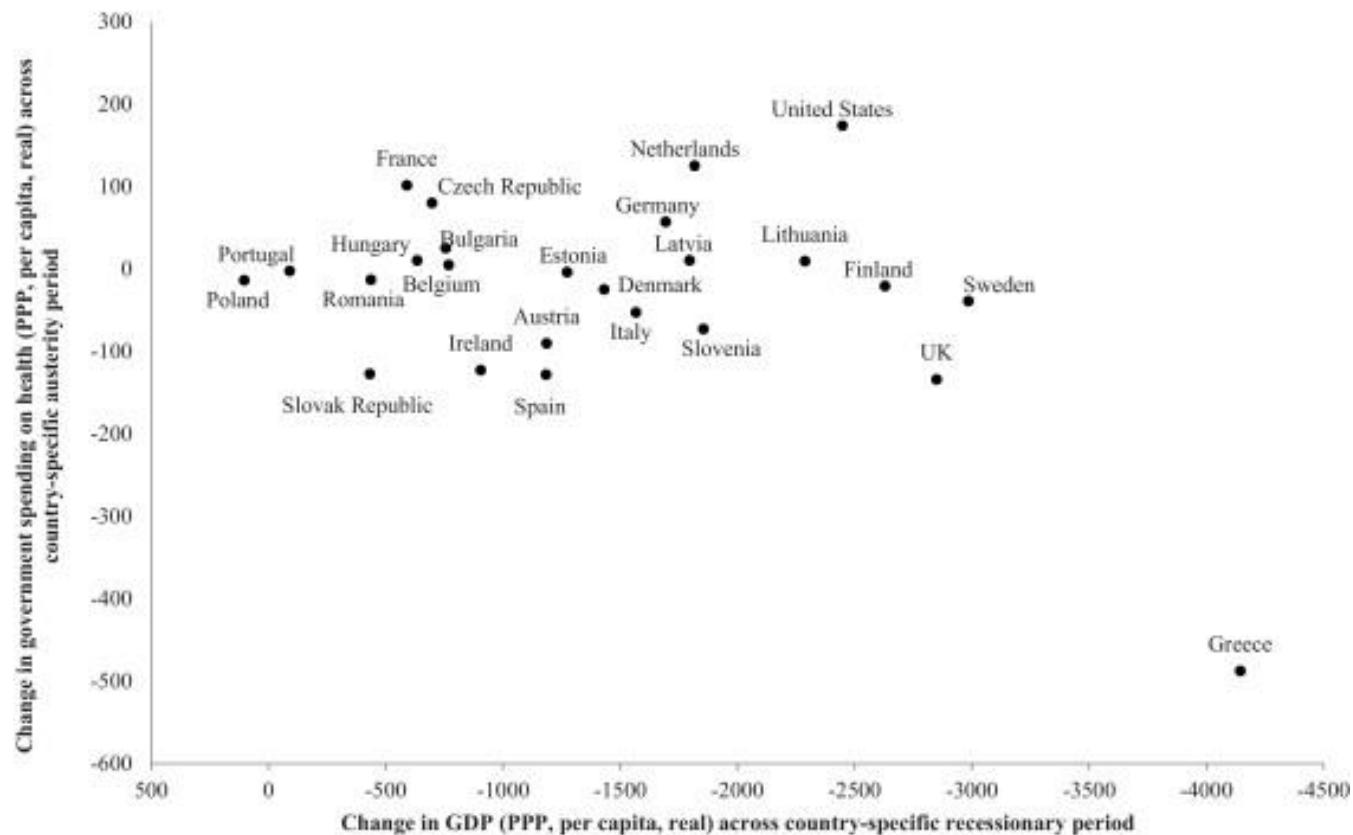
Arne Ruckert*, Ronald Labonté

University of Ottawa, School of Epidemiology, Public Health and Preventive Medicine, 850 Peter Morand Crescent, Ottawa, ON K1G 5Z3, Canada

Austerity in the UK



Healthcare cuts not associated with recession size



Reeves, A., McKee, M., Basu, S., & Stuckler, D. (2014). The political economy of austerity and healthcare: Cross-national analysis of expenditure changes in 27 European nations 1995–2011. *Health policy*, 115(1), 1-8.

