

Protecting people in hard times: what can we learn from the Great Recessions?

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Markets

The Next Recession Is Coming. Now What?

Income inequality worsened after the last downturn. Central bankers need to employ different tactics to prevent a repeat.

By [Shira Ovide](#)

April 16, 2019, 9:56 PM GMT+2



BUSINESS
INSIDER
FRANCE

The economic data from France is so bad that one analyst simply wrote '?!' on the chart

Jim Edwards 28 Jan 2019, 11:48



- The collapse of an index measuring sentiment among French services companies was an extreme version of several negative-looking charts coming out of Europe last week.
- Junk bonds have gone through the roof, meaning the credit quality of European companies is getting worse.
- There is an industrial recession in Germany.



“Recession could be a
lifestyle blessing in disguise”
-Prof Christopher Ruhm

“The public health community
should brace for the worst”
-Margaret Chan, former
Director General of WHO





Employment transitions and mental health: an analysis from the British household panel survey FREE

Claudia Thomas¹, Michaela Benzeval¹, Stephen A Stansfeld²

[Author affiliations +](#)

Abstract

Study objective: To describe the impact of changes between employment and various forms of non-employment, and vice versa, on the psychological wellbeing of men and of women.

Design: Separate multivariate models for men and for women were constructed to study the association between employment transitions and episodes of psychological distress (general health questionnaire).

Participants: 13 359 employment transitions from 5092 people aged 16–74 years in the British household panel survey from 1991 to 1998.

Main results: Transitions from paid employment to either unemployment or long term sick leave were associated with increased psychological distress for both men and women. Starting maternity leave or staying home to look after the family were also associated with psychological distress for women. Transitions from these roles to formal employment resulted in an improvement in mental health. There was some evidence that the effects were felt most strongly within six months of the transition.

Conclusions: This paper provides further evidence that movements between paid employment and various forms of non-employment, in addition to unemployment, have an impact on mental health. The emphasis on transitions between a full range of employment states for both men and women from a large population based longitudinal study and a comparison of the relative magnitude of effects are unique features of this analysis. Interventions are suggested to minimise the psychological distress associated with transitions.

<https://doi.org/10.1136/jech.2004.010778>



Employment transitions and mental health: an analysis from the British household panel survey

Claudia Thomas¹, M

Author affiliations +

Health Economics

Abstract

Research Article

Study objective: To examine the relationship between employment transitions and self-assessed health.

Design: Separate models for transitions and episodes of unemployment.

Participants: 13 351 individuals from the British Household Panel Survey, 1996–2001.

Main results: Transitions from employment to unemployment are associated with psychological distress. The magnitude of effect is larger for those who become unemployed for the first time.

Conclusions: This paper examines the relationship between employment transitions and self-assessed health. The results show that the event of becoming unemployed does not matter as such for self-assessed health. The health status of those that end up being unemployed is lower than that of the continually employed. Therefore, persons who have poor health are being selected for the pool of the unemployed. This explains why, in a cross-section, unemployment is associated with poor self-assessed health. All in all, the cross-sectional negative relationship between unemployment and self-assessed health is not found longitudinally.

<https://doi.org/10.1002/hec.1361>

Unemployment and self-assessed health: evidence from panel data

Petri Böckerman , Pekka Ilmakunnas

First published: 05 June 2008 | <https://doi.org/10.1002/hec.1361> | Cited by: 138



PDF



TOOLS



SHARE

Abstract

We examine the relationship between unemployment and self-assessed health using the European Community Household Panel for Finland over the period 1996–2001. Our results show that the event of becoming unemployed does not matter as such for self-assessed health. The health status of those that end up being unemployed is lower than that of the continually employed. Therefore, persons who have poor health are being selected for the pool of the unemployed. This explains why, in a cross-section, unemployment is associated with poor self-assessed health. All in all, the cross-sectional negative relationship between unemployment and self-assessed health is not found longitudinally. Copyright © 2008 John Wiley & Sons, Ltd.

The public health effect of economic crises and alternative policy responses in Europe: an empirical analysis

David Stuckler, Sanjay Basu, Marc Suhrcke, Adam Coutts, Martin McKee

Summary

Background There is widespread concern that the present economic crisis, particularly its effect on unemployment, will adversely affect population health. We investigated how economic changes have affected mortality rates over the past three decades and identified how governments might reduce adverse effects.

Methods We used multivariate regression, correcting for population ageing, past mortality and employment trends, and country-specific differences in health-care infrastructure, to examine associations between changes in employment and mortality, and how associations were modified by different types of government expenditure for 26 European Union (EU) countries between 1970 and 2007.

Findings We noted that every 1% increase in unemployment was associated with a 0.79% rise in suicides at ages younger than 65 years (95% CI 0.16–1.42; 60–550 potential excess deaths [mean 310] EU-wide), although the effect size was non-significant at all ages (0.49%, –0.04 to 1.02), and with a 0.79% rise in homicides (95% CI 0.06–1.52; 3–80 potential excess deaths [mean 40] EU-wide). By contrast, road-traffic deaths decreased by 1.39% (0.64–2.14; 290–980 potential fewer deaths [mean 630] EU-wide). A more than 3% increase in unemployment had a greater effect on suicides at ages younger than 65 years (4.45%, 95% CI 0.65–8.24; 250–3220 potential excess deaths [mean 1740] EU-wide) and deaths from alcohol abuse (28.0%, 12.30–43.70; 1550–5490 potential excess deaths [mean 3500] EU-wide). We noted no consistent evidence across the EU that all-cause mortality rates increased when unemployment rose, although populations varied substantially in how sensitive mortality was to economic crises, depending partly on differences in social protection. Every US\$10 per person increased investment in active labour market programmes reduced the effect of unemployment on suicides by 0.038% (95% CI –0.004 to –0.071).

Interpretation Rises in unemployment are associated with significant short-term increases in premature deaths from intentional violence, while reducing traffic fatalities. Active labour market programmes that keep and reintegrate workers in jobs could mitigate some adverse health effects of economic downturns.

Funding Centre for Crime and Justice Studies, King's College, London, UK; and Wates Foundation (UK).

Introduction

Many commentators have expressed concern that the present economic downturn will adversely affect public health as a result of job losses, contributing to mental health or addiction problems, the adoption of less healthy lifestyles (such as increased consumption of cheap food with little nutritional value, or smoking as a response to stress), and poor disease management resulting from overburdened health-care services or delays seeking care for patients who are concerned about additional costs. WHO has warned that “it should not come as a surprise that we continue to see more stresses, suicides and mental disorders”; “the poor and vulnerable will be the first to suffer”; and “defending health budgets” will become more difficult.^{1,2}

Yet many analysts have argued that overall health might not be affected by economic downturns; indeed, some argue that a recession could lead to health gains. Studies undertaken in high-income countries have suggested that mortality has tended to fall when the economy slows down and conversely rise when the economy speeds up.^{3,7} These effects vary substantially for different age groups,⁸ sexes, and diseases,^{9,10} and the results are

somewhat sensitive to the indicators used to measure economic change.^{11–14} Although Catalano and Bellows¹⁵ have noted the counterintuitive nature of these findings, it has been postulated that recessions lead people to engage in fewer unhealthy, so-called affluent activities (overconsumption of food and alcohol) and spend more time in health-promoting activities (eg, walking instead of driving), which has led some to speculate that a recession might make you healthier.^{16,17} Which view of the effect of economic downturns on public health is best supported by empirical data?

Existing published work on the relation between economic trends and public health offers only an incomplete understanding of the present economic situation. Most previous studies have not analysed the effects of recession *per se* on health, but instead have assessed the static effects of routine peaks and troughs in total economic output (gross domestic product [GDP]) or GDP per person. These measures can ascertain whether death rates are relatively high when GDP is relatively low, but do not assess whether death rates rise after GDP falls, as in a recession. Other studies have recorded trends in mortality during periods of recession,



