

IMPACT OF ECONOMIC RECESSION ON MENTAL HEALTH OF PARENTS AND CHILDREN

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Abstract

Parents have the responsibilities of providing various needs for their families but are often hit with the effect of economic recession which eventually affects welfare of their children. In recent times, many parents have found it difficult to pay school fees of their children, hospital bills, rents and feeding their families have become problems which have resulted to increased alcoholism, depression, suicide bid, increased death rate; cognitive, emotional and physical development deficit in children. The paper examined the historical perspective of economic recession both universally and in Nigeria, the concept of economic recession and mental health, causes and effect of economic recession, determinants of mental health and effect of economic recession on mental health. The authors recommended; provision and security of jobs, family support programmes and debt relief programmes.

Keywords: *Mental health, Economic recession, Low self-esteem, Suicide, Depression*

Introduction

Economic recession has greatly affected the health and wellness of a large number of people in so many parts of the world. This problem has greatly affected the working and living conditions of the people. Some establishments have not been able to pay workers' salaries which is leading to the retrenchment of many workers, thereby adding to the number of the unemployed. Also, the non-payment of workers' salaries had affected the workers so much that many of them find it difficult to pay their children's school fees, house rent and even feed their family members. According to Rehkopf and Buka (2006), as people are losing jobs, they are looking for other ones which bring about high competition in search of jobs and so, finding another one quickly for several people is not sure, and so, the level of poverty worsens. The authors opined that recession can seriously devastate the family especially the children and people facing these major life challenges are more prone to mental ill-health.

Concept of Economic Recession and Mental Health

The National Bureau of Economic Research (2008) defined recession as significant decline in economic activity which lasts more than two months and which shows in the wholesale and retail sales, gross domestic product income and employment. In other words, a recession is the negative growth of GDP which lasts more than two months. Prince, Patel, Saxena, Maj, Maselko, Philips and

Rahaman (2007) opined that good mental health allows for cognitive and emotional flexibility, which are the bases for social skills and resilience in the face of stress. Good mental health is important for the functioning of families, communities and society.

Health is a state of complete physical, mental and social well-being and not mere absence of disease or infirmity (World Health Organization, 2017). The body explained further that mental health is not merely the absence of mental disorders or symptoms but also a resource supporting overall well-being and productivity. Positive mental health is a state of well-being in which the individual realizes his or her own abilities, can cope with the normal stresses of life, can work productively and fruitfully and can contribute to his or her community. Prince, Patel, Saxena, Maj, Maselko, Philips and Rahaman (2007) believed that good mental health allows for cognitive and emotional flexibility, which are the bases for social skills and resilience in the face of stress. Good mental health is important for the functioning of families, communities and society.

Historical Perspective of Economic Recession

The history of economic recession is as old as the history of humanity itself, dating back to the 3rd century. According to Guidi-Bruscoli (2012), it happened in the period of a Military Anarchy also known as imperial crisis (AD 235-284), when the Roman Empire was at the verge of collapse as a result of economic and civil crisis, invasion and diseases. This resulted into effect of hyperinflation in the Empire which necessitated years of coinage devaluation and during this period: fiat money was created to pay the salaries/bonuses of the military, without growth in the real economic activities. Also, there was serious disruption of Rome's extensive internal trade channels due to the crisis. The widespread civil unrest made it no longer safe for merchants to travel and the financial crisis that struck compounded the exchange with the debased currency.

The 14th century economic crisis stemmed more or less from the banking crisis, when the Bardi family and Peruzzi family lent Edward III of England a total of 1,500,000 gold florins which he failed to repay. The situation led to the collapse of the two family banks. During the 15th century, the Bardi family continued to operate in various European Centers, playing a notable role in financing some of the early voyages of discovery to America, including those by Christopher Columbus and John Cabot (Guidi-Bruscoli, 2012). Besides, Edward III of England, other notable rulers were indebted to the Bardi family and most of them defaulted. The economic recession of the 17th century was as a result of a Dutch prosperous era, during which the price for the supply of bulb (from Tulip mania or Tulipomania) rose to a very high level and then suddenly collapsed. Guidi-Bruscoli (2012) stated that tulip mania got to the height around March 1637 as one tulip bulb sold for over ten times the annual income of a trained

artisan and at this time, Europe experienced series of reduction in metal content of coins to finance war. Before the great depression of 1930, was the most devastating stock crash in the US in 1929. The crash marked the advent of ten years of great depression, which did not spare any of the industrialized Western countries. The great depression affected both the rich and the poor countries alike, as unemployment rose across the globe, world trade declined, and demand for goods and services fell.

