



Financial crisis and austerity measures in Greece: Their impact on health promotion policies and public health care



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ABSTRACT

This review study explores the available data relating to the impact of financial crisis and subsequently applied austerity measures on the health care, social services and health promotion policies in Greece.

It is evident that Greece is affected more than any other European country by the financial crisis. Unemployment, job insecurity, income reduction, poverty and increase of mental disorders are among the most serious consequences of crisis in the socioeconomic life. The health system is particularly affected by the severe austerity measures. The drastic curtailing of government spending has significantly affected the structure and functioning of public hospitals that cope with understaffing, deficits, drug shortage and basic medical supplies. Moreover, health promotion policies are constrained, inhibiting thus the relevant initiatives toward disease prevention and health promotion education practices.

Overall, the current economic situation in Greece and its impact on real life and health care is quite concerning. Policy makers should not disregard the implications that austerity and fiscal policies have on the health sector. Greater attention is needed in order to ensure that individuals would continue getting public health care and having access to preventive and social support services. To face the economic hardship, policy makers are expected to implement human-centered approaches, safeguarding the human dignity and the moral values.

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1. Introduction

In the last decade, a lot of nations around the world became familiarized with the term “global financial crisis” and its consequences. The crisis initially appeared in the economic sector, mainly in the United States of America and United Kingdom. According to estimates, trillions

of U.S. dollars have been lost globally [1]. Since then, the crisis actually spread out, mostly striking Ireland, Iceland as also the South-European and Asian countries, where a dramatic reduction of revenue from exports and investment occurred. Concerning health status, it is greatly influenced by the economy, as poor socioeconomic condition often evokes inequalities in access to public or private resources, thus leading to decreased ability for productivity, power and control [2].

In Greece, the consequences of global financial recession and applied austerity measures created a difficult situation, whose burden was not only evident in the economic field but also exerted a significant negative impact on the

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national health sector and social services. The government in turn was unable to sufficiently support the public health sector and maintain the already declining social services [3].

We herein examine the impact of financial crisis and austerity measures upon the health sector, social services and health care politics in Greece as a continuous barrier of public health. For the purpose of this study, firstly, we intend to present the financial recession in the socioeconomic and public health care context. Secondly, we are going to investigate the impact of crisis on Greek health sector, in an attempt to point out that policy makers should not overlook the inevitable implications that austerity and fiscal policies may have on health care in Greece.

2. The impact of the global financial crisis on the social life and health care in Europe

In the era of the global financial recession, one might have assumed that the poverty and inequality gap would narrow, due to lowering of overall income that is most likely to affect those very wealthy [4]. Nevertheless, recent data support the evidence of a widening gap between rich and poor, which might be attributed to austerity measures and regressive taxation choices, issued by the state governments. An increasing inequality gap between lower, middle and high social class has been underlined as one of the main consequences of the crisis and has been linked to reduced resources for social services and social inclusion [5].

Some population groups, i.e., young people, educationally restricted, migrants, ethnic minorities, elderly people, children and single parents, are badly affected, because austerity and fiscal consolidation measures have considerably decreased their purchasing power. Reduction in income and retirement pensions, tax increase, high cost of basic commodities, such as heat, electricity, food and rents, are to blame for their disadvantage [6].

In real terms, the impact of economic crisis on the social life is translated into an increase of unemployment rates with loss of millions jobs, thereby throwing unemployed people into deeper poverty as well as widening inequality and lack of access to basic social services. The wide variation of unemployment levels clearly indicates the link between recession and increased unemployment rates, either in less or in more affected countries, i.e., 5–8% in Austria and the Netherlands to 30–35% in Greece and Spain [7]. Furthermore, youth unemployment represents another serious impact of the economic crisis upon population. It has been reported that youth unemployment rates are above 20% in many of the affected countries and has reached a dramatic proportion of more than 55% in Greece and Spain in September 2012 [8].

The rise of unemployment is associated with significant increase in deaths from intentional violence. A recently published study in 26 European countries stated that every 1% increase in unemployment was associated with a 0.79% rise in suicides for age groups <65 years old [9]. Additionally, mental disorders, such as anxiety and depression, tobacco and alcohol abuse, as well as low quality food consumption increased together with unemployment [10]. Long term unemployment may induce social isolation and

poverty, increasing the risk of morbidity and early mortality rates from ischemic heart or brain disease, particularly in migrants and vulnerable groups [11].

To confront crisis, “austerity” programs, based on cuts in benefits and health services, have been mainly implemented, inevitably affecting those with low income. In this context, many countries have initiated stringent austerity policies in health care, leading to a massive abolition of health subsidies for unemployed, elderly and disabled people.

Overall, the impact of financial crisis on the socioeconomic life and health care is likely to have serious long-term implications. Economic recession threatens the cohesion of the society with the instability of the working conditions, the serious family tensions and the societal violence as well as an increasing risk of chronic mental and physical disorders among population [12].

Additionally, this economic strain greatly influences children's and young people's well-being. Basic determinants of this situation, including the economic and food insecurity, housing instability, unequal education opportunities, unemployment and lack of a vision for the future, place them at a great risk so as they might be considered as a “lost generation” [13].

3. The impact of financial crisis in Greece

Since late 2006, Greece has been affected by the financial crisis more than any other European country. The national debt rose from 105.4% of gross domestic product (GDP) in 2007 to 142.8% in 2010 and 152.6% (GDP; €301.2 billion) in the third quarter of 2011. The impact of crisis reached its peak in early 2011, as the monthly inflation rate leaped from 2.5% in January 2010 to 5.2% in January 2011 [14].

To finance its debts, the Greek State had to borrow billions of Euros from the European Commission, the International Monetary Fund and the European Central Bank, under strict regulations including drastic curtailing of public spending. However, actual data indicate that the crisis is still there and its dramatic implications on the society have already become apparent, despite a more optimistic perspective to overcome crisis, by refinancing the debts.

4. Financial crisis and the socioeconomic situation in Greece

According to a report issued by the Hellenic Statistical Authority (ELSTAT), the proportion of the population in Greece living under the poverty threshold reached the number of 2.34 million (about 30% of the population) in 2010 [15]. Furthermore, a recent survey research conducted by the Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE) showed that the income of 93.1% of Greek households has been significantly reduced over the last three years. About 40% of households have at least one unemployed member, and there is a drastic reduction in expenses for basic goods and food. In particular, about 80% of the participants in this survey reported significant cuts in expenses for heating, clothing and entertainment; whereas 40% stated that they consume low quality food [16].

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