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Austerity Has Wounded Public Health in EU Bailout Countries – Greece Worst of All

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Austerity has wounded public health in EU bailout countries – Greece worst of all

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Hard times. Chris Acos, CC BY-SA

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The economic crisis of the past decade has been a wrenching experience, particularly for Greece, Spain, Portugal and Ireland. They all required bailouts from the Troika of the European Commission, European Central Bank and the IMF. The bailouts came with tough conditions to slash public spending and employment and raise taxes to achieve a balanced budget.

I've been looking at how this has affected people's health. Depending on how a country's system works, austerity in times of recession can take away funds for healthcare at the very time when demand is growing from millions of newly unemployed people needing help. Cuts to other social policy areas can further fray the safety net, with those at risk falling through the gaps.

Austerity can also aggravate an economic downturn, which can translate into a health crisis further down the line. This is because the broader social and economic environment exerts a powerful influence on children's health. Prolonged exposure to excess stress hormones, known as toxic stress, can alter the structure of their brain and immune system and lead to heart disease, strokes, cancer, depression, anxiety and behavioural problems. It can take many years for the full effects to come to light.

So much for the theory: to get a better understanding of what has happened in practice, I compared the effects on health in Greece and Ireland. Both countries' health sectors have suffered, but it has been much worse in Greece.

The Irish experience

Ireland's recession was less deep or prolonged than that of Greece, and the austerity programme was more moderate. There was a big difference in rescue packages: Ireland's was €85 billion (£75 billion), whereas Greece's three bailouts totalled €326 billion.

Ireland still initially made deep cuts to healthcare, however. This drove up hospital waiting lists, particularly for elective surgery. An ambitious plan for universal coverage and free primary care had to be scaled back to a more modest guarantee of free care for the elderly and young children.

Yet Ireland has registered a steady economic recovery since 2014, while unemployment has more than halved to its current 6.3%. As a result, the health budget started increasing again in 2015.

Irish health: still on the road? Can Pac Swire, CC BY-SA

Ireland started with a more generous welfare state, so it was better equipped to contain the recession and prevent it from turning into an epidemic of illness and trauma. This seems to have shielded the most vulnerable, particularly through generous unemployment benefits and cash payments to families.

Several studies on self-reported health and suicide rates have shown that the recession only had a limited effect on Irish health. Having said that, with 25% of the population experiencing poverty and social exclusion, Ireland does have reason to be concerned about the long-term effects of the recession on the health of children and single-parent families.

Greek hardship

Yet by contrast, Greek austerity has been brutal. The country is still only achieving anaemic economic growth at best, and unemployment remains at over 20%. With a quarter of the population losing their job-based insurance, the public hospital system has faced growing demands for care even as the government has slashed health budgets.

Unsurprisingly, waiting lists for treatment have soared. With more than 35% of Greeks experiencing poverty and social exclusion in 2015, the recession has taken an appalling toll on health. Self-reported health has been deteriorating, with more respondents citing mental illnesses such as depression. Suicide rates have climbed significantly, particularly among older men and young people.


No end in sight. Niyazz

Fiscal consolidation has also undermined an already limited welfare state's ability to respond to the crisis. Greece's extremely low family payments and cuts to unemployment benefits have proved to be an inadequate shelter for the jobless and children.

And with a crushing public debt load around 180% of GDP – more than twice that of Ireland – it is hard to see how Greece will be able to return to sustained growth anytime soon. Without growth, the social misery and illness among its most vulnerable members is not likely to abate.

In sum, all the EU bailout countries will have suffered negative effects on health from austerity and are likely to be feeling them for many years to come. But for Greece in particular, we should expect the damage from this trauma to be severe.

Until the eurozone rewrites its rules for membership and balances the pursuit of fiscal prudence and debt repayment with sustainable economic growth and social cohesion, the health of its most vulnerable citizens will continue to suffer. It's only when you translate the numbers from figures about economics into hard facts about people's health that you begin to appreciate the scale of the disaster.

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Ireland **Public health** **Greece** **Spain** **Eurozone** **Portugal** **Austerity** **Troika**