According to Rohwedder (2010), there was the global financial crisis (GFC), which started in 2007, which was caused principally by the housing bubble in the US in 2006 when policies were made to encourage home ownership, providing easier access to lending, borrowing, overvaluation of bundled sub-prime mortgages based on the expectation that housing prices would continue to increase, triggered the crisis. The author also opined that questionable trading practices on behalf of both buyers and sellers, compensation structures that prioritized short-term deal flow over long-term value creation and a lack of adequate capital holdings from banks and insurance companies to back the financial commitments, were other reasons for the crisis. The crisis has been adjudged the most severe since the great depression of the 1930s. The crisis resulted in the collapse of many big businesses, distressed banks, mergers and acquisitions in some cases, and bailouts in some countries (Guidi-Bruscoli, 2012).

History of Economic Recession in Nigeria

According to Godwin Emefiele (CBN Governor of Nigeria), the first sign of economic recession in Nigeria started in 2009 with mortgage crisis in the USA which influenced almost half of the economies of the world. He affirmed that economic recession proper started in Nigeria in 2014 with several international and domestic problems at the same time and this only made things worse for Nigerians.

According to the National Bureau of Statistics (2008), Nigeria is already finding its way out of economic recession in the second quarter of 2017 as the GDP of Nigeria showed positive growth. Nevertheless, Nigeria still has to deal with oil prices which now go for less than \$50 per barrel. Niger Delta Region also has troubles with restoring the productivity of barrels per day. In 2016, Nigeria experienced the downfall of oil barrels' production. Nigeria could only provide 1.69 million barrels daily at the end of 2016, while at the beginning of 2016, she was producing 2.11million barrels per day and also Naira downfall in 2016 with the lowest rate of Naira as N463 per dollar in the black market while the unemployment rate was extremely severe; about 4.5 million people lost their jobs in 2016 (National Bureau of Statistics, 2008). The international factor played a major role in the recession experienced in Nigeria which is as a result of a cold

war between Russia and USA, which aggravated the decline of oil prices and Nigeria is a country that is highly dependent on oil production.

Causes of Economic Recession

Recession can be caused by two broad factors. They include: internal and external factors.

Internal factors: Wong (1999) said that internal factors are as a result of conflict of ideas, misapplication of economic theory, and regulatory negligence or policy inconsistency. The Asian financial crisis of 1997-1998 was caused partly by internal factors; banks were lending abroad in pursuit of high profit margin, due largely to slow downs at home, desire to pursue development without due consideration of economic fundamentals, corruption, and structural and the policy distortions (Corsetti, Pesenti & Roubini 1999). Other factors were the overheating of private sector and excessive investments in real-estate with non-commensurate returns. In the same vein, the global financial crisis of 2007 and the on going recession was triggered by the United States housing bubble; excessive lending of banks into high-risk subprime and adjustable rate mortgages resulted in high default rates as well as downfall of the banking sector. Defaults and losses on other categories of loans also rose considerably as the crisis expanded from the housing market to other sectors of the economy. Bankruptcy of several high rated investment banks started to panic on the inter-bank loan and stock markets and eventually, the bubble burst. This resulted in the fall of global GDP, rising unemployment and economic difficulties in many parts of the world (Kamar, 2012).

External factors: Corsetti *et al* (1999) opined that the external factors of recession are factors on which policy makers have little or no control and that these factors include natural disaster, climate change, revolution and wars. An agricultural economy could face economic slowdown as a result of natural disaster such as flooding and erosion which can wash away farmlands. They also affirm that a mono-economy could suffer recession from international price shock for its product.

Effects of Economic Recession:

A slowdown in economic activities affects all aspects of national life. Many jobs are lost, families usually adjust budget during recession, and in the process, social activities are also affected. This section explains the impact of recession on politics, business, employment and social life. Economic shocks can destabilize public service budgets and affect education and health care systems.