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See Comment page 270

See Obituary page 786

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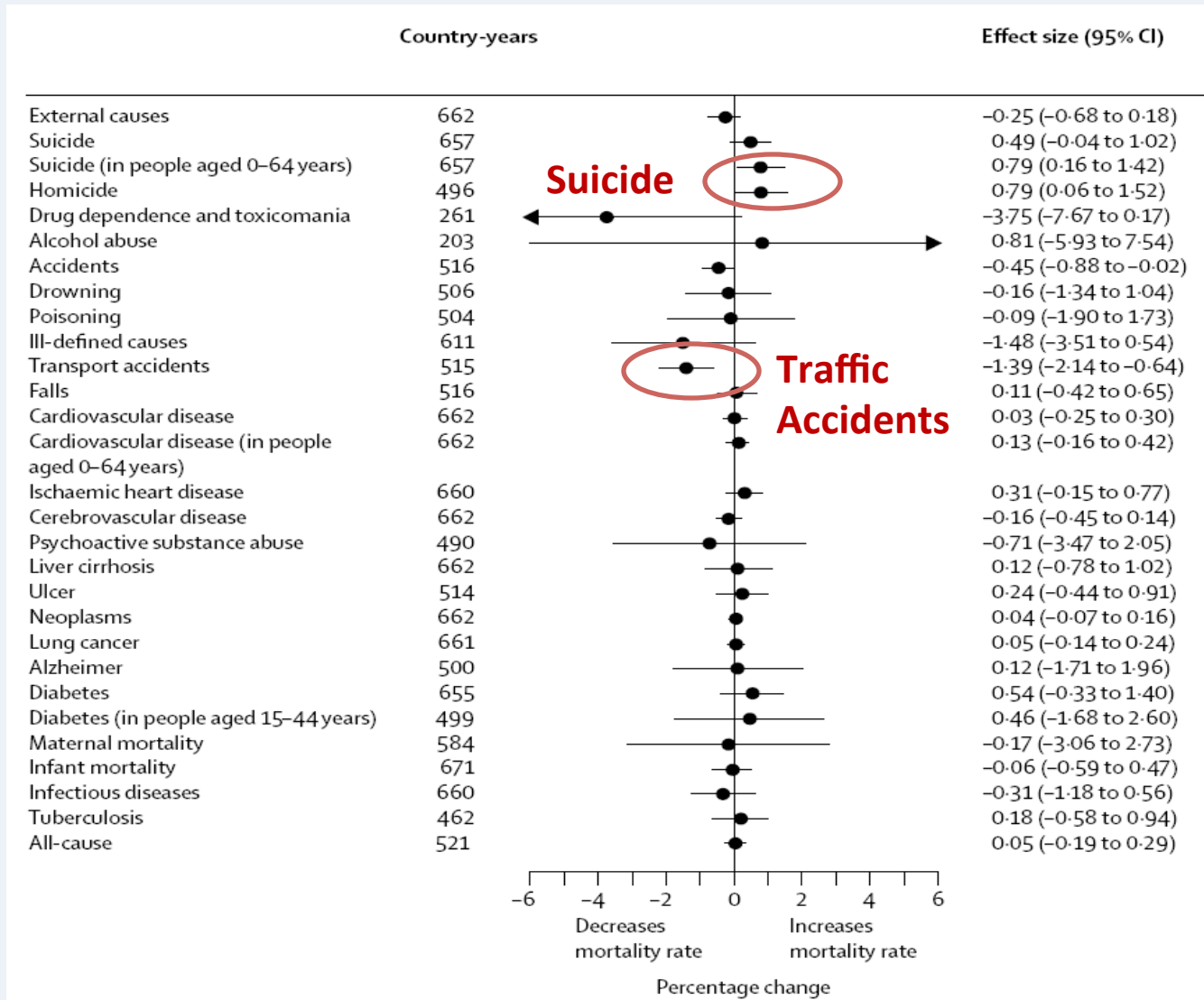
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26 EU countries,
1970–2007

Changes in
unemployment rates

Changes in mortality
outcomes

Impact of 1% rise in unemployment on mortality

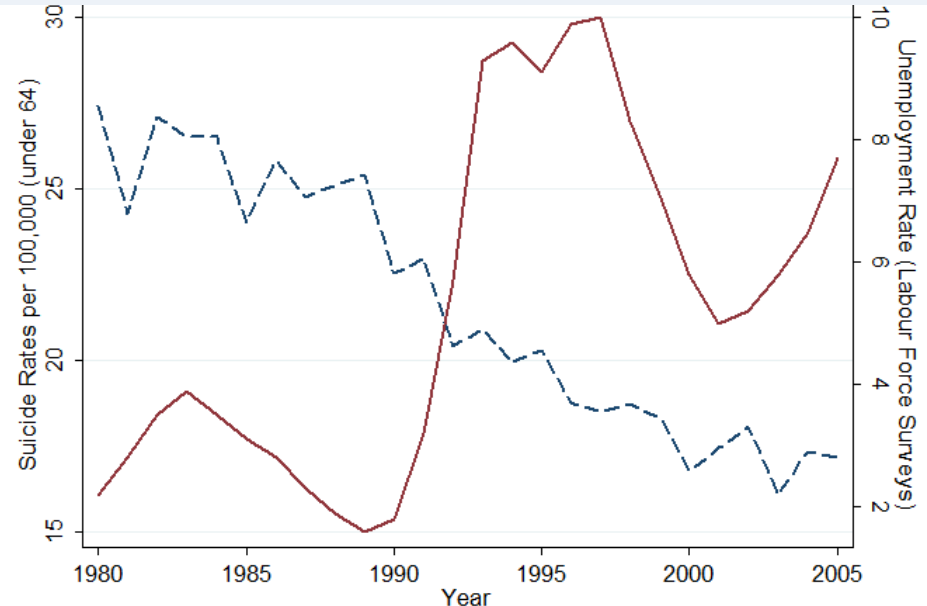
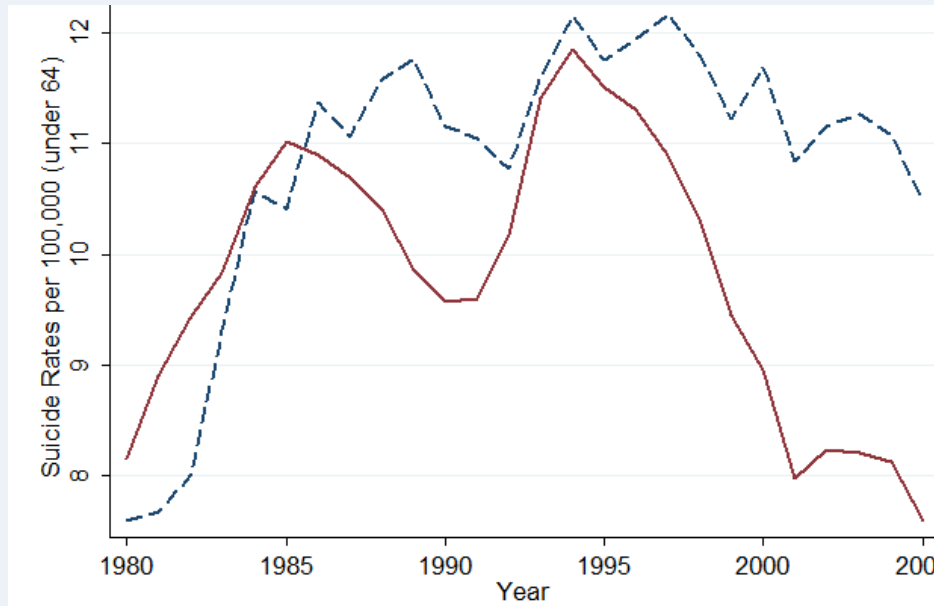