Financial policy responses in Europe

- Many countries – reduced public spending
 - Healthcare disproportionately affected;
- Efforts to mobilize public revenue
 - Increasing insurance contributions
 - Increased allocations to healthcare
 - New taxes
- Increased targeting and protection for the poor/disadvantaged

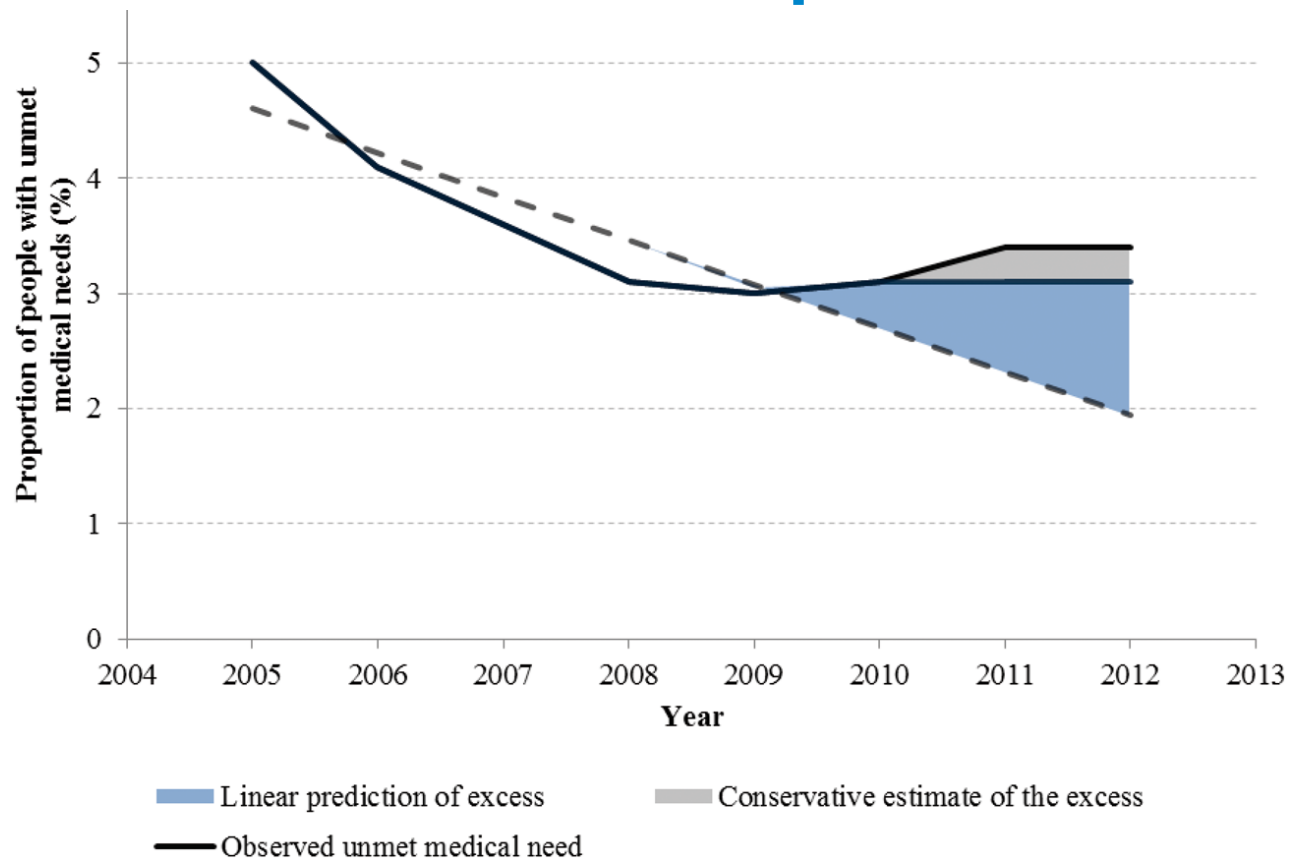


