

THE GLOBAL FINANCIAL MELTDOWN: IMPLICATIONS FOR HEALTH IN DEVELOPED AND DEVELOPING ECONOMIES

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Abstract

The global financial crisis compounded by the climate change, food and fuel crises, has caused unprecedented changes in the world order, global health inclusive. Loss of share values in capital markets left many investors deprived and devastated, especially those with compromised state of health. People adopt different coping behaviour as a result of the shock and aftershock. Reduction in the standard of living, increased family violence, prostitution, drug addiction, mental illness and premature deaths have been reported in different countries. Non-communicable diseases are on the rise especially in developing countries.

The World Health Organization (WHO) and technical partners took giant strides to contain many communicable diseases across the globe. These gains could be damaged by the economic meltdown if donors retract their support. Globalisation efforts in post-health revolution should find Nigeria as a donor not a receiver of aids in a world where diseases have no boundaries. It is the contention in this paper that proactive leadership is needed to navigate through these

difficult times and be able to catch up with the upturn when it arrives.

Key Words: Global financial meltdown, health implications, developed and developing economies

Introduction

The global financial crisis and subsequent impact on the Nigerian economy has triggered off ripple effects and bubble bursts on the health of individuals and Nigeria as a nation. The four-dimensional global phenomena of climate change, food, fuel and financial crises have taken a greater toll on developing countries where little or no plan is in place to absorb the shocks of these unprecedented changes. Such crises or meltdown as experienced in 2008 have shown the vulnerabilities of health and development initiatives focused on short term wins and reliant on a constant flow of foreign funding (Schneider & Garrett, 2009). The Alma-Atta Declaration of 1979 in the former Soviet Union gave provision for health for all via primary healthcare activities for sustainable health and development. However Millennium Development Goals (MDGs) were

emphasized in the past decade, as more funds were galvanized by governments, the WHO, individual donors and faith-based organizations to support health activities, especially in developing and emerging economies.

Supportive systems and capacity building have been put in place to support health care programmes. Health care reforms have been carried out in many countries to cope with the changing government policies e.g. National Health Insurance Scheme (NHIS), public-private participation, among others.

The World Health Organization (WHO) has played a major role in improving the quality of life of people around the globe through continuous interaction with ministries of health and donor agencies to ensure favourable policies in the areas of global coverage of immunization against killer diseases. Attention was focused on the vulnerable groups to ensure effective distribution of medicines and more recently, aggressive mobilization of funds, human resources and equipment to contain the spread of contagious diseases in the global village. The world health is therefore closely tied to the wealth of nations and international agencies that fund the activities of the WHO. All countries are signatories as members of the WHO.

Nigerian Economy before the Meltdown

Nigeria earned mouth watering profit from crude oil sales over a period of ten years (less than \$20 a barrel in 1998 to \$147 per barrel in July 2008). However little or nothing was done to improve the infrastructure or standard of living of ordinary Nigerians. Throughout this period, medicare became expensive, and in accessible to the poor, while the cost of domestic fuel (petrol, diesel and kerosene) was arbitrarily hiked to about seven times within the period (Adewale, 2008).

Crash in Nigerian Capital Market and Health

The crash of the Nigerian Capital Market has been unprecedented in 2008, with its capitalization nose-

diving from an all time high of N13.5 trillion in March, 2008 to less than N4.6 trillion by the second week of January 2009 (Olisaemeka, 2009). With the crash went the wealth and health of many Nigerians and their families who were directly or indirectly tied to this reckless financial misadventure, occasioned by the key players that allowed the nation to float to that level of financial quagmire. People lost their investments in shares—some of which are their life savings. These losses invariably become stressors, which exacerbate any ailing health condition, especially with ageing. Desperation and despair set in and life expectancy drops further as people feel they had been dispossessed of their means of livelihood.

Infrastructural Problems, High Production Costs and Health

Poor infrastructural facilities in Nigeria are bound to get worse, with the economic downturn. With plummeted value of stock, manufacturing companies found it even more difficult to raise capital to do business; and where available, at a prohibiting interest rate. High cost of production has forced a number of companies in Nigeria to relocate to the neighbouring countries like Ghana, where electric power supply is constant for good business. Relocation of industries to other countries would translate into laying off Nigerian staff and employing indigenous labour in the new domicile country, as part of social responsibility, for convenience and reducing cost of labour. Job losses in an overstressed working class lead to increased stress, and more health related problems. Chief executives are not spared from these stressors as they grapple with the problems of managing under conditions of high environmental uncertainty. Laying off good staff is always a painful and difficult decision for management.