Spain and Sweden

Suicide

Unemployment

—

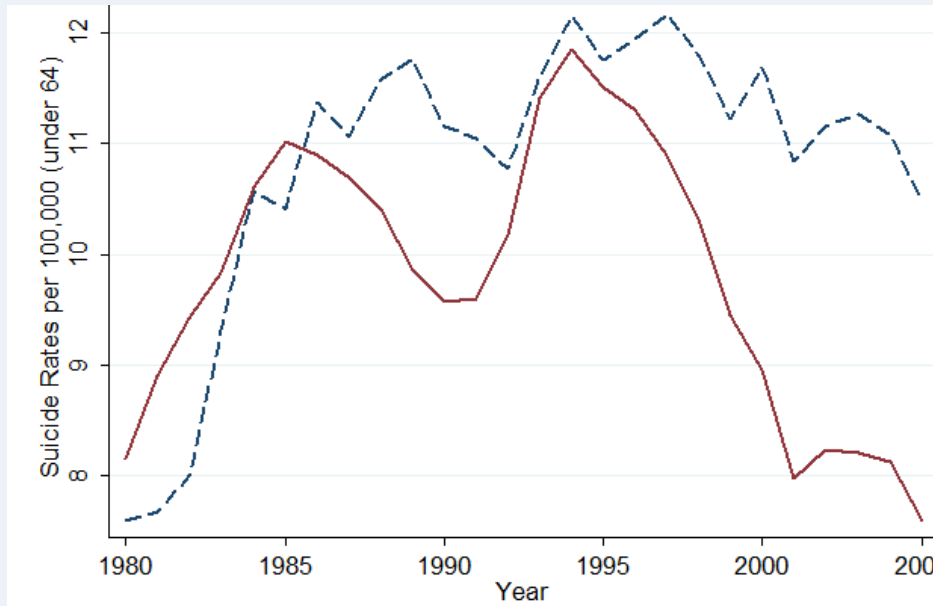


Spain and Sweden

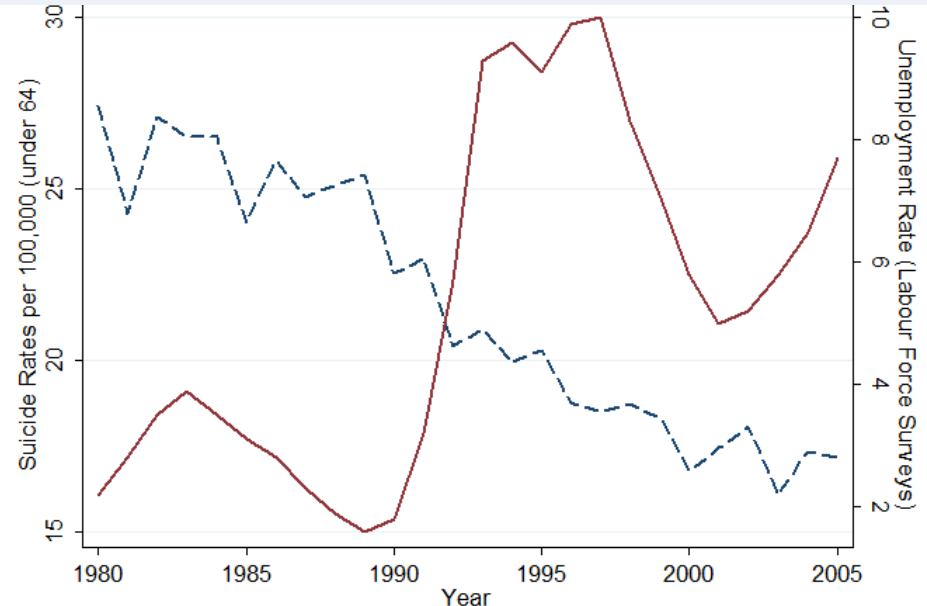
Suicide

Unemployment

—



\$90 person
Spain

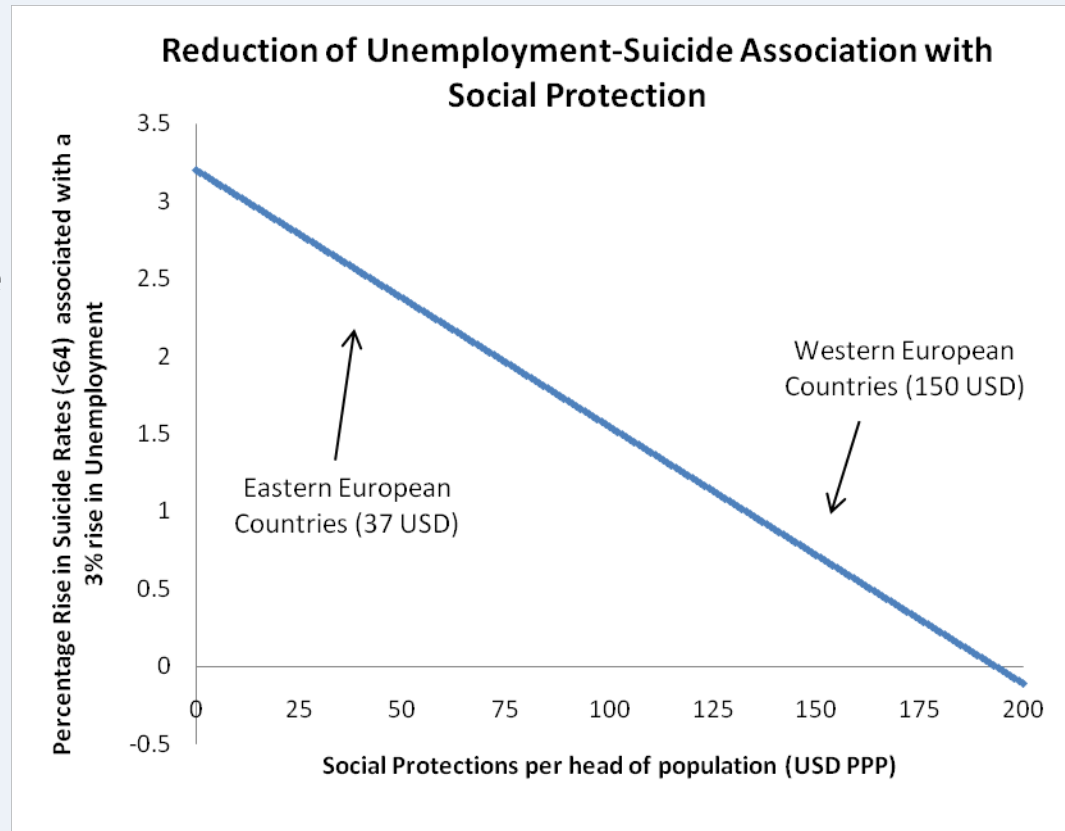


\$380 person
Sweden

Social Protection

Each 100 USD greater social spending reduced the effect on suicides by:

- 0.38%, active labour market programmes
- 0.23%, family support
- 0.07%, healthcare
- 0.09%, unemployment benefits



Spending > 190 USD no effect of unemployment on suicide

Not everyone agrees...

Dr Fountalakis

“conclusion should be that suicides cause unemployment”

Dr Tapia-Granados

“a message that people want to hear”

Dr Loverdos

“wait til after the recession when the data are in”

The impacts of job loss and job recovery on self-rated health: testing the mediating role of financial strain and income

Tim Huijts¹, Aaron Reeves², Martin McKee³, David Stuckler²

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³ London School of Hygiene and Tropical Medicine, London, UK

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Background: Is regaining a job sufficient to reverse the harmful impacts on health of job loss during the Great Recession? We tested whether unemployed persons who found work within 1 year of job loss experienced a full recovery of their health. Additionally, we tested the mediating role of financial strain and household income. **Methods:** Linear regression models were used to assess the effects of job loss and recovery on self-rated health using the longitudinal EU-SILC, covering individuals from 27 European countries. We constructed a baseline of employed persons ($n=70\,611$) in year 2007. We evaluated income and financial strain as potential mediating factors. **Results:** Job loss was associated with worse self-rated health in both men ($\beta=0.12$, 95%CI: 0.09–0.15) and women ($\beta=0.13$, 95%CI: 0.10–0.16). Financial strain explains about one-third of the association between job loss and health, but income did not mediate this relation. Women who regained employment within 1 year after job loss were found to be similarly healthy to those who did not lose jobs. In contrast, men whose employment recovered had an enduring health disadvantage compared with those who had not lost jobs ($\beta=0.11$, 95%CI: 0.05–0.16). Unemployment cash benefits mitigated financial strain but were too low to substantially reduce perceived financial strain among men. **Conclusions:** Men and women's health appears to suffer equally from job loss but differs in recovery. For men, employment recovery was insufficient to alleviate financial strain and associated health consequences, whereas in women regaining employment leads to health recovery.

70,611 employed persons, in 27 EU countries, 2007–2009

Job loss significantly worsened self-reported health

Financial strain a key mediating mechanism

Job recovery mitigated impact but only if alleviated financial strain

Introduction

Since the onset of the European economic crisis both increasing prevalence of depression and a reversal of the long-term decline in suicides have been reported, especially where job losses were greatest.^{1–7} In many EU Member States, unemployment has yet to recover precrisis levels, raising concerns for the health of those still unemployed.

Losing a job is among the most stressful life events.⁸ Job loss frequently results in a significant income reduction, which, for families whose finances are precarious, can constrain their ability to make healthy choices.^{9,10} Additionally, the financial strain, real or perceived, accompanying job loss is associated with greater psychosocial stress and, resultantly, greater risks of hazardous drinking, tobacco and substance use.^{11–14} While this association stems, in part, from those in poor health experiencing greater risk of unemployment, even after accounting for this 'healthy worker effect', job losses clearly exacerbate pre-existing health problems.^{15,16} Thus, job loss is both a cause and consequence of ill health.

To some commentators, reducing these health risks is simple: facilitate rapid re-entry into employment.^{17,18} Governments could do so through active labor market policies, which help newly unemployed to find jobs, or, when jobs are scarce, to create work, as in the 1930s. Yet, such an approach has been critiqued for transitioning unemployed persons into low quality jobs which