Healthcare responses in Europe

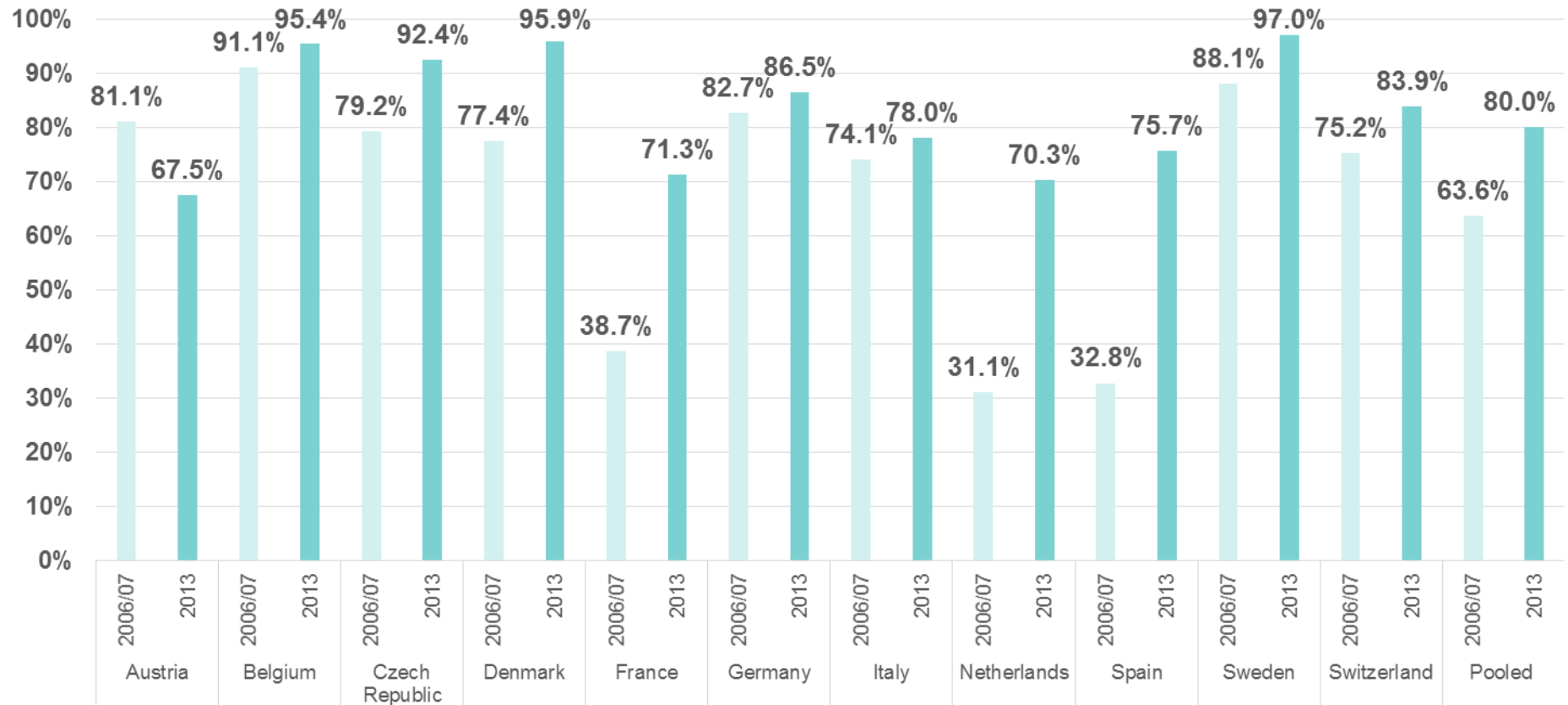
- Reducing/increasing entitlement to services
- Adjusting basic benefits packages
- User charges
 - Drugs/prescriptions
 - Inpatient care
 - Primary care
- Shifting care out hospitals
- Changing hospital payment methods
- Efforts to reduce drug costs
- Health technology assessments



