



EHFG 2012: Austerity programmes harm economies and public health – experts call for growth strategies

The "austerity experiment" has failed as an answer to the financial and economic crisis, according to experts at the European Health Forum Gastein. The consequences have been recession instead of growth and dramatic effects on public health - but ideological attitudes are proving stronger than evidence of those effects. Experts are calling for stimulus measures in place of austerity programmes, and more involvement of health politicians and health experts in the debate on how to deal with the crisis.

Bad Hofgastein, 4 October 2012 – “Europe's politicians have to realise that stringent austerity policies are harming their economies as well as the health of their populations,” Prof Dr Martin McKee from the London School of Hygiene and Tropical Medicine told the European Health Forum Gastein (EHFG). “There is an alternative to austerity programmes, but I fear at the moment ideology is triumphing over evidence.”

In many European countries, austerity measures are having a dramatic effect on health budgets. The current OECD Health Data 2012ⁱ report shows that, in 2010, after years of increases in health expenditures, deep cuts were made in a number of European countries: minus 7.6% in Ireland, minus 7.3% in Estonia, minus 6.5% in Greece. Other studies show a 25% reduction in the health budget in Latvia between 2008 and 2010, and a cut of 30% for the Czech Republicⁱⁱ. “The troika even demanded that Ireland further reduce its health expenditures. That is a very dangerous proposition,” according to Prof McKee. “The European institutions, especially the Commission, have a duty to assess the effects of such measures on the health of people. The human cost of austerity has been largely invisible so far.”

Dramatic increase in suicides, more mental disorders

Meanwhile there is growing evidence of the direct negative effects the crisis and austerity policies are having on people's health and health care systems. As expected on the basis of experience of previous economic crises, there has been a dramatic increase for example in suicides. The number of suicides in Greece, for example, rose 17% between 2007 and 2009, while unofficial figures suggest an increase of 25% between 2009 and 2010. The Greek Ministry of Health reported an increase of 40% in the first half of last year, compared to the same period in 2010.

Such a dramatic development can be seen against the background of a known direct correlation between unemployment and suicide rates, as a studyⁱⁱⁱ has demonstrated: an increase of 1% in unemployment is accompanied by an increase in suicides of 0.79%, and when the unemployment rate rises by more than 3%, the suicide rate goes up by 4.45%. In contrast, Prof McKee quoted an example typical of the way in which investment instead of austerity can have positive effects not only on the economy: “For every 100 USD spent per person on active labour market policies, the effects on unemployment bring a reduction of 0,38% in the suicide rate. Unfortunately, it is precisely such labour market policies that have been cut as part of austerity measures in many countries.”

Other indicators also show how severe an impact the economic crisis has had on the health of affected populations: “In Spain, there has been a marked increase in attendances at general practitioners by those with mental disorders, especially depression,” Prof McKee said.



In Greece, a series of data demonstrate the deterioration in public health: the number of admissions to public hospitals was up 24% between 2009 and 2010. The rate of new HIV infections grew by 52% between 2010 and 2011, as the number of heroin addicts rose by 20%.

Risks for health care systems

“The decline in the health status of the general population in periods of crisis is accompanied in many countries not by improved care for those affected, but instead by deterioration in health care systems,” said Prof McKee. “Spain, for instance, has used a royal decree to change entitlement to health care from residence to employment. Thus young people who have never been employed - as is the case with almost half of all youth - and undocumented migrants risk being excluded from healthcare. This is a very worrying development.”

In Portugal increases in the rate of co-payment for many services has meant the cost of attendance at an emergency department in a major hospital has doubled to 20 Euros. Initial reports indicate that the death rate began to rise at the beginning of 2012 as a result of this measure.

In Italy a reduction in the number hospital beds from 4.5 to 4 per 1,000 population has been introduced, while co-payments are now required for visits to a specialist or an emergency department.

There have also been dramatic effects in some areas on the provision of vital medications. According to an inquiry in the EU Parliament^{iv}, there was a sharp fall during 2011 in the use of cytostatic drugs in Romania, leaving around 10,000 patients waiting for possibly life-saving second-line chemotherapy.

“Some of the measures that have been taken to reduce health expenditures in response to the crisis can be justified, where they have streamlined a previously inefficient system. However, in many cases, such as the introduction of co-payments, where there has been a failure to discriminate between medically necessary and unnecessary utilisation, reforms are not supported by evidence,” said Prof McKee. “The full consequences of the various cuts in health care systems can still not be properly foreseen. But it is clear that people with chronic illnesses, such as hypertension, diabetes or cancer are being particularly affected. A breakdown in the supply of essential medicines could be fatal. The silence from health ministers on the human consequences of austerity is shocking.”

Regulation and stimulus measures instead of health cuts

That austerity is not the only answer to the crisis is evident from current examples: “Iceland where austerity was rejected in a public referendum has had a much better economic performance than many of the countries which adopted austerity programmes,” Prof McKee said. “Today it is clear that, in contrast to Europe, the US launched a financial stimulus to mitigate the effects of the crisis and its economy has recovered better than those European countries adopting austerity, including the UK, Ireland, Greece, Portugal and Spain.”

To reduce the negative consequences of the crisis for health and social systems, and to stimulate economic recovery, Prof McKee has proposed a three point strategy for Europe. Regulation needs to be introduced to create uniform exposure to risk in the European banking sector, so that individual countries do not run into insurmountable difficulties because of



liability for banks registered in their countries. He also calls for targeted measures to support small and medium size enterprises, as essential pillars of economic stabilisation. “And finally, more money must be put into health care systems. This is not only absolutely essential to provide better health care, but investment in the growth market of health services would also help stimulate the economy,” Prof McKee concluded.

The EHFG is the most important conference on health care policy in the European Union. In this its 15th year, the EHFG attracts more than 600 decision-makers from 45 countries to discuss major topics on the future of the European health care system from 3 to 6 October 2012.

Please find photos of the European Health Forum Gastein using this link: <http://www.ehfg.org/940.html>.

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ⁱ http://stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT

ⁱⁱ http://www.euro.who.int/__data/assets/pdf_file/0005/162959/Eurohealth_Vol-18_No-1_web.pdf

ⁱⁱⁱ Stuckler D. et al. [Lancet](#). 2009 Jul 25;374(9686):315-23. Epub 2009 Jul 7.

^{iv} <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+WQ+E-2012-002779+0+DOC+XML+V0//EN>