Household Incomes Cut: According to Berk, Dodd and Henry (2006), when household incomes are cut as a result of economic slowdown, they reduce their demand for goods and services. As a result of low demand from households,

firms reduce their production of such goods and services in order to cut cost and profit will decline. When production falls, workers would be laid off, there will be no buying of new equipment, no funding for research and development, no new product rollouts and general business activities would also fall. The experience of the recent GFC showed that many businesses such as Bank of America, Lehman brothers in America to some local banks in Nigeria were affected. Recession affects both small and large business.

Specifically, recession results in one or more of the following consequences on businesses:

Falling Stocks and Dwindling Dividends Stocks Prices: According to Kamar (2012), this explains the performance of a business as they move proportionately to the returns earned. As revenues decline on the statutory reports of businesses, lower dividends are declared. This will depress the price of stocks in the market. The incidence that happened when share prices crashed across the world during the GFC may not be blamed entirely on this factor; however, this is partly responsible for the event. So many businesses lost their viabilities because of the risks they were carrying at the moment. The author also explains that when dividends fall, it creates other problems such as the sacking of the board of directors and senior management of the company. The advertising/marketing unit may be affected, creating unemployment problem for the economy. When the manufacturer's stock falls and the dividends decline or stop, institutional investors holding the stock may sell and reinvest the proceeds into better-performing stocks. This will further depress the company's stock price and affect the entire equities market and the cycle continues. For instance, the All-Share Index of the Nigerian Stock Exchange lost 65.4 per cent of its value from 57,814.92 in July 02, 2008 to 19,814.92 in April 15, 2009 (*National Bureau of Statistics, 2010*).

Credit Default and Bankruptcy: Stuckler, Basu, Suhrcke, Coutts & Mckee (2009) explained that recession also has effect on the ability of customers to pay their debt to the creditors, leading to growing non-performing loans (NPL). In the heat of the GFC, so many subprime debts went bad, thereby impairing the ability of debtors to service their debts. As a result so many banks went bankrupt. They further explained that when debtors are not able to repay their debts, companies' ability to repay their creditors is hampered as a result of falling revenues. This leads to default in paying interest and the principal. The resulting consequence is debt downgrade and rescheduling. In the process, investors will lose confidence in the company and the company may not be able to raise money from the capital market again. When the source of funding ceases, businesses fold up resulting in employee lay-off, and increasing the number of the unemployment in the society.

Product Quality Compromise: Stuckler *et al* (2009) claimed that recession affects the revenue of firms, and by extension, their profitability. In an effort to cut costs and improve its bottom line, the company could compromise product quality, and in the process lose its market share. A baker could offer the same loaf of bread at the same price but reduce major ingredients such as milk, butter, etc. so as to cut cost and improve bottom line during recession. Recession could force airlines to lower their maintenance standards in order to cut cost and break even. They may cut flight to routes that are not profitable and frequently cancel flights when there are insufficient passengers for a particular flight. This could cause some inconveniences to passengers, leading to economic loss.

Financial Markets: The financial market sector usually takes the heat during recession. Fotini (2018) opined that recession will lead to general fall in interest rate, crash of stock prices and rise in prices of some commodities such as precious metals. The author said that regulators usually lower interest rate in order to stimulate borrowing for investment that would lead to economic activities and growth. Most of the advanced economies of the world brought their interest rate to near zero during the GFC in order to stimulate economic activities through borrowing. Brian (2001) said that one noticeable event during the GFC was the crash of global equities markets and that equities prices mirror the performance of listed companies on the exchange. The author affirmed that anytime investors noticed a dwindling fortune with such listed companies, they usually off loaded their shares. There was a massive share sell-off in 2008, resulting in the crash of stock markets across the globe. Unemployment Recession has a devastating impact on employment worldwide. According to the *International Labour Organization (ILO)* (2010), at least 20 million jobs were lost by the end of 2009 due to the impact of the GFC, mostly in construction, real estate, financial services, and the auto sector, bringing the world unemployment above 200 million for the first time. In December 2007, the U.S. unemployment rate was 5%, and by October 2009 the unemployment rate rose to 10% which was the highest peak of the GFC

Determinants of Mental Health

The health sector cannot achieve good mental health alone. The determinants of mental health are often outside the remit of the health system, and all government sectors have to be involved in promoting mental health. Socio-economic and environmental factors are the factors determining mental health. These factors could be protective or risk factors.