Unmet health needs in Europe



Out-of-pocket expenditure (2007 to 2013)



Those 50+ years

Poverty

Child poverty in UK at highest level since 2010, official figures show

About 30% of Britain's children are now classified as poor, of whom two-thirds are from working families



This article is 9 months old

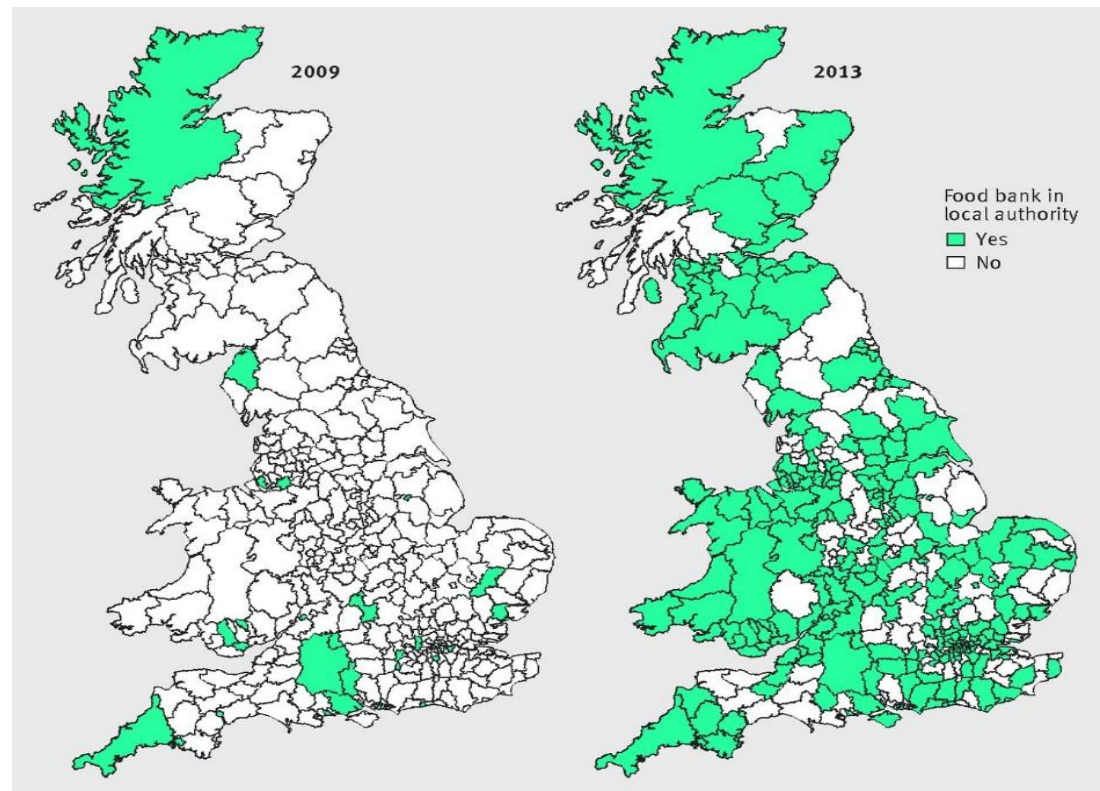
6,749

Patrick Butler Social policy editor

Thursday 16 March 2017 14.45 GMT



Rise in food banks in the UK



Health impacts of austerity?

