

**Paper supporting the Round Table  
„Reducing the Psychosocial Impact of the Financial and Economic Crisis“,  
Brussels, 27 April 2009**

In its Communication “Driving European recovery” (COM 114 final of 4 March 2009), the European Commission’s highlighted the need of supporting people through the crisis and of reducing its human cost. A key aspect in this context is to minimise the harmful impact of the crisis on the mental health and well-being of people.

**The crisis and its implications for mental health and well-being**

In at least two ways, the global financial and economic crisis, which hits the EU at present, creates additional risks for mental health and well-being in the EU-population:

- **Firstly, the recession weakens protective factors for mental health and well-being, and it strengthens the risk factors:** Increased job and income insecurity, increasing rates of unemployment, economic inactivity and exclusion from the labour market, a greater number of over-indebted people, increased risk of homelessness and housing exclusion, increasing social inequalities, as well as increasing risk of poverty (both relative poverty and absolute poverty) and social exclusion amongst vulnerable groups, particularly the migrants, women and young people are some of the symptoms of the crisis. The crisis drastically shifts the social determinants of health to the negative. In particular, mental health and well-being are concerned. Protective factors, such as life control, get weakened, while risks increase. It takes time until these impacts materialise. **But research and experience from earlier crises give reason to expect that the recession could lead to an increase in psychological distress, mental disorders and suicidal behaviour in the EU.**

Some research findings:

- job insecurity and unemployment, in particular over a long period, lead to higher rates of anxiety and depressive disorders;
- the higher debt are the higher is the prevalence of mental disorders;
- the risk of suicide is increased by the factor 2-4 in unemployed people.

Evidence shows:

- People with mental health problems are overrepresented amongst economic inactive people, people with low educational achievements, fewer healthy life years, lower life expectancy and under represented amongst users of health care services and amongst long term care users.
- There is a two way connection between mental health problems and living at risk of poverty and social exclusion. Poverty and social exclusion may be due to mental health problems, whereas mental health problems may lead to social exclusion and poverty.

First observations from Member States:

- **In Latvia, the number of first-time diagnoses of certain mental disorders increased by 50% during 2008 and the number of suicides rose by 15%;**

Experience from earlier crises:

- During economic crises of the nineties, suicide rates in Finland and Japan increased. In South Korea, it doubled with the Asian economic crisis in 1997.

- **The deterioration of the determinants could be aggravated by the budgetary constraints resulting from the crisis, and an increasing focus on short-term needs and economic requirements:** The crisis leads to significantly tighter public and private budgets. These could prompt Governments and non-Governmental actors to cut down their spending for health, mental health and well-being, as well as on social inclusion and social protection in general. **As a result, an increase in needs through the crisis could meet with less provision of mental health promotion, preventive action and less availability of infrastructures and measures for rehabilitation, support and care.** Another element that could lead to worsening the situation would be not to address the increased need for social inclusion and social protection infrastructure and actions. As a consequence, less reintegration measures to compensate for the increased risk determinants and prevention factors, due to the impact of the crisis, would further worsen the situation.

Such a development would however be counterproductive. It would mean that mental health needs and care would be even less met than today and that mental health problems in the population could be further enhanced. In consequences, mental health problems could impose even higher burdens on health, educational, social and economic systems than they do already today. Reducing investment into mental health and well-being could therefore lead to short-term savings, but would be costly in the long term. Furthermore, in some less wealthy Member States, costs cuts might even put the achievements from recent reforms efforts to create more humane community-based mental health systems at risk.

Mental health problems and disorders are a leading group of disorders in the EU. They rank second among chronic disorder conditions, only following coronary heart disorders. The WHO expects depression to rank first in the burden of disease in 2030. Rates of work absenteeism and work disability (leading to early retirement) because of mental health problems are increasing. In a recent EU Labour Force Survey 2007 ad hoc module, 21% of workers with a health problem referred to stress, depression or anxiety as their major health problem (to be published). In England, Scotland and Wales, in 2007 40% of all claims for work disability were due to mental health problems, and rates in other countries are similar. Suicide caused more than 57,000 deaths in the EU in 2006, and it is the second leading cause of death in young people, after accidents.