Pension Assets and Health

Following the Pension Reform Act of 2004 in Nigeria, pension assets are now privately managed by pension fund administrators. Deducted

employee emoluments were invested in a variety of instruments, including equity. It was estimated that more than N2 trillion of pension assets went down the drain, as a result of the meltdown, casting doubts on the ability of these pension administrators to pay retirees their pension and gratuities (Olisaemeka, 2009). There were cases where pensioners slumped and died while pursuing their entitlements or were involved in auto accidents while struggling to process their papers. Some were known to have died of malnutrition, or from inability to afford medical check-ups and cost of medicines. Some lack roof over their heads. When pension is not received as and when due, these senior citizens are unable to plan their lives, make choice of food, pay their bills and may lack necessary support from relatives.

Some pensioners and individuals became mini-stock brokers and prospectors of sorts, and lived solely on the sale of shares. Some sold their property to invest in apparently more lucrative shares. Their wealth crashed with the plummeted share values. Their health also paid the price. Some of these investors might have compromised state of health (e.g. diabetes, high blood pressure), which could be aggravated by losses in investment inequity.

Consequent upon downsizing in financial institutions and other companies, some people resorted to different coping behaviour to weather the storm of economic downturn, some of which are unhealthy, e.g. drinking and smoking. Family feud could be worsened and payment of the dependants' school fees could be more difficult and stressful. Spouse battering could be on the increase, and more cases of separation or divorce, with implications on family health. Infidelity is on the rise in some communities, with possibility of contracting sexually transmitted diseases (STDs) e.g. HIV/AIDs by unprotected family members. These have far-reaching health implications on the family, society and the nation at large.

Endemic Corruption, Anti-growth Behaviour and Health

Health is wealth as the adage goes. A country would prosper if her citizens (leaders and followers) are healthy, productive and do not possess many anti-growth behaviours, such as corruption, and bad work ethic. Prosperity helps to create space in the hearts and minds of a people, so that they would develop a healthy emotional and spiritual life (Dike, 2008). The life of any individual burdened with the vices of poverty is miserable and short as he or she grapples with the daily struggle for survival.

Fraud in the banking sector and the resultant abuse of the electronic banking system, caused the loss of money in various local and international money transfers and drawings. Also the economic downturn has limited cash remittance from siblings abroad to their relatives in developing countries. The up-keep and health care of these people could be comprised.

The ruling class' insensitivity to the social and health problems in the country continues to undermine the overall health status of Nigerians. Poor infrastructural facilities in hospitals and health centres nation-wide, industrial action by doctors, nurses and other health workers and erratic power supplies are very serious problems affecting quality health care in Nigeria. The situation has worsened, and demands are unmet with the deepening economic crisis. Meanwhile the leaders and their cronies lavish the nation's wealth on maintaining their own health in good hospitals abroad.

Lack of portable drinking water in Nigerian cities and villages and the prevalence of water-borne diseases have caused ill-health, morbidity and sometimes mortality even from minor ailments in these times of economic meltdown. The disease burden is also great in endemic and some rural areas in Nigeria. There were opportunities to

minimize the impact of typhoid fever, guinea worm infestation and a number of water-borne diseases. Poor electric power generation has adversely affected businesses and the people's health in a variety of ways. The climate change has resulted in dusty weather changes with more adverse consequences for asthmatics and those with airway disease conditions. Environmental pollution in form of fumes and toxic emission from power generating sets used in homes has worsened the health status of many people. Noise pollution from these generating sets at night is a health hazard. Increased risks of fire incidence are possible and contact with fuel could worsen illnesses in a vulnerable population. Poorer people in the society who would not afford the power generating sets and fuel would have to contend with the high ambient temperature and noise. In mosquito-infested environment as found in Nigeria, malaria attacks will be more rampant in cities with little or no public health attention. Man hours and financial resources are drained in the course of treatment in an already depressed economy. Poor health and low productivity are inevitable, thereby driving the economy into deeper recession.

The Nigerian ruling elite is said to be content to live with the imperialist domination of the world economy and have abandoned any idea of really developing Nigeria. Instead of injecting huge resources realized from the upswing in oil prices to the provision of education, health care, housing, infrastructures; the ruling class concentrated in building external reserve to gratify the profit interest of global financial institutions and local partners before the meltdown (Adewale, 2008).

