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HYGIENE
& TROPICAL
MEDICINE

The consequences of economic crises and the responses to them for population health

Martin McKee
EUPHA, November 2011

European
Observatory
on Health Systems and Policies

Thanks to...



Marc Suhrcke
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David Stuckler
University of Cambridge



Sanjay Basu
UCSF



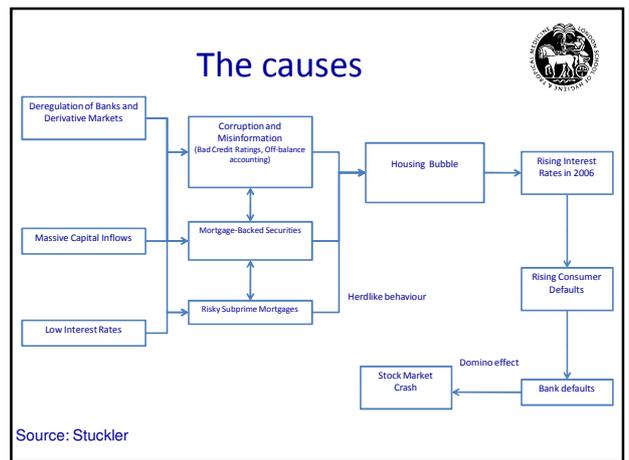
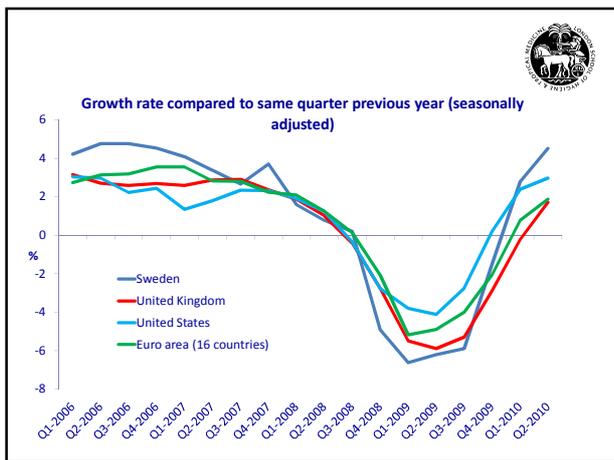
Price Fisbank
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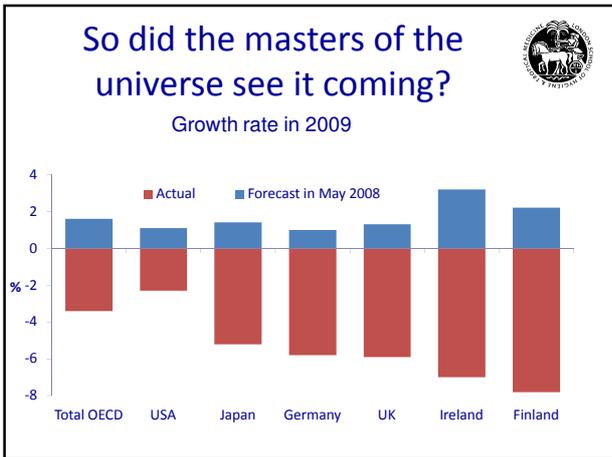
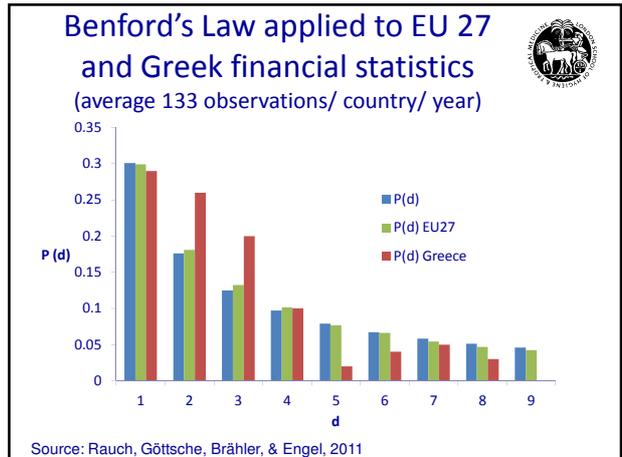
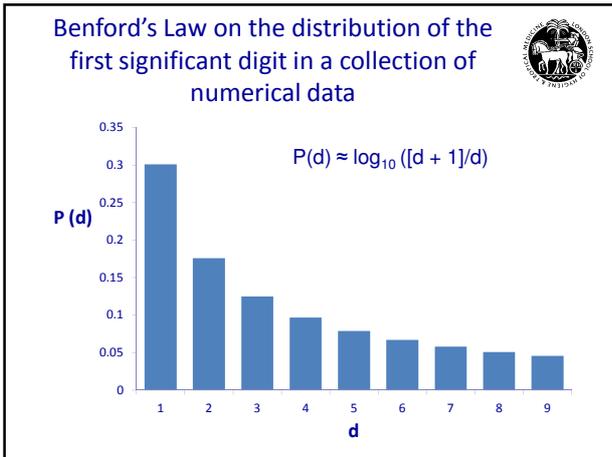
Put another way

