



Minimizing the health impacts of the global financial crisis

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The Federation's Pages

Health and financial crisis

The health impacts of poverty and financial difficulties are proven beyond doubt at the family, community, and national levels. There is a direct association between poverty and health, as demonstrated by unfavorable morbidity and mortality indicators of the poor.^{1,2} The current financial crisis, beginning in the OECD countries, is widely and progressively expanding to involve the most needy – the already least developed and the developing countries. Depending on how severe this crisis will be and how long it continues, its negative health impacts on these countries are expected to be significant, if not severe. Economic forecasts and speculations, which have often proved to be misleading, indicate a significant drop in the gross national product (GDP) of most countries during 2009, of at least below 3–6 per cent; yet this impact will greatly differ between countries, depending on their dependence on exports, tourism, remittances, and ties with the Western banking and stock markets.³ Moreover, countries with significant dependence on foreign development assistance may expect decline in this source of health funding.

The adverse health impacts will mainly affect the most vulnerable, especially children, women, the elderly, and the poor. As an example, UNICEF has estimated a rise in the below-5-years mortality in East Asia and the Pacific of up to 11 per cent using historical data from the 1997 economic crisis, when Thailand and Indonesia suffered from a drop of



their GDP of 20 per cent.⁴ Similar and more pessimistic projections and speculations are floating daily in the media and the literature.

The undisputed principle that we should always advocate is that, while economic development is the major determinant of health, at the same time improved community health is a major tool for economic development, and therefore health spending at times of financial difficulties should be prioritized and saved as a means of economic recovery.

Facing the unknown

Apparently, most individuals, families, local communities, countries, and the global community are active in taking action to face the financial meltdown or recession to the best of their ability.

The World Health Organization (WHO), in addressing such actions in the field of global health, emphasized the need for solidarity in times of crisis between the donor governments and the recipient countries, between governments and their citizens, and among the citizens themselves to assist the needy, the poor, and those most affected by financial difficulties. The WHO High Level Consultation in January 2009 recommended several actions, including

- leadership to take action and provide a strong voice of truth to inform the public;
- monitoring and analysis of impact;
- pro-poor and pro-public health spending;
- health policy emphasizing primary health care;
- efficiency and effectiveness in spending; and
- new ways of doing business at the international level to reduce waste and duplication.⁵

The Time to Review Goals, Policies and Strategies at All Levels

At the global level

The World Financial System: The late 1980s and early 1990s witnessed the collapse of the communist system in many countries. In most cases, it was characterized by a socialist economic system and an autocratic political system. Both systems collapsed and were replaced by what are



known to be free market economy and democratic systems. It seems that we are currently witnessing the collapse of the extreme free market deregulated system, and because of the prevailing democracy associated with this economic system, the political systems are able to survive and self-correct the malfunctions of their economic systems. Because of globalization and the connected economies, the economic meltdown is reaching out to most countries. If we learn the lesson correctly, we should be able to collectively develop a global economic system based on transparency, fairness to all, regulation, and public monitoring, with partnership between governmental and non-governmental for-profit and not-for-profit organizations. If we fail to achieve this, we should expect more crises and meltdowns to come.

The Millennium Development Goals (MDGs) Lack the Achievement of Peace: The international community, through the United Nations and world leaders rightly determined eight goals for world development at the beginning of the twenty-first century (MDGs). Four of these goals are direct health goals (reducing child mortality; improving maternal health; combatting HIV/AIDS, malaria, and others, and promoting environmental sustainability). The other four goals are strong health determinants (eradication of extreme poverty and hunger; universal primary education; gender equity and women's empowerment; and global partnership for development).⁵ In difficult financial times, allocation of resources, nationally and globally, should continue to observe these goals as solid priorities.

Moreover, the MDGs are obviously lacking the achievement of peace as a fundamental development goal. Regional and local wars are waxing and waning in many parts of the world, and a new nuclear arms race is clearly threatening world peace. Arms are abundant and available in many countries where food is scarce and people are suffering from hunger and malnutrition. From an economic standpoint alone, global military expenditure reached about US\$1.5 trillion in 2008, with an annual increase of 3.5 per cent in the past 3 years, and a real increase of 37 per cent in the past 10 years. As a percentage of the GDP, the top 22 countries are Middle East or African countries spending between 4.5 and 11 per cent of their GDP on military affairs. With the exception of the United States (4.7 per cent), most OECD countries spent between 0.8 and 1.5 per cent in 2008.

Countries that base their economies on the military industry and arms trade should seriously seek ethical modification of this inhumane way of



achieving prosperity. This is destructive madness – human beings killing each other, sometimes because of difference in color, religion, tribal origin or beliefs, and at times, human beings of the same religion killing each other because they worship the same god in a different temple. There is no better time than now to seriously push and promote the reconciliation and restoration of peace, especially as scarce resources resulting from the financial crisis may provoke more tensions and armed conflicts.

The global community should seriously agree on taxation for arms production that can finance rescue and relief organizations that serve to remedy the harm caused by these armaments, including loss of human life, morbidity, disability, massive dislocation of war victims and refugees, and property destruction. The entire budget of the UN agencies reached \$20 billion, which is a fraction of global military spending.⁶

Development Assistance and International Agencies: Industrial countries often pledge funds to the least developed countries for building their infrastructure and promoting their health and socio-economic development. These pledges are rarely fulfilled, to the extent that some industrial countries fail to pay their annual dues to the UN agencies. The financial crisis should be a strong justification for more funding, and not the reverse.

Moreover, these countries, together with the international and UN agencies, often fail to achieve collective efficiency and effectiveness of their projects in the developing world. Inadequate coordination among donors, duplication of projects, and waste paralleled with corruption inside the country are often observed. Perhaps each donor country and agency should evaluate its projects of the past 10 years when funding ended, and assess its sustainability and impact in order to learn the lessons for sustainability, better efficiency, effectiveness, and control in the future.

At the national level

The WHO High Rank Consultation recommended a set of actions that are valid for implementation.⁷ These actions should be considered in the light of the following:

- There is no better time for countries than now to follow a systematic national planning process for health. The plan should be adjusted periodically to cope with unforeseen events. The updated strategic plans will guide actions and decisions, and will also serve as a menu for



the donor countries to choose from, instead of imposing preferred projects.

- Coverage for health care or health insurance is far from being universal in many countries. This partial coverage is even eroding because of lost jobs. More uninsured people can only result in delaying care until complications occur, by which time health care will become too expensive and will arrive too late. Restoring coverage for the unemployed, including provision of essential drugs, should be a priority action for governments.
- High-capital endeavors such as building more hospitals and tertiary care centers and buying expensive medical equipment is a clear waste at any time, and unwise during the financial crisis. Evidence-based planning and priority setting are essential to guide spending, focusing on primary care, prevention, and public health services.
- Strict quality monitoring and improvement, especially of health care, in the unregulated private sectors save lives as well as cost.
- Associated mental health problems and social disorders of violence and abuse should be an integral part of health care in the affected communities.

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