Use of sectarian violence as a diversionary measure for serious national political and economic problems is evident. Poor people are easily recruited into such fratricidal operations, with family members internally displaced, wounded or lost during such crises. The health implications are enormous especially in the young and elderly

vulnerable groups.

Economic Crises and Mental Health

The human factor of production can only be maximized in powering an economy if human capital is developed, fit and empowered to contribute to national development. The wealth of a nation is synonymous to its health, and closely tied to its ability to recover from the shocks and aftershocks of economic downturn.

There are increasing cases of psychiatric disorders, with increasing frustration from the economic depression. Drug abuse, misuse and addiction are likely to increase among unemployed youths and adults who lost their jobs. Asian economic crises led to a sharp unemployment-related increase in suicide mortality in East Asian countries. In European Union countries rising unemployment was associated with significant short-term increase in premature deaths from intentional violence including suicides (Utela, 2010). In developed countries, active labour market programmes existing in some Organization for Economic Cooperation and Development countries can prevent some adverse effects of economic downturns. Services to support those in need should be provided and advocacy for societal support measures is of considerable importance. In Nigeria, growing unemployment receives little or no attention from the government. Idle minds are devil's workshops with high possibility of these unemployed people indulging in social vices and unhealthy life-style.

Mental health manifestations of downturn could be in the form of increased family violence, destitution, drug addiction and outright lunacy. The Nigerian population is not an exception. Destitutes and mentally ill people in our society stand less chance of receiving welfare services and medical attention from a government overwhelmed with economic crisis.

Poverty, Social Protection and Health

The triple global financial, food and fuel crises were estimated to increase the number of the poor by between 53 and 64 million people in 2009, based on the World Bank parameter of those on less than \$2 a day and \$1.25 respectively (Chen & Ravallion, 2009). Job losses are common features across countries.

Loss of job or income in poor households is a serious shock and has many social and health implications in those households and the community at large. It could push vulnerable households into a vicious cycle of chronic inter-generation poverty in the countries studied, Nigeria inclusive (Overseas Development Institute (ODI), 2009). Evidence from Zambia's copper-belt region suggests an increase in commercial sex work as households struggle to cope with the meltdown, with high risks of contraction of sexually transmitted infections (Green, 2009). Job losses are also accompanied by worsening employment conditions. Hard working men and women spend more time at work for the same pay to retain their jobs. They also have less time to care for their siblings and the sick, less time to rest, and thereby undermining their own health and well-being.

Impact assessment of financial crisis shows that Nigerian government uses a strategy of promoting fiscal stimulus packages while controlling a widening deficit by reducing social sector expenditure (te Velde et al, 2009, cited in ODI, 2009). If other policy measures do not create an enabling environment for recovery, it would still be an exercise in futility.

The Downturn and Investment in Health in Africa

The global economic meltdown comes at a time when investments in service delivery and health capacity-building in Africa by private, public governmental and non-governmental organizations (NGOs) are making steady progress

in addressing the complex health issues that confront Africa (Collatella, 2009). Foundations that support health programmes (e.g. Bill & Melinda Gates Foundation, Clinton Foundation, Merck & Co Inc, GAVI Alliance, among others) may slow down their support, leading to more serious problems in areas of containing child killer diseases, vaccines procurement and other aid packages. Possible reduction in food supply to starving communities in developing countries could cause more illnesses and deaths.

The global health agenda is now facing a period of uncertainty. There is need now more than ever before to have health infrastructure and human resources for health that are scalable, replicable and sustainable. Health programmes as much as possible should have community based ownership to enhance efficiency and sustainability.

Climate Change, Economic Crises and Health

Climate change has aggravated economic and health conditions of people around the world in the last couple of months. The earthquake that struck Haiti in January 2010 killed over 200,000 people and left the place a humanitarian disaster. The global community trying to recover from recession could not offer sufficient help to the people desperately in need of food, shelter and health care. The earthquake that struck Chile and China in March and April 2010 respectively left sorry sites, with lives lost and health bearing the brunt. The poorer the nation, the more devastating is the impact of the economic crisis and the more difficult it is to galvanise health resources for recovery. More recently, the volcanic ash cloud eruption in Iceland has caused panic in the aviation industry across Europe and other continents. The full implication of the dust on health has not been determined, but the industry has suffered a loss of over \$1.2 billion before flights resumed.

In March 2010, a greater part of Nigeria was covered with dust cloud that lasted for days,

leading to the cancellation of flights in some occasions. The health implications on asthmatics and people allergic to dust are far-reaching.