Mental health and well-being should not mainly be understood as cost factors, but as resources. The crisis is not a time to reduce investment into the EU's resources. In the contrary, the crisis signals the need of moving away from the short-term thinking, which caused the crisis, and **to strengthen those resources which are of strategic importance for the ability of the EU to overcome the crisis and strive in future.** One of these resources is **human capital:**

- A central factor for the success of the EU as a knowledge society and economy in global competition is its **mental capital**, the amount of cognitive and emotional skills in its population. Demographic change increased the need for promoting this capital, in order to maintain the necessary levels of lifelong learning, productivity and innovation.

## 2. Building responses

The Commission's document "Driving European recovery" summarised the types of **priorities** on which Member States focus their measures to alleviate the human cost of the crisis. These are the following four ones:

- Measures aiming at maintaining jobs;
- Measures to ensure rapid (re-) integration into the labour market;
- Measures to support the most vulnerable;
- Measures to strengthen social protection and invest in social and health infrastructure.

Furthermore, the Communication proposed a number of **action elements**, which can help Member States in the design of appropriate and effective measures (see annex 1).

These measures represent a toolbox of possible Governmental actions and interventions to support people through the crisis.

At the same time, non-governmental actors play important **roles**, such as the following ones:

- Public authorities at regional and local levels can disseminate information and raise awareness about the mental health risks resulting from the crisis and about possibilities of support;
- Health and social service providers can offer mental health support and coaching to unemployed people;
- By being sensitive to changes in the employment and social status of patients and their possible impact on mental and well-being, health professionals can help to identify and treat such problems early;
- Employers and trade unions play a key role in managing necessary restructuring operations in a way which protects the mental health and well-being of redundant and also of the remaining workforce;
- Educational settings such as schools can be sensitive to changes in the behaviour of children and young people, which could be related to consequences of the crisis on families;
- Civil society organisations and NGOs play a key role in enabling self-help and strengthening social capital through the crisis.

This package responds to the need of addressing the short-term consequences of the crisis. At the same time, the response to the recession could also become a signal for a more profound renewal effort.

Not only financial and economic markets are under strain and need reform: The increase in consultations of health professionals for mental health problems, and the rise in work absenteeism and early retirement caused by mental health problems, are some of the symptoms which signal that the way, in which society operates at present, is unsustainable, because it produces psychological distress and illness. Policies and practices which produce mental illness and well-being can not be successful in the long-term, because they undermine their own values and resources. Even when they are well regulated, financial, economic and labour markets can not perform properly without a healthy population.

In consequence, finding approaches for steering economic and social development in the EU in ways that better support mental health and well-being in the population, is not only an objective in its own right, but also follows an economic and social logic. In this sense, promoting well-being should not be seen as an add-on to sustainable economic and social policies and practices. Instead, it constitutes a central part of them.

There is a need to reverse the trend of increasing mental illness in the EU. To deliver this, and to protect and strengthen well-being and mental capital as a prerequisite for high levels of learning, working and social cohesion, some **priority issues** could be:

- Measures to build **coping-skills** and **resilience** in citizens, and promoting **healthy lifestyles**;
- Designing **policies** and **cultures** in educational settings, workplaces and settings **which support mental health and well-being**;
- **Reducing social and health inequalities** and **strengthening social protection** and **social inclusion**.

### 3. The EU's contribution

The principal responsibility for implementing measures to reduce the psychosocial consequences of the crisis lies with Member States and the relevant non-Governmental stakeholders. The EU can support them in their actions by creating possibilities for mutual learning, cooperation and coordination. It can also use its policies to support and complement their measures. Furthermore it offers opportunities for the consideration of ways to respond to long-term challenges.

In particular three **policy processes** are available, and a fourth policy initiative is under preparation:

- The **Communication “Driving European recovery”** defined the general framework for mutual learning and coordination at EU-level. It addresses four priorities:
  - o Restoring and maintaining a stable and reliable financial system;
  - o Supporting the real economy;
  - o Supporting people through the crisis;
  - o Promoting global recovery.
- The **Open Method of Coordination on Social Protection and Social Inclusion** and the **Social Protection Committee** are the major instruments for the joint consideration between Member States and the Commission of the social impact of the crisis.
- The **European Pact for Mental Health and Well-being** is a framework to promote exchange and cooperation on mental health challenges and opportunities. It focuses on five themes:
  - o Preventing Depression and Suicide;
  - o Mental Health in Youth and Education;
  - o Mental Health in Workplace Settings;
  - o Mental Health in Older People;
  - o Combating stigma and social exclusion.

It is planned to organise on each of these themes a thematic conference during 2009 and 2010. The impact of the financial and economic crisis will be integrated as a horizontal priority into all of these events. A list of the thematic conference, which have already been programmed, is in annex 2.

