The global economic crisis: effects on mental health and what can be done

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The character Gordon Gecko in the film 'Wall Street' lived by the mantra 'Greed is Good'. The events that unfolded towards the end of 2008 exposed in dramatic fashion the downside to greed and led to the worst global economic crisis since the Great Depression of the 1930s. Economic contagion in the US spread rapidly as many countries experienced failures in key businesses, declines in consumer wealth and increased financial debts. While the economic and political implications have been studied in detail, the impact on health – especially that of mental health – has received much less attention. This essay aims to achieve a critical analysis of causality (or lack thereof) between an economic crisis and mental health, using a combination of statistical review, psychological theories and common logic. This will hopefully impact on our understanding of the causes of mental health problems in times of economic insecurity and assist in developing strategies to ameliorate them.

While an economic downturn is quantifiable, it is not an easy task with mental health. For the purposes of this essay we propose a view of five principal components of mental health, which have been accepted by many Western philosophers and summarized by Peter Warr from the University of Sheffield.[1] These five interacting components of mental health are affective wellbeing, competence, autonomy, aspiration and integrated functioning. However, we recognize that there are other ways of conceptualizing the component of mental health.

The crux of this essay is an analysis of causation between the economic downturn and these components of mental health. The downturn is likely to exert its impact through a series of interlinked factors, but studies highlight that job-related problems, particularly unemployment, are the key determinant risk factors for mental-health-related difficulties.

Clearly, unemployment is a major concern in times of an economic crisis. Prospective studies unsurprisingly show that unemployment has a causal influence on depression.[2] Common sense dictates that depression will reduce the chance of re-employment and reintegration into an already strained economy and eventually the chronically unemployed suffer increased debts. Longitudinal data show that financial difficulties lead to increased major depression,[3] with housing payment problems and consumer debt leading to poorer mental health. In short, the quintessential 'vicious cycle'.

In relation to the components of mental health, longitudinal studies indicate significant deterioration in affective wellbeing after job loss,[4] with individuals scoring lowly on separate indices of affective wellbeing such as being content and having anxiety and depression. Competence is expected to decline following unemployment because of loss of skills which might be applied in future jobs. The constraints of unemployment might be thought also to cause reduction in autonomy, with studies showing that belief in self-direction and locus of control decrease.

Those keeping their jobs are not immune to the effects of the crisis. Anxiety about job insecurity complicates existing depression and acts as a chronic stressor with cumulative effects over time.[5] On the basis of the five components of mental health, job insecurity most likely affects the aspects of autonomy and aspiration. The autonomy of the individual to determine and control his workload is threatened by the contraction of the workforce as this usually implies that the

remaining employees bear an expanded workload. Thus, the aspiration of the individual to pursue opportunities of employment is restricted by fewer choices and more stringent job requirements in the labour market.

Insult to these components of mental health leads the anxious working individual to go down a slippery slope. Tolerance for changes to the status quo may be reduced in times of an economic crisis following anxiety of job insecurity. This decrease in psychological strength has serious implications, as commercial firms are likely to lay off workers who are seen to be less productive because of behavioural or physical problems caused by their mental insecurity, leading them down the series of insults to health relating to unemployment.

The economic crisis clearly negatively affects the unemployed individual, leading to a series of unhealthy and risky coping strategies to deal with new stressors. These coping strategies vary in intensity, frequency and prevalence with the most common ones being alcohol and substance misuse and suicide, which are pertinent areas of study in psychiatry.

Clearly, a significant proportion of the unemployed will resort to alcohol and substance misuse.[6] Trend cycles show that an economic downturn is often associated with binge drinking. Within Europe, pronounced job losses (more than a 3% increase in unemployment rate) is strongly associated with an increase in alcohol-related deaths.[7] In an economic crisis, the impact on mortality and morbidity is exacerbated where people have easy access to unhealthy coping mechanisms. This was evident in the former USSR during the post-communist depression. In the interest of monetary gains, entrepreneurs began manufacturing creative variants of the traditional alcoholic drinks which though cost less unfortunately produce the same or more damaging effects, due to the increased consumption along with increased misuse of illicit substances.

Others may slide down the depression scale so quickly that suicide becomes an option of relief. In the EU, there is a close correlation between national unemployment and suicide rates, with every 1% increase in national unemployment being associated with a 0.8% rise of suicide in people under 65 years of age.[8] Suicide appears a more common coping mechanism in Asian cultures, who uphold the concept of 'saving face' instead of continuing life with little self-esteem, a mentality reminiscent of the hara-kiri culture. In the year following the 1997 Asian financial crisis, suicide rates among men rose 45% in South Korea, 44% in Hong Kong and 39% in Japan, on a background of Internet-organized group suicides.[9]

While the above data may be predictable, epidemiological data from history do not always concur. Despite the iconic image of businessmen jumping from their window ledges in Wall Street during the Great Depression, mortality rates from suicide in America actually fell by 10% during that entire period. On the contrary, the post-communist depression era which saw an economic decline of similar magnitude witnessed suicide rates increase by 20%. The Asian Financial Crisis, while producing increased suicide rates in East Asia, caused no obvious change in death rates in Malaysia and only short-term rises in Indonesia and Thailand.[10] This observation has implications for public health measures for the current financial crisis. Were the protective factors in these countries purely cultural and/or situational or were they attributable to a strong social support service?

