

The human cost of economic policy

May 7 2012



Abandoned Russian hospital. Credit: Joao Paglione

New research will bring social scientists closer to uncovering the economic basis of a “gigantic human catastrophe” that followed the fall of communism in the former Soviet Union.

As scenes of violence and anger unfolded on the streets of Greece this year, the effects of radical economic change on society became all too evident. Across the European Union, government austerity programmes have been met with public protest against tough public sector cuts and raised taxes aimed at cutting deficits.

Not only do certain economic policies trigger anger and unrest, but they can also have a much deeper effect on society, drastically affecting the health and mortality of ordinary people. This is the conclusion of Cambridge [social scientists](#) Dr. Lawrence King and Dr. David Stuckler, based on a decade of ground-breaking research on the political economy

of public health.

Now, a project led by King has commenced that will look in depth at the human health cost of [economic policy](#). The study – the first to look at this on such a scale – will interview 110,000 people across the former Soviet Bloc to understand how rapid privatisation affected the health of individuals, an economic crisis that the researchers describe as a “gigantic human catastrophe”.

Previous studies of the health impact of economic decisions have relied on cross-national analyses at the country level. Although this type of research is crucial, by taking the research to the level of the individual, the new project will generate decisive evidence on the role of privatisation in the post-communist mortality crisis. “Earlier studies have been a bit like flying on a space shuttle looking down. We want to generate micro-level data to make sure that our correlations are correct,” explained King.

The study follows research by King and Stuckler published in *The Lancet* in 2009 that sought to explain why the former Soviet Union underwent dramatic mortality fluctuations following the fall of communism. Between 1990 and 1995, an estimated 7 million premature deaths occurred in the countries that emerged from the USSR, rivalling the number of deaths attributed to Stalin’s politically induced famine in 1932–1933. Mortality rates rose by 12.8% in men and life expectancy fell to 64 years in 1994, the lowest level in the post-war period.

“The magnitude of this disaster was completely unexpected,” said King, who has been awarded a five-year European Research Council Advanced Investigator Award to lead the research. “And the puzzle was compounded by the dramatic variation in the mortality experience both within countries as health inequalities emerged and between countries.”

Investigating national-level data, King, Stuckler and Professor Martin McKee, from the London School of Hygiene and Tropical Medicine, previously reported that a greater speed and scale of mass privatization, a component of so-called shock therapy, was one root cause of the rise in post-communist mortality rates.

Russia, for instance, pursued a program designed to achieve super-rapid privatisation of huge sections of the economy by giving vouchers to citizens that could be exchanged for share ownership – creating a class of ‘owners’ overnight and aiming to make the transition to capitalism irreversible. In as little as two years, almost 80% of the industrialised sector of Russia was privatised. By contrast, in countries such as Belarus, privatisation was rare and, where it did occur, the voucher system was not used. The drop in life expectancy in Russia between 1990 and 1994 was twice that observed in Belarus.

“Unemployment and the associated stress translated into increased alcohol abuse and violence, and loss of firm-provided medical care and reduced fiscal spending on health led to decreased access to and quality of health care,” said Stuckler.

Their results attracted much debate in the global media. Critics proposed that factors other than privatisation might correlate with mortality rates and that cross-national data might conceal the true cause. The new study will provide decisive evidence on the debate by adopting a new methodology not previously used in such analyses: using interviews with random population samples to collect data on the deaths of relatives to estimate the key factors underlying mortality. The study will also examine the importance of occupation and education on mortality, and how this has changed over time.

The research teams led by King and Stuckler have also undertaken several other studies that trace links between economic programmes and

health, including the link between the Greek financial crisis and an increase in HIV, heroin use, prostitution, homicides and suicides. Their teams' work has also assessed the role of economic policies of the International Monetary Fund in the rapid spread of tuberculosis in Eastern Europe and the former Soviet Union; and the role of financial crises worldwide and the transmission and control of infectious diseases.

On the basis of their studies, they argue that political and economic policies and processes can affect the lives of millions. “Economic policies can ‘get under the skin of individuals’ and have a huge impact on public health,” said King. “Not just privatisation but also freeing up markets, austerity programmes and deregulation. Policies that are being promoted to create a unified global market, if not paired with social policies to protect people, can have negative health outcomes. We want to understand why some communities and individuals are more vulnerable than others to economic upheaval and how governments can plan ahead.”

As Europe remains in the grip of economic hardship and punishing public sector cuts – the societal effects of which might well be felt beyond economic recovery – what steps can be taken to mitigate putting lives at risk through government spending cuts? “Strong social support networks,” said Stuckler. “Putting in place protective social and public health policies during, and in advance of, economic shocks appears to be key to avoiding ordinary people paying the ultimate price.”

Provided by University of Cambridge

Citation: The human cost of economic policy (2012, May 7) retrieved 27 April 2024 from <https://phys.org/news/2012-05-human-economic-policy.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private

study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.