- Finally, the Commission intends to address the social and health impact of the crisis in a **Communication on reducing health inequalities in the EU**. This document is expected for autumn 2009.

## ANNEX 1:

**Elements** set out Commission Communication Driving European recovery, which can help Member States in the design of appropriate and effective measures:

- **Keeping people in employment**, notably by providing financial support to temporary flexible working-time arrangements. Temporary adjustment of working hours ("short-time") in line with production needs can be an important source of labour input flexibility. By preventing mass lay-offs, this may mitigate the social impact of the crisis, save considerable firing and (re)hiring costs for firms, and prevent loss of firm-specific human capital. Such action needs to be combined with measures supporting employability and guiding people towards new jobs, empowering workers to take advantage of new opportunities when the upturn comes. These measures need to be coordinated to avoid negative spill-overs in other Member States.
- **Reinforcing activation and providing adequate income support** for those most affected by the economic slowdown, making full use of social protection benefits, in line with the flexicurity approach. In those countries where unemployment insurance is strictly limited in time, consideration should be given to its temporary expansion and/or a reinforcement of minimum income provisions. Back to work incentives should be kept intact, and vulnerable groups supported in line with the active inclusion strategy.
- **Investing in re-training and skills upgrading** particularly for workers on short time and in sectors that are declining. Preference should be given to training targeted at future labour market needs, such as green jobs. Anticipation of future skills needs should therefore be promoted. Employment Services should be enhanced to cope with increased unemployment.
- **Mitigating the direct impact of the financial crisis on individuals** through specific measures to prevent over-indebtedness and maintain access to financial services. In countries with larger pre-funded schemes in their pension systems, the recovery of pension funds will be essential to protect the current and future income of pensioners.
- **Ensuring the free movement of workers** within the Single Market which will be the source of new opportunities. It can help address the persistence of mismatches between skills and labour market needs, even during the downturn. In this context, the Posted Workers Directive serves to facilitate free movement of workers in the context of cross-border provision of services, whilst effectively safeguarding against social dumping. The Commission will work with the Member States and Social Partners on a shared interpretation of the Directive to ensure that its practical application - in particular administrative cooperation between Member States - works as intended.
- Considering **supporting measures** such as lowering non-wage costs for low-skilled workers. Wage developments and fiscal measures should take account of each Member State's competitive position and productivity growth.
- Providing sufficient support to tackle **youth unemployment** and early school leavers. Time spent out of education or employment while young can have lasting effects. Member States should prepare for and encourage an increase in demand for **education and training**, as existing students stay on and displaced workers seek to re-skill. In this respect, future labour market growth areas such as 'green jobs' can already be anticipated.

Integrating measures aimed at revising employment protection legislation within a **flexicurity approach** covering all its components so as to reduce segmentation and improve the functioning of labour markets.

## ANNEX 2:

### Thematic conferences to implement the European Pact for Mental Health and Well-being

#### Thematic conferences and major events programmed to implement the European Pact for Mental Health in 2009 and 2010 (as at 16 April 2009)

##### Thematic conferences

Date	Location	Theme	Partners
29-30.09.2009	Stockholm	Mental Health in Youth and Education	Public Health-Directorate of the Ministry of Health and Social Affairs of Sweden under the Swedish EU-Presidency, DG SANCO
10-11.12.2009	Budapest	Prevention of Depression and Suicide	Ministry of Health of Hungary, DG SANCO, WHO Euro
21-22.04.2010	Madrid	Mental Health in Older People	Ministry of Health and Social Affairs of Spain under the Spanish EU-Presidency, DG SANCO, Dublin Foundation for the Improvement of Living and Working Conditions
08-09.11.2010 (tbc)	Berlin	Mental health in Workplace Settings	Ministry of Labour and Social Affairs of Germany, DG SANCO, Dublin Foundation for the Improvement of Living and Working Conditions
2 Semester 2010	(tbc)	Combating stigma and social exclusion	Partner(s) to be confirmed, DGs SANCO/EMPL

##### Other events

13.05.2009	Brussels	Workshop on gender aspects in mental health	SUPPORT-Project, DG SANCO
28-29.05.2009	Prague	Destigmatisation and Improving Quality of Care in Psychiatry	Ministry of Health of the Czech Republic under the Czech EU-Presidency, DG SANCO, WHO Europe