- Some very rich, very greedy, and very stupid people playing with things they didn't understand:
 - Credit default swaps
 - Naked credit default swaps
 - Derivatives
 - Hedging
 - Mortgage backed securities
 - Subprime credit default hedges

(OK, I made that one up)

But if it was only stupidity

- Massive fees for financial transactions
- Goldman Sachs made \$300 million arranging a \$1 billion currency swap for the Greek government in 2002
- Concealed from European Union regulators

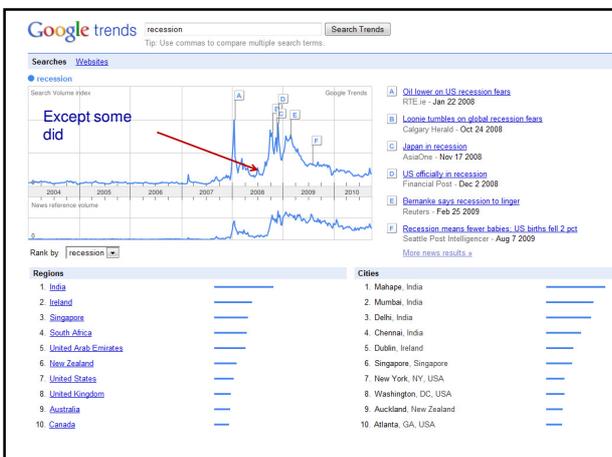


Nothing new there then...

"Stock prices have reached what looks like a permanently high plateau."
-Irving Fisher, economist, Oct 1929

"Believing that fundamental conditions of the country are sound and that there is nothing in the business situation to warrant the destruction of values that has taken place on the exchanges during the past week, my son and I have for some days been purchasing sound common stocks"
- John D Rockefeller, Oct 29th 1929

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Debt:

"If you owe the bank \$100 that's your problem. If you owe the bank \$100 million, that's the bank's problem"

John Paul Getty

Macroeconomics: a guide to terminology public health professionals



'Probably more uninformed statements have been made on the issue of public sector debt and deficits than on any other topic in macroeconomics. Proof by repeated assertion has frequently appeared to be an acceptable substitute for the more conventional methods of proof by deduction or by induction.'

Butler, 1985

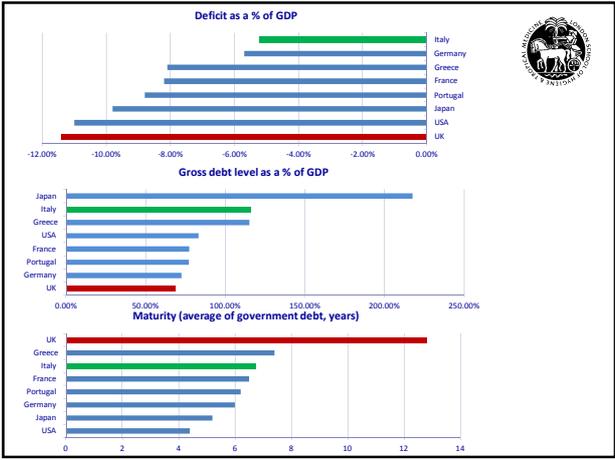
Thesis
Responding to the economic crisis: a primer for public health professionals

David Struchiner^{1,2}, Sanyal Kaur³, Martin McKee⁴, Marc Schirmer^{5,6}

ABSTRACT

Introduction

Public health professionals in the UK are already familiar with the economic crisis that began in 2008. The global financial crisis and the subsequent recession have had a profound impact on the public health system. The recession has led to a reduction in government spending, which has resulted in a reduction in public health services. This has led to a reduction in the number of public health professionals, which has resulted in a reduction in the quality of public health services. This has led to a reduction in the number of public health professionals, which has resulted in a reduction in the quality of public health services. This has led to a reduction in the number of public health professionals, which has resulted in a reduction in the quality of public health services.