initiation of detrimental health behavior during unemployment spells.²⁰

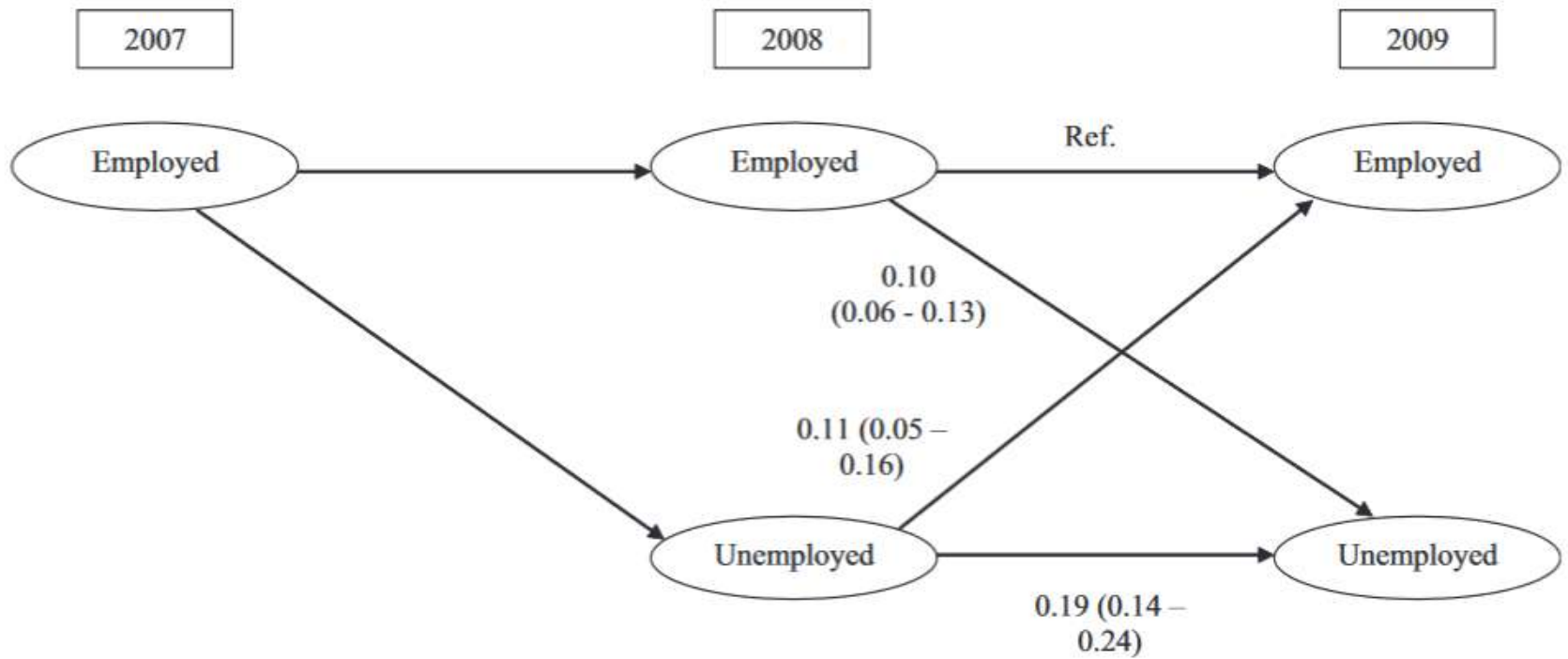
To evaluate resilience of health to job loss and financial strain during the initial years of the economic recession, 2007–2009, we use longitudinal data from the EU Survey on Income and Living Conditions (EU SILC) covering 70 611 individuals in 27 European countries. We tested the hypothesis that a rapid rebound into jobs and greater cash benefits to buffer income losses would mitigate the health consequences of job loss.

Methods

Data and sample selection

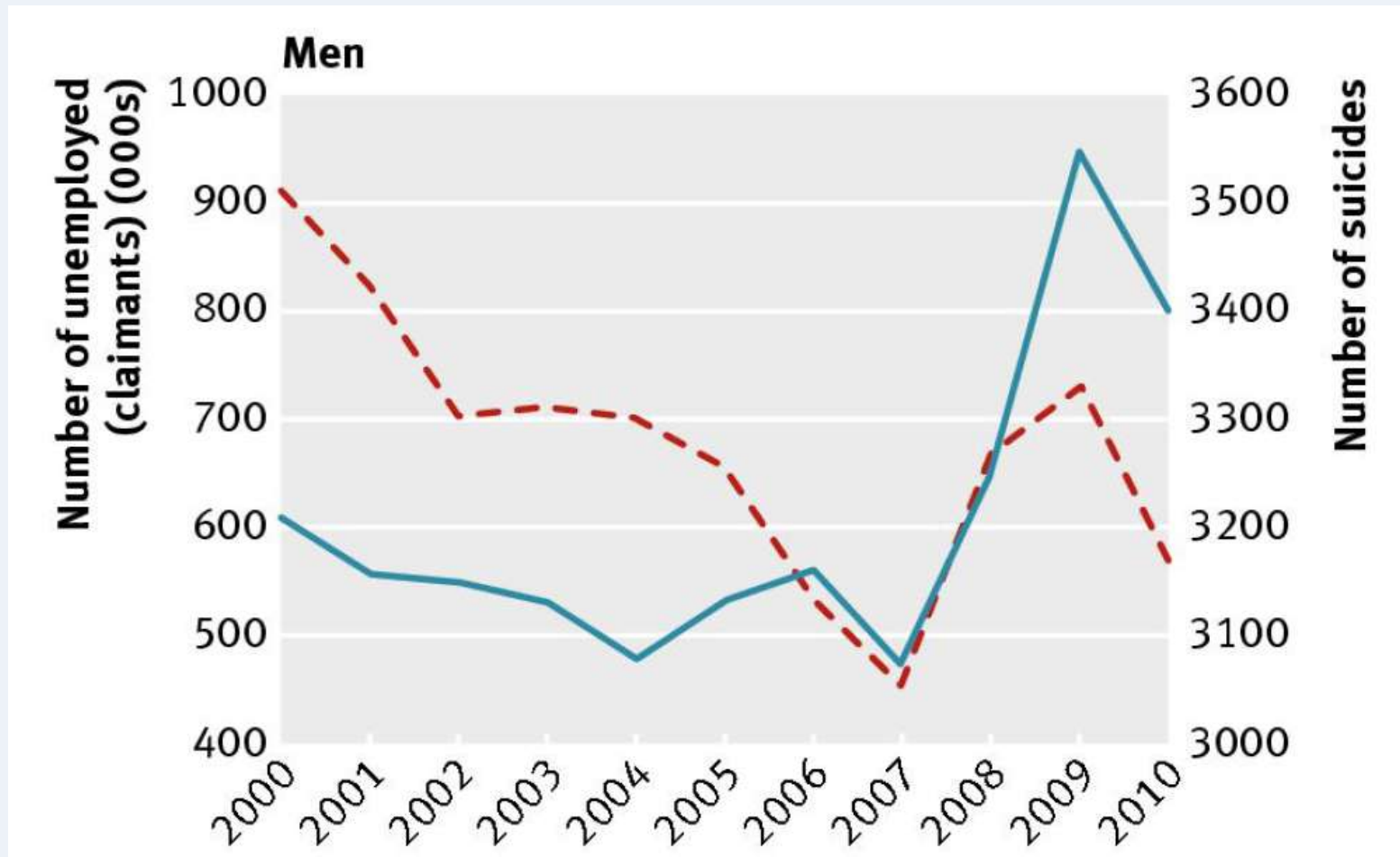
We analysed the longitudinal component of the EU-SILC. This includes data on individuals from all 28 countries of the European Union, plus Norway and Iceland. Not all participated in all longitudinal survey waves, so we have information on 27 countries. Information on individual net unemployment benefits was unavailable for 11 countries, leaving an analytic sample of 19 countries.

We used the 2009 longitudinal dataset, which spans 2007, a precrisis base year, through to 2008 and 2009, when unemployment rose sharply. The longitudinal EU-SILC data employed a rotational design, whereby respondents were followed for four consecutive years, with 25% annual replacement, so that only one-quarter of



Rising 'Economic Suicides'

UK Men

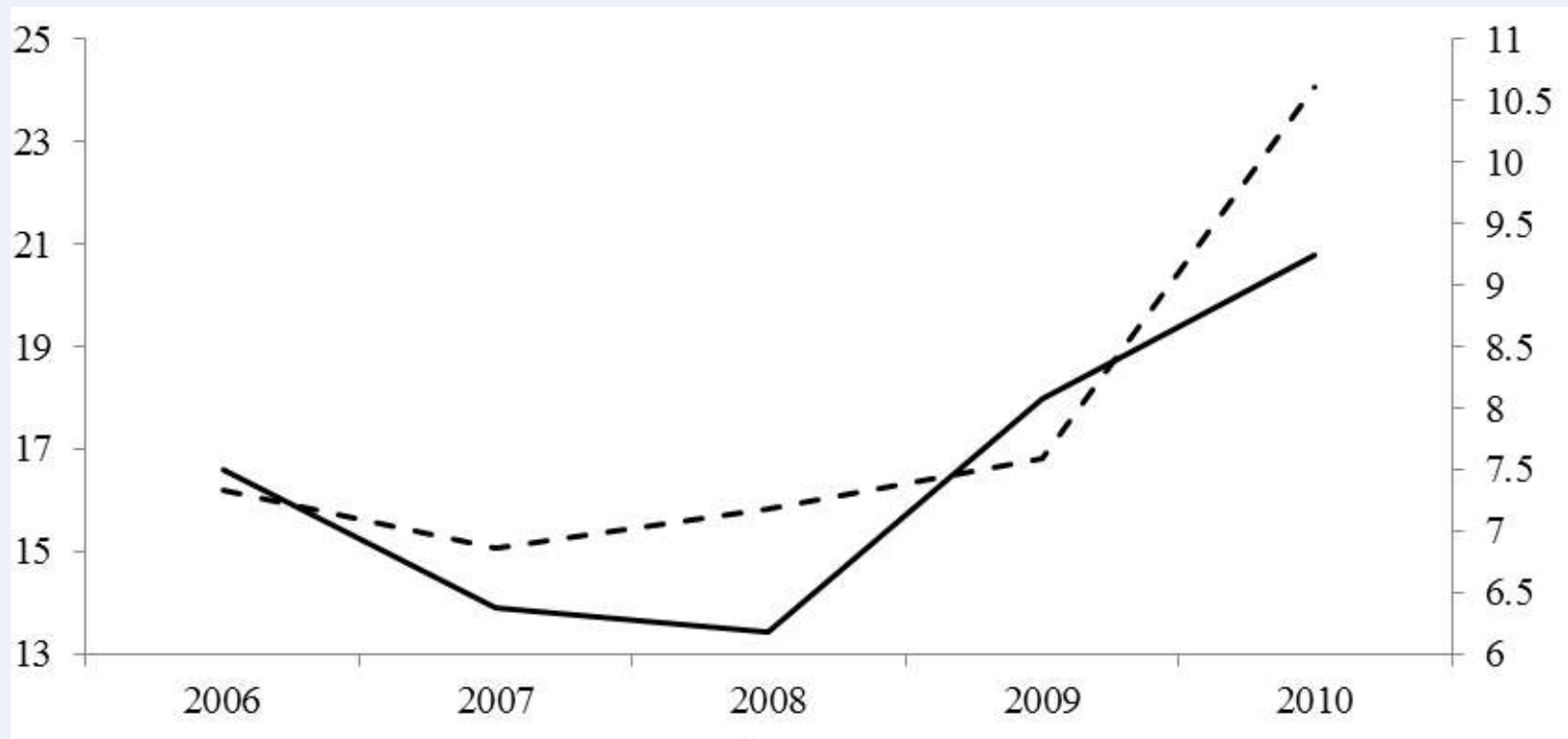


But something can be done...