Health in Europe 7



Financial crisis, austerity, and health in Europe

Marina Karanikolos, Philipa Mladovsky, Jonathan Cylus, Sarah Thomson, Sanjay Basu, David Stuckler, Johan P Mackenbach, Martin McKee

The financial crisis in Europe has posed major threats and opportunities to health. We trace the origins of the economic crisis in Europe and the responses of governments, examine the effect on health systems, and review the effects of previous economic downturns on health to predict the likely consequences for the present. We then compare our predictions with available evidence for the effects of the crisis on health. Whereas immediate rises in suicides and falls in road traffic deaths were anticipated, other consequences, such as HIV outbreaks, were not, and are better understood as products of state retrenchment. Greece, Spain, and Portugal adopted strict fiscal austerity; their economies continue to recede and strain on their health-care systems is growing. Suicides and outbreaks of infectious diseases are becoming more common in these countries, and budget cuts have restricted access to health care. By contrast, Iceland rejected austerity through a popular vote, and the financial crisis seems to have had few or no discernible effects on health. Although there are many potentially confounding differences between countries, our analysis suggests that, although recessions pose risks to health, the interaction of fiscal austerity with economic shocks and weak social protection is what ultimately seems to escalate health and social crises in Europe. Policy decisions about how to respond to economic crises have pronounced and unintended effects on public health, yet public health voices have remained largely silent during the economic crisis.

Lancet 2013; 381: 1323–31

Published Online

March 27, 2013

[http://dx.doi.org/10.1016/S0140-6736\(13\)60102-6](http://dx.doi.org/10.1016/S0140-6736(13)60102-6)

This is the seventh in a *Series* of seven papers about health in Europe

European Observatory on Health Systems and Policies (M Karanikolos MSc, J Cylus MSc, Prof M McKee MD), and European Centre on Health of Societies in Transition (M Karanikolos, Prof M McKee), London School of Hygiene & Tropical Medicine, London, UK; European Observatory on



Health in Europe 7

Financial crisis, austerity, and health in Europe

Marina Karanikolos, Philipa Mladovsky, Jonathan Cylus, Sarah Thomson, Sanjay Basu, David Puffer

The financial crisis in Europe has posed major threats and opportunities. This presentation examines the economic crisis in Europe and the responses of governments, examining the effects of previous economic downturns on health to predict the likely consequences of our predictions with available evidence for the effects of the crisis on health. Road traffic deaths were anticipated, other consequences, such as mental health, are understood as products of state retrenchment. Greece, Spain, and Portugal's economies continue to recede and strain on their health-care systems is growing. Non-communicable diseases are becoming more common in these countries, and budget cuts are a major concern. In contrast, Iceland rejected austerity through a popular vote, and the financial crisis had discernible effects on health. Although there are many potentially confounding factors, analysis suggests that, although recessions pose risks to health, the impact of economic shocks and weak social protection is what ultimately seems to escalate health inequalities. Decisions about how to respond to economic crises have pronounced effects on health, and public health voices have remained largely silent during the economic crisis.

“Austerity measures can exacerbate the short-term public health effect of economic crises - e.g, through cost-cutting or increased cost-sharing in health care, which reduce access and shift the financial burden to households”



Greece's health crisis: from austerity to denialism

Alexander Kentikelenis, Marina Karanikolos, Aaron Reeves, Martin McKee, David Stuckler

Lancet 2014; 383: 748–53

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Greece's economic crisis has deepened since it was bailed out by the international community in 2010. The country underwent the sixth consecutive year of economic contraction in 2013, with its economy shrinking by 20% between 2008 and 2012, and anaemic or no growth projected for 2014. Unemployment has more than tripled, from 7·7% in 2008 to 24·3% in 2012, and long-term unemployment reached 14·4%. We review the background to the crisis, assess how austerity measures have affected the health of the Greek population and their access to public health services, and examine the political response to the mounting evidence of a Greek public health tragedy.