Protective factors: According to World Health Organization (2008), job security, sense of control of work and social support at work are factors promoting the mental health of employees. Stable employment, secure incomes

and social capital predict good mental health. Social capital is the quality of social relationships within societies or communities, including community networks, civic engagement, sense of belongings and norms of cooperation and trust.

Risk factors: Conversely, poverty, financial problems and social deprivation are major socioeconomic risk factors for mental health problems and disorders. According to World Health Organization (2008), in most parts of the world, alcohol consumption is negatively associated with population's mental health. Also Nemtsov (2003) said that alcohol consumption plays a considerable role in increasing suicide, especially among men. Rehkopf and Buka (2006), claimed that suicide is more common in areas of high socioeconomic deprivation, social fragmentation and employment. Increasing income inequality has been linked to increasing suicide rates. Sanderson and Andrews (2006) said that the greater vulnerability of the disadvantaged people in each community to mental health problems may be explained by such factors as the experience of insecurity and hopelessness, poor education, unemployment, indebtedness, social isolation and poor housing.

Effects of Economic Recession on Mental Health

According to Stuckler, Basu, Suhrcke, Coutts and Mckee (2009), the economic crisis increases the number of households in high debt, repossession of houses and evictions. According to World Health Organization (2008), economic crisis has added to the social segregation of low-income people and people living near the poverty line in Nigeria. Such vulnerable groups include children, young people, single-parent families, unemployed people, ethnic minorities, migrants and older people. Solantaus, Leinonen & Punamäki (2004) and Fryers, Melzer, Jenkins and Brugha (2005) affirmed that the influence of economic pressure on parents' mental health, marital interaction and parenting, affects the mental health of children and adolescents. The authors added that the effects include deficits in cognitive, emotional and physical development, and the consequences on health and well-being can be permanent. During recession, social inequality in health can widen. The least educated people are at greatest risk of ill health after a job loss. Marmot & Bell (2009) also submitted that the effects of extreme poverty on children include deficits in cognitive, emotional and physical development, and the consequences on health and well-being are life-long.

Laaksonen, Martikainen and Lahelma (2007) reported that substantial research has revealed that parents who are unemployed, poor and who experience family commotions have greater risks of mental health problems, such as depression, alcohol use and suicide than their unaffected counterparts. Also, Solantaus, Leinonen & Punamäki (2003) claimed that the people who are at the increased risk of mental health problems are men and that this often leads to

suicide or alcohol use during times of economic hardship. The authors added that evidence indicates that debt, financial difficulties and housing payment problems lead to mental health problems and death in some cases. The more debt people have, the more likely they are to have mental disorders overall. Weehuizen (2008) claimed that the shift from a manufacturing to a knowledge society emphasizes even more the importance of mental health for sustaining productivity. Organization for Economic Co-operation and Development (OECD) (2010) claimed that good population mental health contributes to economic productivity and prosperity, making it crucial for economic growth.

Conclusion

Economic recession is a negative growth in the Gross Domestic Products which lasts for more than two months. Economic recession surfaces as a result of internal factors which include; conflict of ideas, misapplication of economic theory and regulatory negligence or policy inconsistency or and external factors which include; natural disaster, climate change, revolution and wars. These in no doubt affect businesses and standards of living of the people especially parents who are saddled with the responsibilities of providing food, shelter, clothing and payment of bills which also indirectly affect the children's cognitive, emotional and physical development. In many homes, economic recession has generated family commotions, lack of respect for parents, social isolation, indebtedness which in some people have degenerated to increase in alcoholism, depression and even suicide.

Based on the above conclusion, the following recommendations were made. They include:

- i. Government at all levels must try as much as possible to provide jobs for the unemployed in the society, the jobs should be secured and workers' earnings should be paid on time regularly.
- ii. Non-governmental and faith based organisations should promote, love, affection and respect among family members.
- iii. The government should quickly intervene on problem of strict children to ensure they are properly taken care of and prevent them from social vices.
- iv. Availability and consumption of alcohol and other drugs should be properly monitored in the society.
- v. People at risk of mental health problems in the society must have access to free medical services.
- vi. The government should embark on poverty alleviation programmes for Nigerian citizens.

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