Active Labour Market Programmes

Below Median Spending
<€100 per capita

Suicide Rate Unemployment Rate

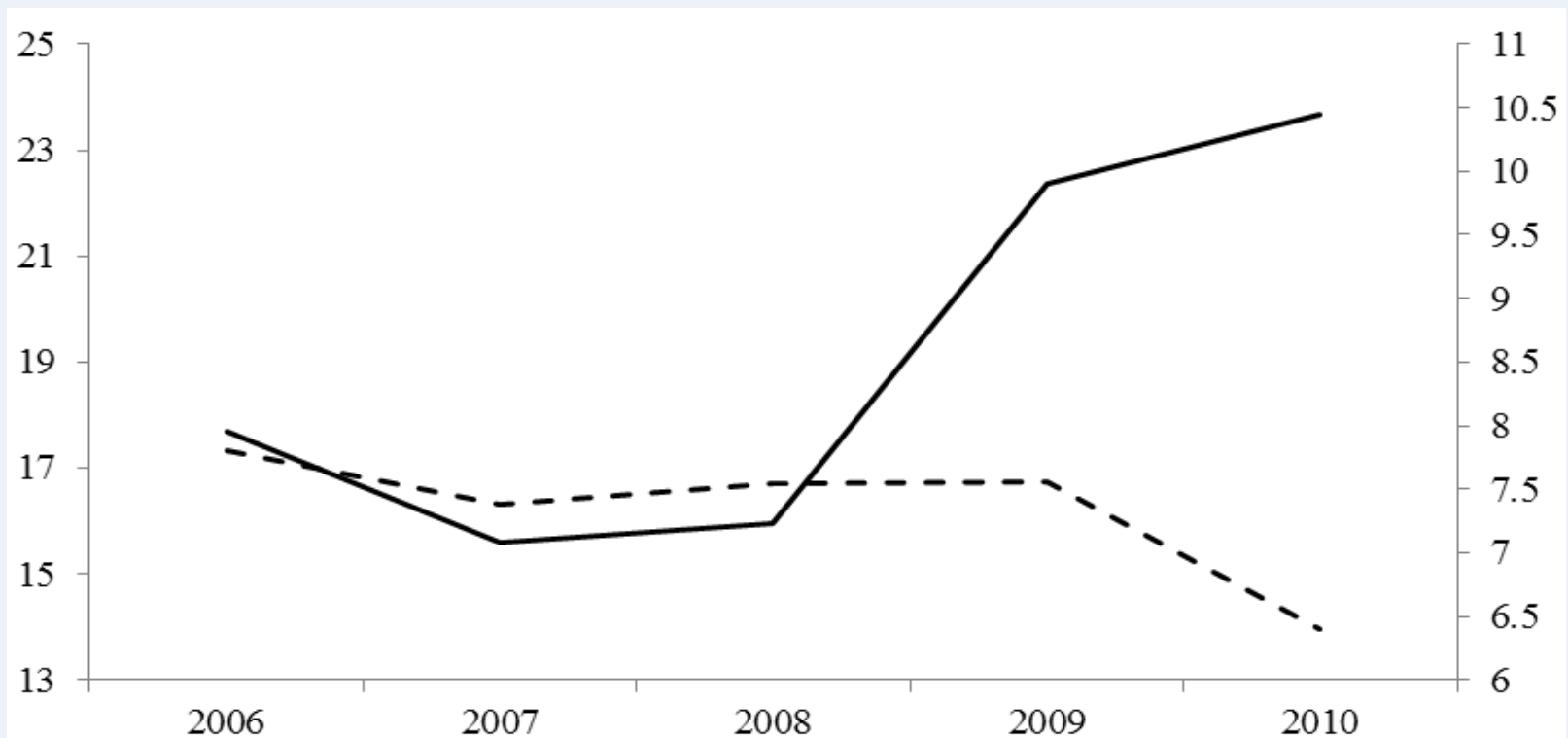


But something can be done...