The Greek crisis

The Greek economy accumulated severe structural troubles before the crisis. Between entry to the Eurozone and the onset of the crisis, annual economic growth averaged 4·2%,¹ spurred by capital inflows.² However, overspending was concealed from public gaze with the help of investment banks³ and by reporting of inaccurate data.⁴

of the reforms was to reduce, rapidly and drastically, public expenditure by capping it at 6% of GDP. To meet this threshold, stipulated in Greece's bailout agreement, public spending for health is now less than any of the other pre-2004 European Union members.² In 2012, in an effort to achieve specific targets, the Greek Government surpassed the Troika's demands for cuts in hospital operating costs and pharmaceutical spending.^{10,11}

Health Policy



Greece's health crisis: from

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Correspondence to:

Greece's economic crisis has deepened since it
underwent the sixth consecutive year of economic
contraction in 2008 and 2012, and anaemic or no growth prior
to 2008 to 24.3% in 2012, and long-term unemployment
has risen to 27%. We examine how austerity measures have affected the health
of the population and examine the political response to the mounting

The Greek crisis

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Over-spending was concealed from public gaze by
help of investment banks³ and by reporting of
false data.⁴

Health expenditure cuts, 2009-2012:

- Treatment services: 20%
- Ancillary (diagnostics): 28%
- Pharmaceuticals: 32%
- Prevention and public health: 31%
- Maternal and child health: 73%
- Prevention of communicable diseases: 21%
- Prevention of chronic diseases: 23%

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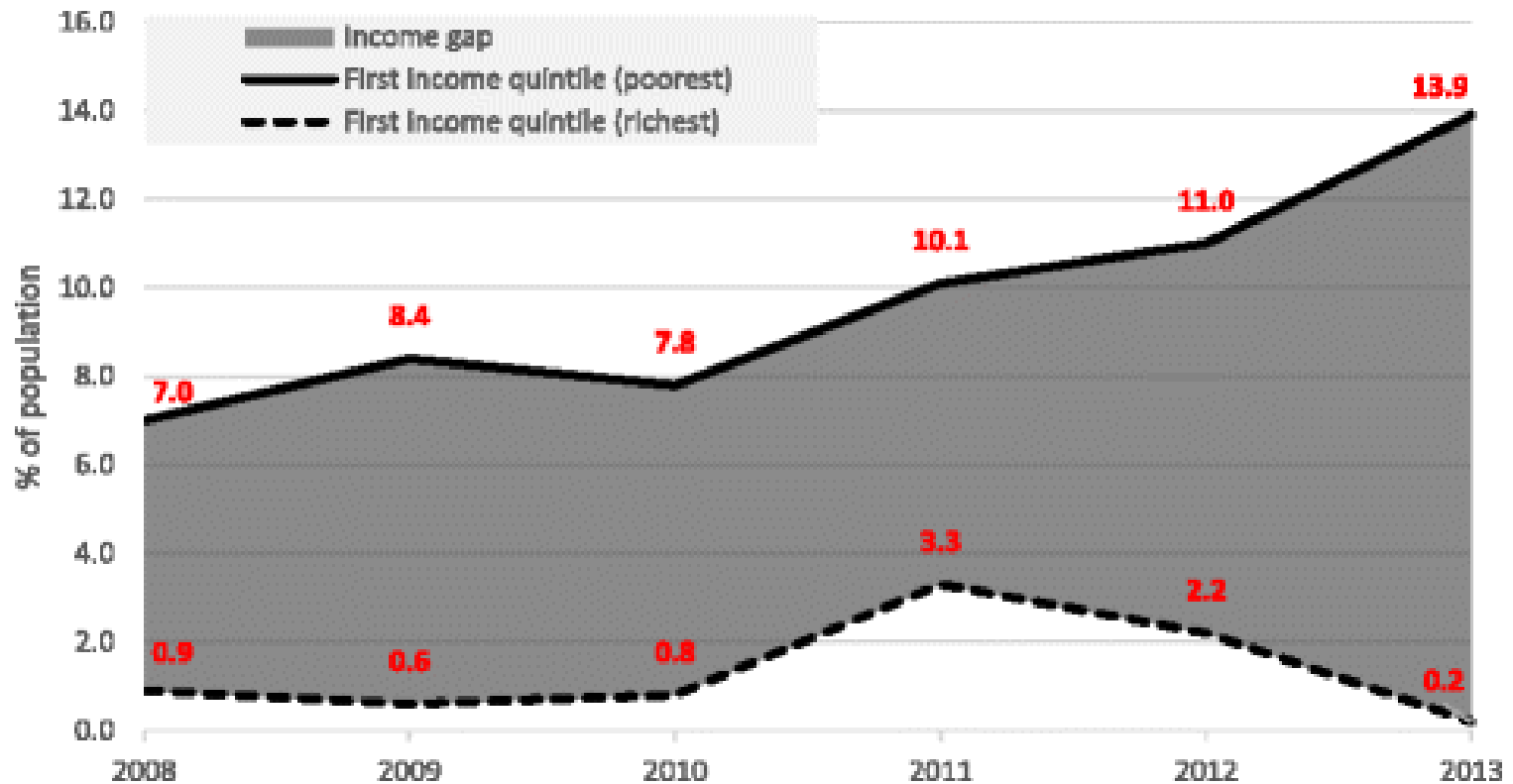
The Greek crisis