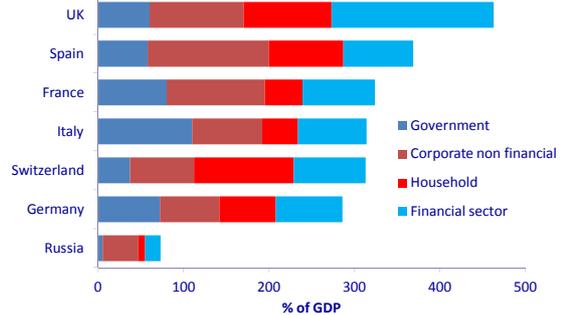


The strange case of Italy



- High debt
- Low deficit
- Most of the debt provided by Italian citizens
- Limited need to obtain debt financing on international markets
- September 2011: not a real concern
- October 2011: a rapidly increasing concern
- November 2011: blind panic
- But what has changed?

Different debts



Source: The Economist

It depends who you are



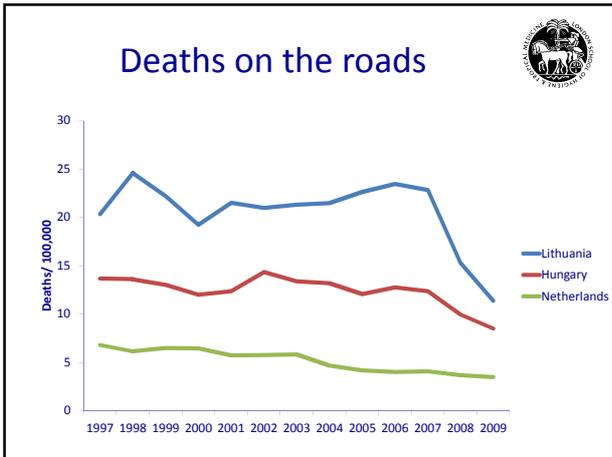
- Monetarists
 - Support expansionary monetary policy, typically by lowering interest rates so individuals borrow more
 - If interest rates can't be lowered further, print money (quantitative easing)
- Keynesians
 - Support increased government spending to encourage growth
- Supply side economists
 - Support tax cuts to stimulate business

... and now joined by the "austerions"



- "... the next time you hear serious-sounding people explaining the need for fiscal austerity, try to parse their argument. Almost surely, you'll discover that what sounds like hard headed realism actually rests on a foundation of fantasy, on the belief that invisible vigilantes will punish us if we're bad and the confidence fairy will reward us if we're good. And real-world policy — policy that will blight the lives of millions of working families — is being built on that foundation."

Paul Krugman,
Nobel laureate in economics
NY Times, 3 July 2010

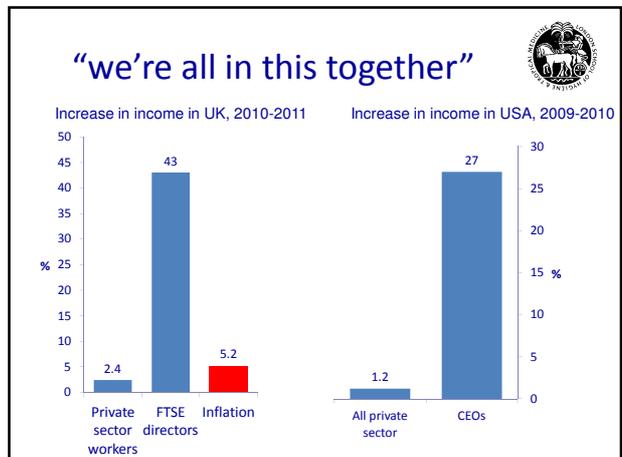


- ### Greece: a case study
- EU-SILC data from 2007 and 2009
 - 15% increase in people reporting not visiting a doctor even though they felt it necessary
 - 14% increase for dentists
 - Seems to be mainly due to reduced access (distance, opening hours) and not cost
 - Hospital admissions
 - Up 24% between 2009 and 2010
 - Reported decline of 25% in admissions to private hospitals
- Kentikelenis A, Karanikolos M, Papanicolas I, Basu S, McKee M, Stuckler D. Health effects of financial crisis: omens of a Greek tragedy. Lancet 2011; doi:10.1016/S0140-6736(11)61556-0

- ### More on Greece
- Increased use by Greeks of street clinics previously provided for undocumented migrants
 - Reports of substantial increase in heroin addicts
 - ... and very substantial rise in HIV infections
 - Unconfirmed reports of 40% rise in suicides in 2011
 - But drink driving down

- ### The next case study: Spain
- Health policy determined regionally
 - Important natural experiment
 - Major cutbacks in Catalonia
 - Surgeons offering to operate for free
 - But not in some other regions
-

So what have we done?





But some people have done something



In conclusion



- The citizens of many countries in Europe are paying a huge price, in blood and treasure, for the mistakes of a few
- Those few are almost entirely insulated from what is happening now
- We are only beginning to see the health consequences ... but they are likely to be profound in some countries
- ... but not in others
- So what are we going to do about it?

Thank you for your attention

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