Active Labour Market Programmes

Above Median Spending
>€100 per capita

Suicide Rate Unemployment Rate





**“There is no alternative”
- Olli Rehn**

**“There is no Plan B”
- George Osborne**





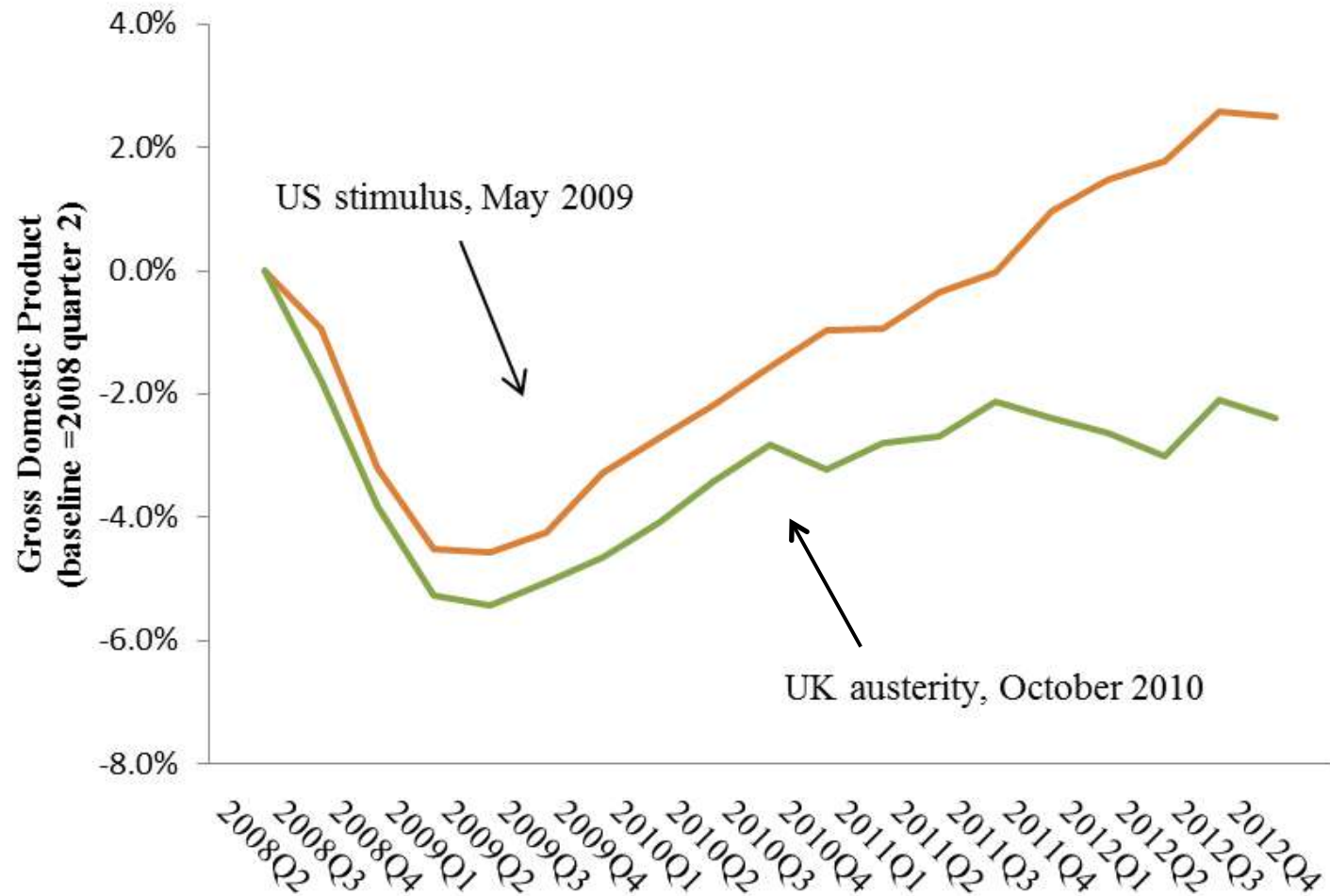
IMF Working Paper

Expansionary Austerity: New International Evidence

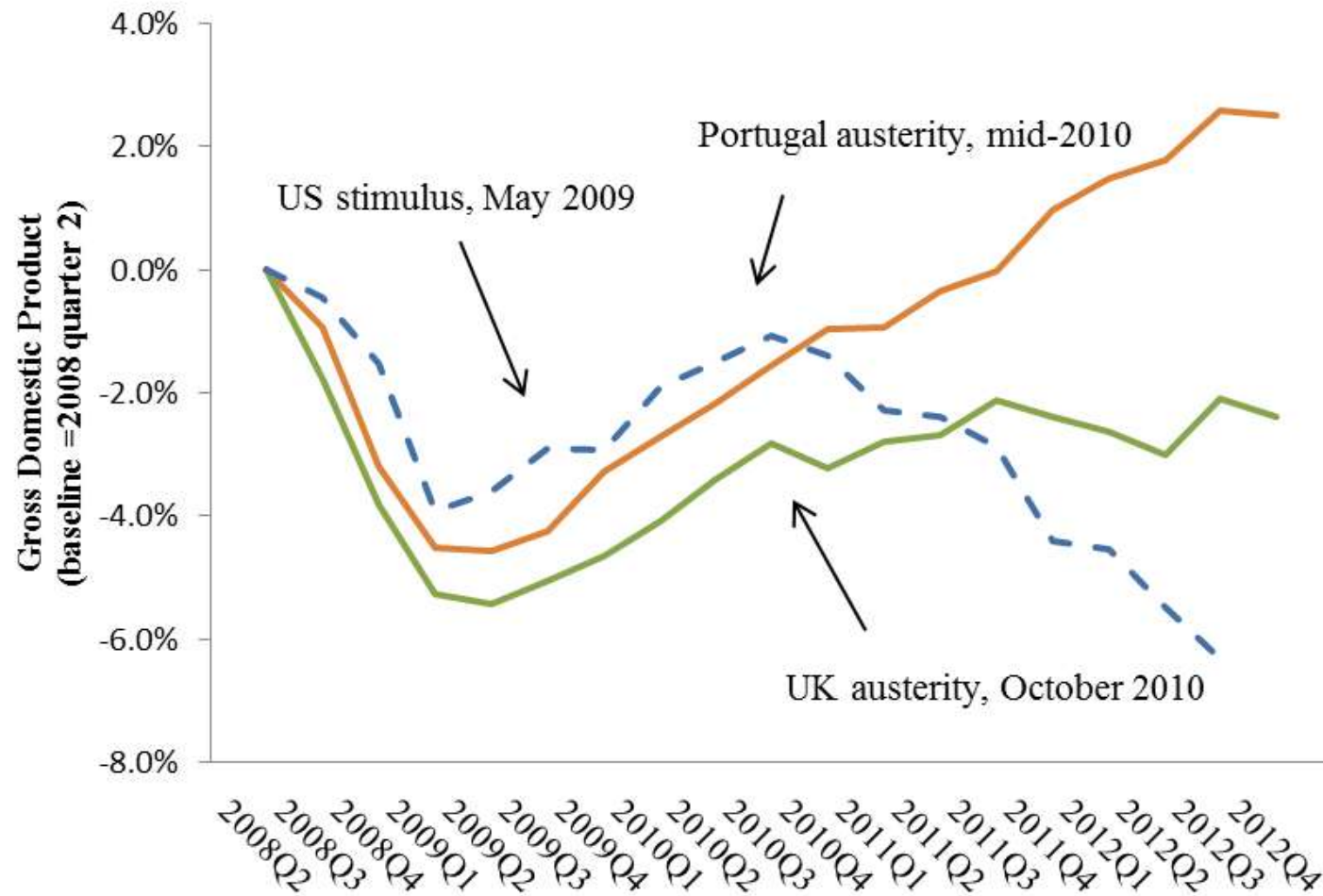
*Jaime Guajardo, Daniel Leigh, and
Andrea Pescatori*