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Greek recession and austerity

- 40% rise in homelessness
- 50% increase in unmet medical needs
- 40% increase in infant mortality
- 30% rise in stillbirths
- 60% rise in suicides

Rising inequalities in unmet need (Greece)



Austerity

- Austerity had been shown to have negative health effects;
 - Further contributed to unemployment;
 - Worsening mental health;
- Negatively affected the poorest

- Austerity is a political concept
 - “how worthy are people of shared resources?”
 - “Are those who fail deserving of their own ruin?”

 - Therefore, people ignore the evidence on austerity...

Social Protection Policies in Brazil

- **Family Health Strategy**
 - Reductions in mortality and hospitalisations
 - Contributed to *reduced health inequalities*
 - Nearly twice the reductions in black/pardo v white population
- **Bolsa Familia**
 - Reductions in mortality
- Synergistic benefit of both!

Bastos, M. L., Menzies, D., Hone, T., Dehghani, K., & Trajman, A. (2017). The impact of the Brazilian family health on selected primary care sensitive conditions: A systematic review. *PloS one*, 12(8), e0182336.

Hone T, Rasella D, Barreto ML, Majeed A, Millett C (2017) Association between expansion of primary healthcare and racial inequalities in mortality amenable to primary care in Brazil: A national longitudinal analysis. *PLOS Medicine* 14(5): e1002306. <https://doi.org/10.1371/journal.pmed.1002306>

Recommendations: health systems in financial crisis



- Broad cuts are inadvisable;
 - System inefficiencies unaddressed;
 - Targeted approach addressing equity and efficiency needed;
- User charges
 - unmet needs;
 - Impoverishment/catastrophic payment;
- Unhealthy behaviour taxes
- Cost-effective service focus
- Efficiency gains:
 - through public sector purchasing
 - service re-organisation

Conclusions

- In high income countries, overall mortality can be **procyclical**
 - But *disadvantaged groups* generally have *worsening health* during recession;
- Recession burdens social protection schemes and healthcare services
 - Yet, often targeted by austerity;
- Austerity is a political concept
 - Disproportionately affects the poor/unemployed;
 - Contributed to greater health system challenges than recession;
 - Rising inequalities;
 - Rolls back advances of UHC;

Conclusions 2

- In low and middle-income countries, major gains in recent years in health and social protection
 - Yet systems remain weak;
 - Economic crises have been large and deep;
 - Large inequalities persist;
 - Political support for austerity;
- Progress to towards UHC and the SDGs threatened;
- Focusing political agendas;
- Wise and well-thought approaches;



Thank you

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