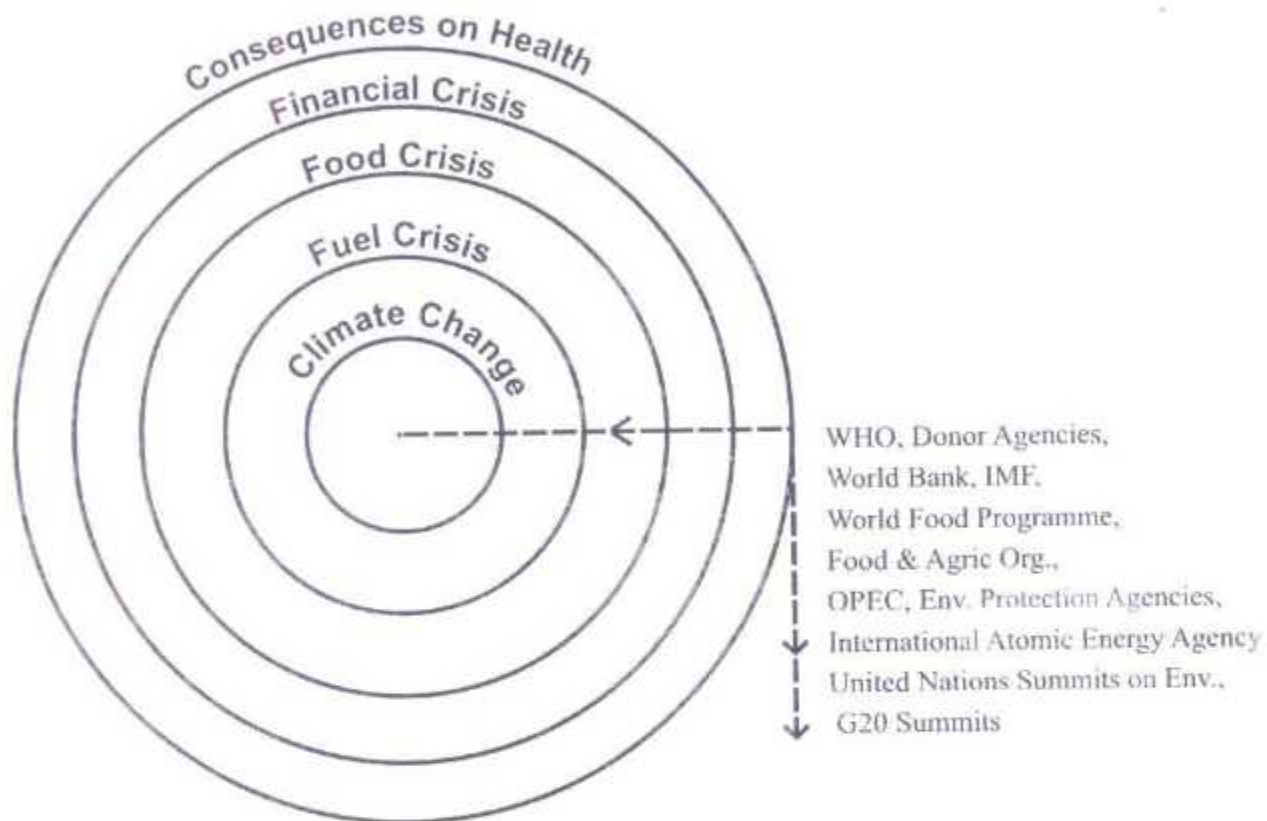


Fig. 1 Global Economic Crises and Health-Centric Reglobalisation Efforts

The global economic crises are outcomes of the food, fuel, financial crises and climate change. These major forces exert enormous influence on the global and national wealth/health. Stabilizing forces in a changing world include the activities of the WHO and national ministries of health, World Food Programme, Food & Agricultural Organization, International Monetary Fund (IMF), Organization of Petroleum Exporting Countries (OPEC), Environmental Protection Agency, International Atomic Energy Agency (IAEA), Donor countries and Agencies, NGOs and the United Nations.

The global economic centrifugal forces (meltdown) must be balanced by the international community and agencies through international commitment, combined with far-reaching decisions in global summits, geared towards making the world a safer (free of nuclear and biological terrorism) and healthier place. These measures would reduce the possibility of deglobalisation in a fair and just world.