austerity experiment



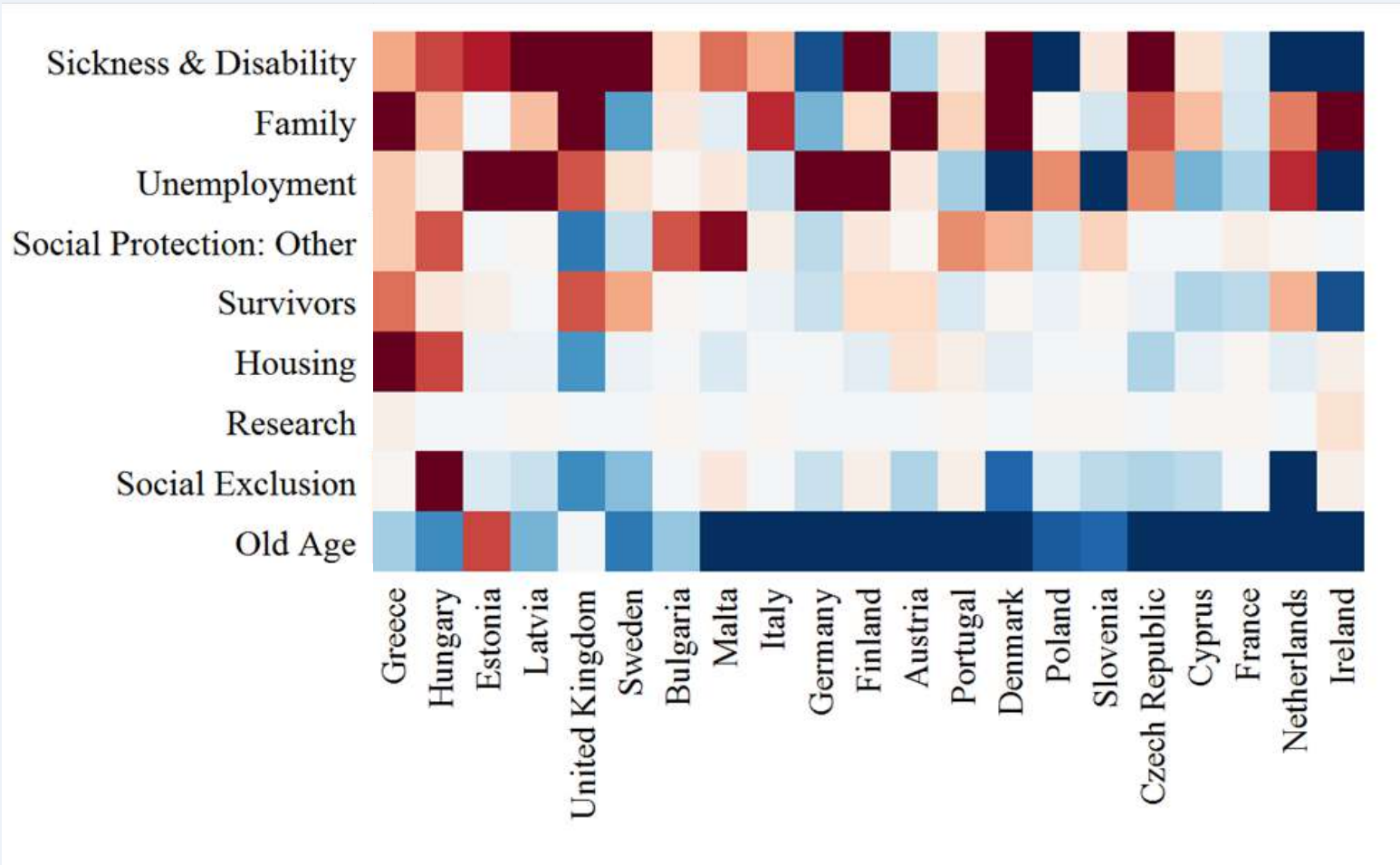
austerity experiment



Real choices

Red = reduced spending

Blue = increased spending



IMF admits error



IMF Working Paper

WP/13/1

Growth Forecast Errors and
Fiscal Multipliers

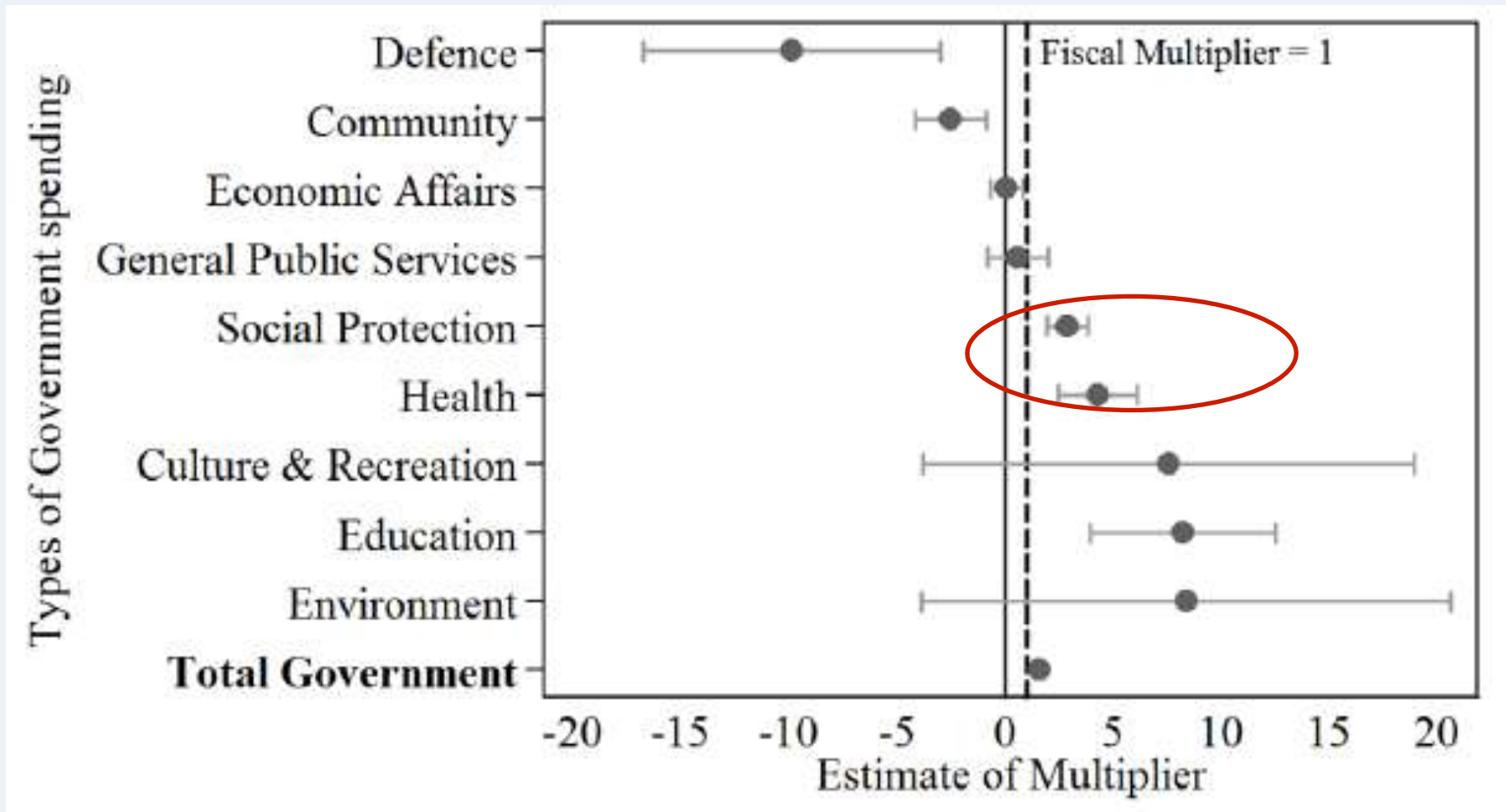
Olivier Blanchard and Daniel Leigh

“We underestimated
the negative effect of
austerity on
employment and
spending power”

Fiscal multiplier
assumed: 0.5

Actual multiplier: 1.7

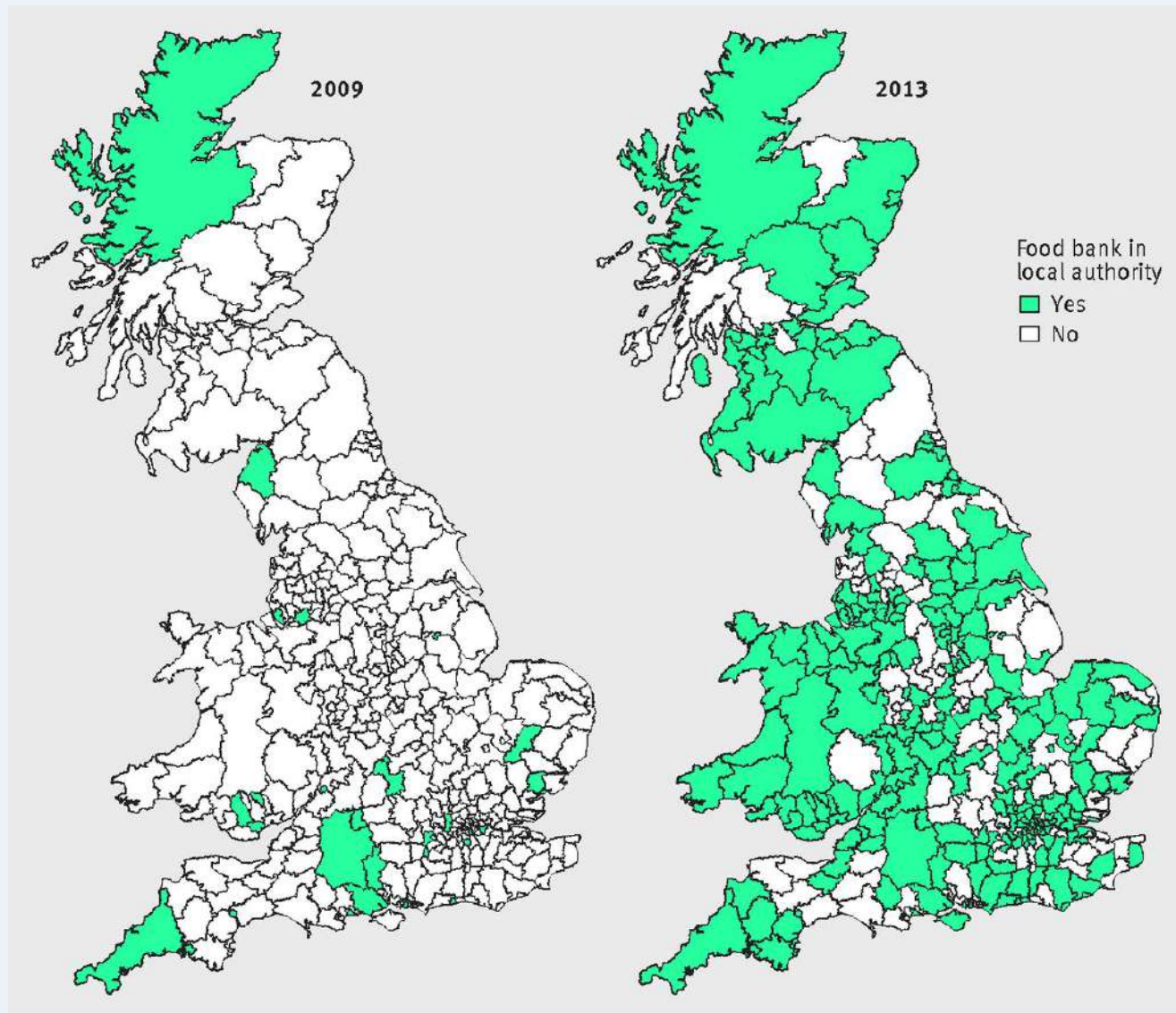
Estimated Fiscal Multipliers



Source: Reeves et al 2013



rising food bank use

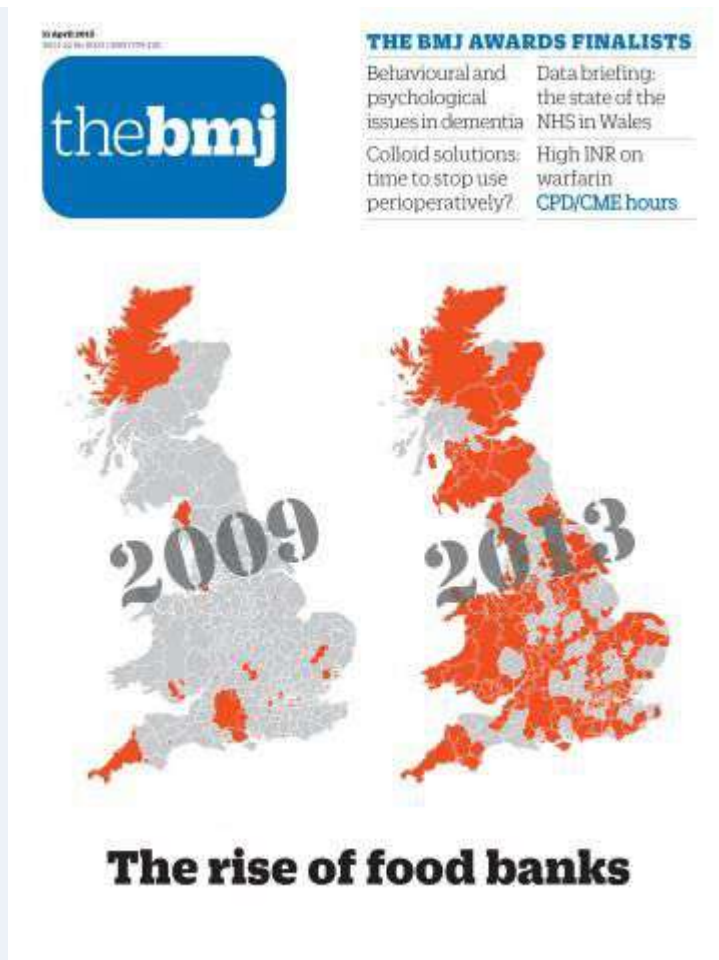


Source: Loopstra et al BMJ 2015

Austerity, sanctions, and the rise of food banks in the UK

Doctors are witnessing increasing numbers of patients seeking referrals to food banks in the United Kingdom. **Rachel Loopstra and colleagues** ask, is this due to supply or demand?

