

# Austerity and health in Europe: disentangling the causal links

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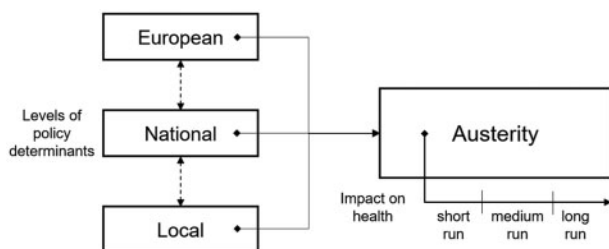
The global financial crisis of 2007/08 put increased financial strain on health systems across Europe, and many countries enacted fiscal consolidation measures,<sup>1</sup> commonly referred to as ‘austerity.’ A large body of evidence has documented the consequences of these reforms on population health, and the role of health systems as key mediating institutions.<sup>1–4</sup> Nonetheless, these studies insufficiently disentangle how different levels of policymaking influence health outcomes, and often focus on the short-term effects of austerity.

To develop a better understanding of the links between austerity and health, we introduce a framework that integrates distinct levels of analysis with different time periods (see Figure 1). Three levels of policymaking—transnational, national and local—determine the policy space in which public authorities debate, design and implement policy reforms. To be sure, these levels do not exist in isolation but are interdependent. For instance, European, or transnational, forces ultimately have national- and local-level manifestations. Further, this framework draws attention to how the consequences of these policy reforms evolve over time. We distinguish between three periods—short-, medium- and long-run.

Unpacking the origin of policy reforms and examining the temporal distribution of their impact has important implications for research, policy and advocacy, because these analytical steps enable more nuanced estimates of the causal impact of austerity. Further, the framework provides policymakers with a tool for comprehensive analyses of the potential benefits and costs of austerity. Finally, identifying different levels of policymaking and their relative importance in a given context allows civil society actors—in their attempts to affect reform—to direct their mobilization efforts to appropriate institutions.

## Different levels of policymaking

Austerity measures are neither natural nor inevitable: they are the outcome of bargaining among stakeholders located at different levels



**Figure 1** An integrated approach to the study of austerity  
Source: Authors

of policymaking. The European Union (EU) has long influenced economic and social policy of its member-states. For instance, the Maastricht Treaty commits member-states to a 60% debt-to-GDP ratio, thereby restricting the national policy space. In the aftermath of the financial crisis, EU institutions emerged even more powerful vis-à-vis reforms of health policy. This development is best illustrated by the case of Greece, which adopted extensive austerity measures under the tutelage of the European Commission, the European Central Bank and the International Monetary Fund. While purportedly aimed at modernizing the health system, fiscal consolidation exacerbated inequalities in access to health services—to the detriment of Greek population health.<sup>3</sup>

Such transnational pressures on public budgets are refracted through national-level processes of policymaking. Cases like Iceland illustrate how national governments are able to resist international pressures to implement fiscal consolidation, instead bolstering social protection.<sup>1</sup>

Policy reforms are also heavily influenced by local contexts, especially in countries where health service provision is devolved to regional governments. For example, the Spanish government imposed a 5% wage cut on healthcare professionals in 2010, yet health authorities in Catalonia went even further, mandating to reduce wages by an additional 3% one year later.<sup>4</sup>

## Different time horizons

In addition to the multiple levels of policymaking where austerity policies are designed, we draw attention to different time horizons for measuring their impact on health. The short-term effects are best documented. For example, in Greece, fiscal consolidation measures severely reduced the capacity of the health system—and, in doing so, deteriorated population health.<sup>3</sup>

However, it may take several years until the effects of austerity measures unfold. Similar to Greece, Ireland implemented substantial budget cuts during the crisis. Initially, the Irish health system managed to be ‘doing more with less,’ primarily due to earlier investments. However, such trend reversed in 2013, when the imbalance between reduced resources and heightened demand diminished the breadth and depth of coverage.<sup>5</sup>

Finally, the long-term impact of austerity on health is relatively understudied. This is partly because the reforms adopted after the crisis are still fairly recent. Further, long-term assessments of structural reforms are complex due to additional confounders, such as changes in economic policies. Thus, the interaction of economic and social policy in the long-run merits special attention.

## Conclusions

The adverse consequences of austerity measures for health are well-documented. However, the precise impact depends on the institutional arrangements of the adopting country. In this article, we introduced a framework that systematically examines different levels of policymaking, recognizing that multiple actors with varying resources and interests determine the policy space in which governments adopt reforms. Giving due care to the origins of structural reforms will enable a better understanding of why and how they are implemented.

The framework also draws attention to the different time horizons over which austerity impacts health. Assessments that focus solely on the short-term remain incomplete. While the evaluation of long-term consequences is challenging, exploring the interplay of economic and social policies promises to uncover the consequences of austerity on health further.

Future research can draw on this framework to comprehensively explicate the conditions in which fiscal consolidation takes place, and to what effect. Conceptualizing austerity as illustrated in figure 1 unpacks the multiple levels of policymaking that motivate governments to balance the budget through austerity despite its sizeable

health costs. National health systems are but one determinant of health and health inequalities. The framework lends itself as a template to integrate additional determinants. For example, austerity measures also affect the social determinants of health, with profound consequences for the health of European populations.

*Conflicts of interest:* None declared.

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