March 2009 background sheet 1:

The impact of recessions on Global Health

Some past examples

- A study by Christina Paxon of Princeton University and Norbert Schady of the World Bank analyzed the impact of a crisis in Peru in the late 1980s on infant mortality. They show that there was an increase in the infant mortality rate of about 2.5 percentage points for children born during the crisis, implying that about 17,000 more children died than would have in the absence of the crisis. They suggest that the collapse in public and private expenditures on health played an important role.

- A severe economic crisis in Argentina in 2001 led to drug shortages that prompted the government to import 21,000 doses of HIV drugs to be distributed in hospitals as an emergency measure, along with insulin from Brazil and over-the-counter drugs from Spain and Italy. At the same time, World Bank loans intended to support health sector reform were diverted to procure vaccines so that the country could maintain its immunization program. Health insurance and social security schemes faced severe financial difficulties while many bank accounts were frozen, leaving people with limited access to cash.

- And the 1997 Asian currency crisis, which caused severe economic damage across much of East and Southeast Asia, had a negative impact on public health in Indonesia. Data from the World Health Organization show an almost 25 percent decline in immunization coverage rates between 1995 and 1999, the reduction being most striking in 1997-98. Expenditures by individuals on primary care from 1996/97 to 1999/2000 were reduced by 20 percent, and government spending was cut by 25 percent. Between 1997 and 1999, the use of health care services by poor children dropped by about 17 percent, compared with 8 percent in children from wealthier settings.