Rachel Loopstra *postdoctoral researcher*¹, Aaron Reeves *senior research fellow*¹, David Taylor-Robinson *MRC research fellow*², Ben Barr *NIHR research fellow*², Martin McKee *professor of european public health*³, David Stuckler *professor of political economy and sociology*¹



- One percentage point increase in unemployment increased likelihood of food bank opening in subsequent year by 1.08 (95% CI 1.02 to 1.14)
- Each 1% welfare cut increased odds of a food bank opening within two years by 1.6 (95% CI 1.25 to 2.03).

different views

- “not able to manage their finances” (Michael Gove, Education Minister)
- “[Food bank use can] become a habit” (Paul Maynard, Conservative MP)
- “food from a food bank is by definition a free good and there’s almost infinite demand” (Lord Freud, Conservative minister)
- “have more money to spend on alcohol, cigarettes” (Coun Steward, Conservative councillor)
- Trussell Trust is “Scaremongering” (Iain Duncan Smith, Work & Pensions minister)

Attack on the unemployed

5p DAILY EXPRESS
THE WORLD'S GREATEST NEWSPAPER
WEATHER: SUNNY SPELLS
MONDAY MAY 11, 2014 10p

CAROLINE AHERNE
TV STAR FIGHTS
LUNG CANCER
SEE PAGE 20

THE ALCHEMIST'S SECRET
GET SCOTT MARIAM'S NOVEL
FOR JUST £1
AND ENJOY THE HUNT OF A LIFE OF A NEW AT THE MUSEUM
A NEW BRILLIANT NOVEL BY A SCOTLANDER AT THE MUSEUM

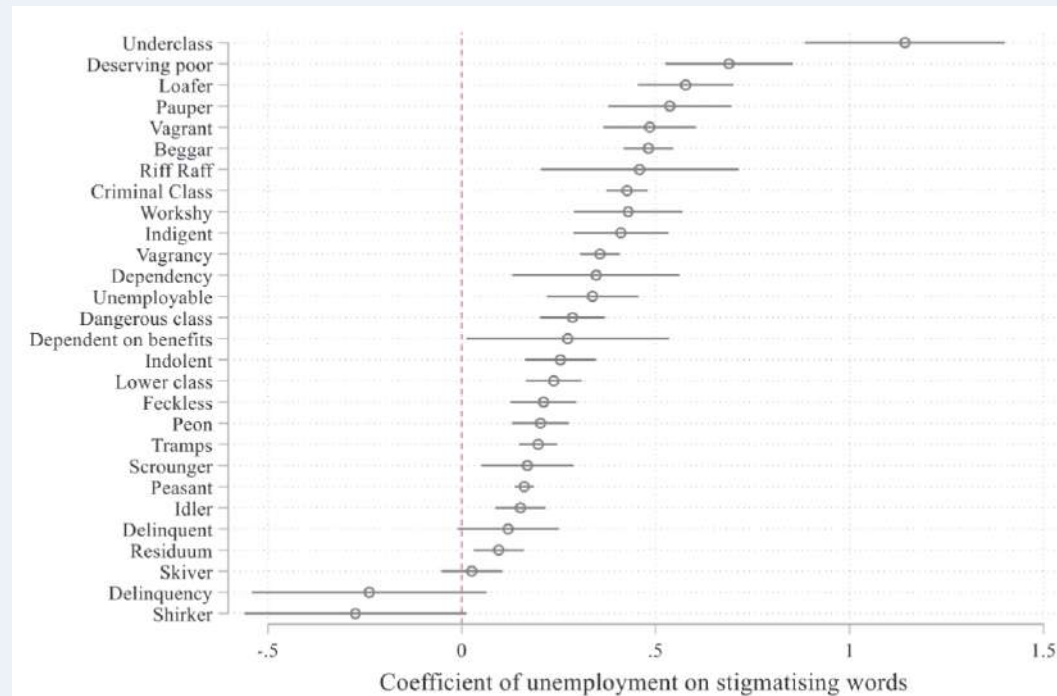
SCROUNGERS ON £85,000 A YEAR BENEFITS

Madness of Britain's handout culture

CLAUDIA LAWRENCE
Man, 59
quizzed
over
chef's
'murder'

WORKSHY households
relied in the equivalent of
£85,000 a year during
Britain's benefits boom.
The worst scroungers were
paid three times the average
working wage by taxpayers.
Figures revealed in an inquiry
by the Shadow
and caused outrage among
hard-working families.
The figures showed some
claimants received £1,171 a
week, or £27,500 a year. A work-
ing person would need a salary
of £35,000 to take that amount
and avoid being
classified as
unemployed.

SEE PAGE 2

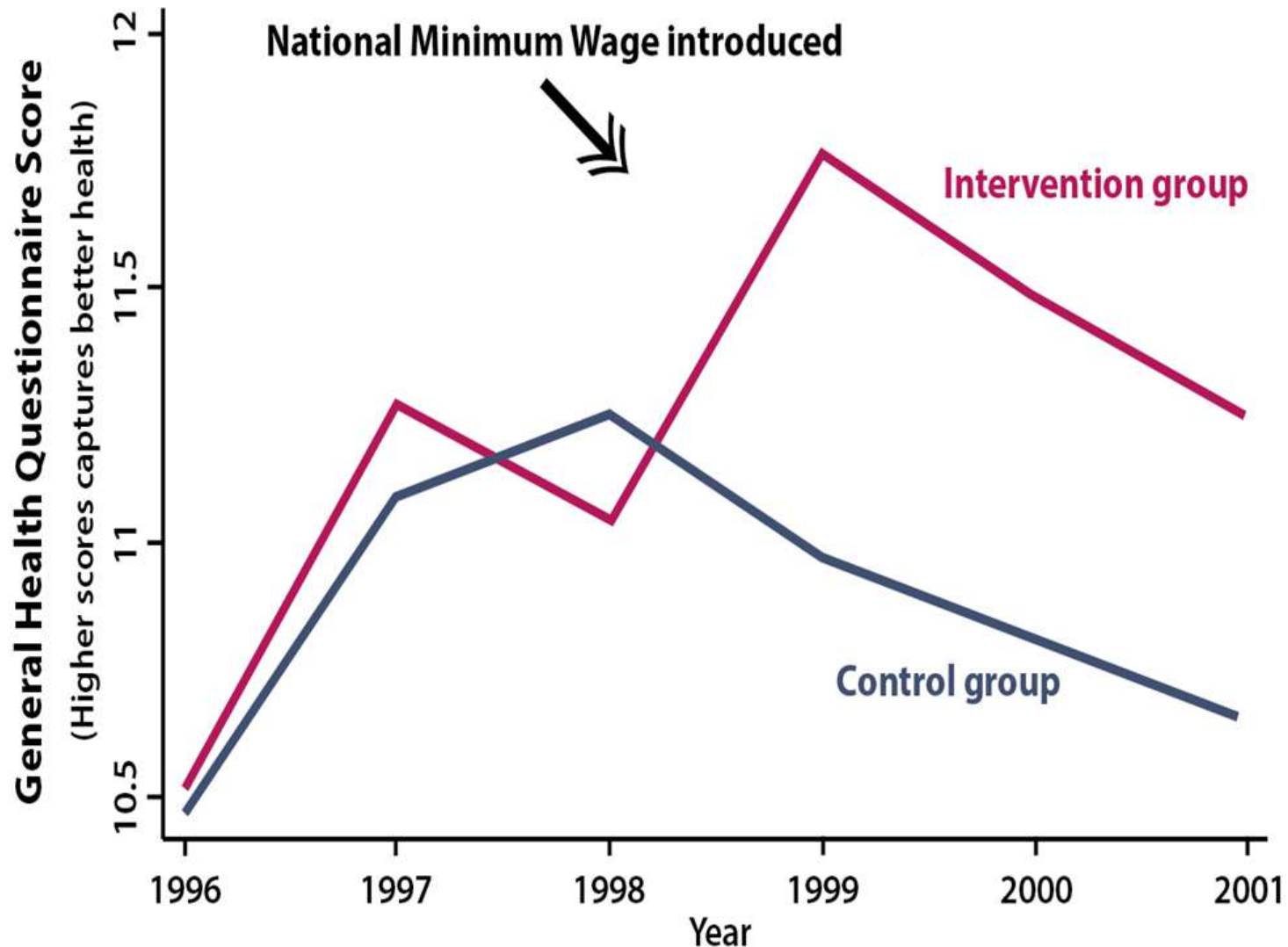


Public Health New Deal

1. 'First do no harm'
2. Help work return to people
3. Invest in social protection

Appendix slides

National Minimum Wages



A ECONOMIA DESUMANA

PORQUE MATA A AUSTERIDADE



David Stuckler e Sanjay Basu

Bizancio

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