The higher incidence of child neglect and abuse among unemployed, is also noted, with research consistently highlighting that job loss and inability to find work are more common among known abusers than what should happen by chance.[11] The causal interpretation between unemployment and abuse is difficult because of significant correlations between maltreatment and a wide range of indices of social deprivation in addition to unemployment. Nonetheless, a marked rise in abuse will lead to a future generation plagued with a risk of certain personality disorders and post-traumatic disorders, which place a huge burden on the suffering individual, society as well as the responsible health services.

The cognitive, social and emotional deficits to children growing up in extreme poverty are crucial in child psychiatry and resonate in behavioural disorders. Early socioeconomic adversity experienced by children may also disrupt their successful transition into normal adulthood by endangering their social, academic and occupational potential. The findings show continuity of family adversity over generations; in other words, transgenerational poverty.

The increase in psychological disorders during an economic crisis is manifold. The subjective features of mental health problems translate into an increased use of GP consultations as well as the use of mental health and support services.[12] The financial downturn also makes private healthcare much less viable for an increasing number of people particularly in developed countries like the UK where a substantial proportion of the population tend towards private healthcare. This might reflect the situation in East Asia in 1998, when there was a significant shift of patients from private hospitals to public health facilities.[13] Indeed, given the current financial constraints, the ability of the NHS to deal with this increased burden will be seriously compromised.

While the NHS does not feature highly on the newest emergency budget cuts, the mental health profession has learnt from history that it is not a priority even within the NHS. Rethink[14] highlighted significant cuts in mental health services in places ranging from Cambridgeshire to London, causing closures of acute mental health service wards, occupational therapy clinics and loss of rehabilitation beds. This is a trend which is likely to continue into the next few years, and one wonders how the mental health establishments will cope with a decreased financial allocation and an increased demand for mental health services.

The silver lining to this economic downturn is its positive outcome of placing understated mental health issues into the spotlight. While it would be ideal to solve the underlying problem of the economy, this is best left to government policy-makers. The next course of action for mental health services is to make sense of the behavioural models relating to economic crises and devise actions to alleviate the impact of the economic crisis.

One of the most contentious points from our work is the presence of causality between economic insecurity and suicide rates. Malaysia detached itself from the common-sense association of unemployment and suicide rates when it ignored the advice of the international financial community to reduce spending on social protection.[15] Closer to the UK, suicide rates in Sweden and Finland decreased despite substantial increases in unemployment rates.[16] This may be attributed to the Nordic social welfare model which produces high social protection and labour market programmes,[17] as well as national suicide prevention activities. These support services boost the majority of the five components of mental health described earlier, especially in the more objective behavioural aspects of competence, autonomy and aspirations of the individual.

Expanding beyond active labour re-integration, countries which have shown alternative sources of social support have also shown a reduction in adverse health effects like depression, anxiety and suicide. Research in the former USSR showed how these mental health problems were substantially reduced when many people were members of trade unions or sports clubs.[18]

Controlling the popularization of unhealthy coping mechanisms is also a key public health measure. High-profile reports of suicides such as recent coverage by France Telecom may provoke imitation and suicidal ideations in an otherwise stable though psychologically vulnerable individual.[19] As alcohol problems and mental health are also closely related, it would be wise to restrict any rise in alcohol or drug accessibility during these times, and perhaps even consider a more stringent alcohol taxation protocol.[20]

On a larger scale, the 2004 WHO declaration on mental health in Europe calls for work on social inclusion of stigmatized groups, among them the impoverished and unemployed. It is committed towards providing education, information and support programmes targeting these high-risk groups, as well as the implementation of community development programmes. We hope that national health authorities worldwide embody the commitments of the declaration, which are predicted to have a positive impact on the social interaction, niche and status of the financially strained individual in society.

The ultimate impact of the current crisis on mental health and its associated services will not be known immediately, but from history we can predict that the outcomes are not likely to be positive. A careful evaluation of any proposed short-term budget cuts is urgently needed. It would be sensible to avoid cuts that would eventually cost the health service more; and even more crucially we have to recognize and embrace the key steps that may ameliorate the detrimental effects of this economic crisis.

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