Global Health and Economic Crises

Emergency solutions to global health and

development challenges were proffered for too long, which often reflected donors priorities, values and political leanings rather than funding durable health systems that can withstand crises. Between the years 2000 and 2006, the estimated donor commitments to global health increased by 200% from \$15 billion to \$45 billion. The number non-governmental organizations (NGOs), faith-based groups and private actors contributed to the boon. But the food, fuel and financial crises of 2008 threaten to erase these achievements, thereby pushing those people of the world that saw hope on their horizons back into dire poverty, disease and despair (Schneider & Garrett, 2009).

The Millennium Development Goals (MDGs) were developed by the international community as a set of ambitious targets to anchor by 2015, with the overall goal of reducing global poverty and improving the health and welfare of the world's poor. Of the eight MDGs, three related specifically to health issues while the others interrelated, addressed health and development through education, sanitation and poverty alleviation. In the face of global recession, fiscal pressures in affluent countries may prompt cuts to official development assistance (Chan, 2008).

WHO Activities and Threats of Economic Downturn

The Director General of WHO gave an end-of-year message in Dec. 29, 2009 with the following information:

Support from GAVI Alliance led to high immunization coverage, and deaths among young children dropped below the 10 million mark for the first time in a least 60 years. Measles deaths dropped by a remarkable 78% from 2000-2008, prompting a call for the elimination of the highly contagious disease in the near future. This ambition could be scuttled in the face of scourging global economic crisis.

Anti-retroviral therapy for people living with HIV/AIDS in low-and middle-income countries reached an all-time high in 2007. Also new HIV infections reduced by 17% in 2009, while the global treatment target for tuberculosis was surpassed at the same with estimated 36 million people with tuberculosis cured. The world malaria report showed significant reductions in malaria deaths due to good implementation of recommended health programmes (Chan, 2009). All these gains would be in jeopardy if the global economy continues to take a downturn and donor organizations and nations retract to grapple with the impact of the crisis.

Score card on public-private partnerships for research and development showed the development of new medicines and vaccines for malaria, pneumonia, diarrhea and prevention of cervical cancer. With good surveillance systems, SARS and highly lethal avian influenza pandemic were picked and contained due to increased national and international preparedness. All these public health efforts by WHO would be reduced significantly if funding from the international community drops due to economic meltdown.

Worldwide, inequalities have increased. Differences within and between countries in income levels, in health status, in access to care, are greater today than at any time in recent history. Everywhere, the poor are about a century behind their wealthy counterparts in these parameters. WHO data show that catastrophic health care costs drive an estimated 100 million people below the poverty line each year. Developing countries have the greatest vulnerability and the least resilience. They are hit the hardest and take the longest to recover (Chan, 2009). Nigeria with its teeming population is not an exception.

Tobacco Smoking Cessation and Health.

Health promotion and tobacco control depend on regulation and enforcement capacity of the

International Health Regulations of 2005, which in turn are dependent on international funding. Groups already responding to tobacco smoking cessation could relapse as national surveillance and other control measures relax.

When bad policies are made in other sectors, the health sector is inundated with a wave of diet-related chronic diseases. The relapse of tobacco smoking could increase the incidents of pulmonary diseases, lung cancer inclusive. These conditions take their toll on family resources and well-being.

Global Health Politics and Economic Downturn

The global health's political revolution which unfolded over the preceding 10 to 15 years ended in 2008, when the four global crises damaged global health and altered the political, diplomatic, and governance contexts in which global health activities operate. These crises revealed limitations in global health's ability to shape large-scale political, economic and environmental problems that adversely affect health or harm underlying determinants of health (Fidler, 2009). In the health's post-revolution period, global health faces the daunting challenge of making the re-globalization process caused by global economic crises as health-centric as possible. The post-revolution path would be determined by how decision makers explore and exploit the global health's meso-political space in world affairs (Fidler, 2009). The downturn has produced severe reductions in leading indicators of globalization, leading to the feeling of emergence of deglobalization a global retreat as economies dry up (Faiola, 2009, cited in Fidler, 2009).

Conclusion

In the face of profound and unfair consequences of the global economic crises for health, leaders in developing countries like Nigeria should look inwards and stop depending on aid package from donor agencies and governments. Nigeria needs a healthy and proactive leader with a sound mind to

join the committee of world leaders in charting a course for a healthier, more secure and more prosperous world. Institutional reforms in the banking, agricultural and health sectors to mention a few, are necessary to stimulate the economy, produce food for the masses, provide employment, ensure good health of the citizens and take advantage of the upturn when it arrives. Equitable distribution of wealth within and across the nations is important to transform Nigeria and the world into a healthier society. The nations' resources should be channeled towards genuine development and not fueling conflicts and their resolution.

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