
ANALYSIS OF THE IMPACT OF 2008 FINANCIAL CRISIS ON THE ECONOMIC, POLITICAL AND HEALTH SYSTEMS AND SOCIETIES OF ADVANCED COUNTRIES.

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ABSTRACT

The objective of this study is to investigate the impact of 2008 financial crisis on the economies, societies, health and political systems of advanced countries and problems originated from this crisis. For this purpose, first we focused on macroeconomic variables to measure the impact on the economies of advanced countries. Then we have studied microeconomic variables to measure the impact of this crisis on the behavior of the citizens of advanced countries. Our study found that this crisis has created a wave of unrest among the middle and low income segments of society, widened social gap, generated sense of insecurity. The people perceived the existing political system or globalization as an unviable mechanism and voted against the concepts of open markets, free trade and free mobility of labour and capital in the British referendum and US Presidential election. The environment produced as a result of this crisis has posed a serious threat to traditional political, economic and strategic alliances and the leaders and people start thinking about their well-being and prosperity rather than the whole world. It will likely to cause trade war among big powers and shift in their political, economic and strategic policies, our study concluded.

Key words: Financial crisis, Advanced countries, Globalization, Free Market, Capital mobility.

1. INTRODUCTION

Two major events like British referendum for separation of Britain from European Union and Republican candidate, Donald Trump's victory in the US presidential election are major upsets for the world economy and politics because the United States and Great Britain are two world powers. These two events will definitely change the political, strategic and economic landscape of the world and pave the way for protectionism, restricting the mobility of financial and human capital. Theresa May came into power as a result of British referendum held in June 2016 while Donald Trump becomes the 45th president of the United States in the presidential election held on

November 09,2016. All world leaders warned the British and US electorates that the success of Theresa and Donald Trump will create problems in the world and advised them not to give vote to them. But the political slogans used by these two leaders mobilized British and US youth, which vehemently voted for the political agenda of Donald Trump and Theresa May. These two events were not occurred all of a sudden but they had deep roots. For example, 2008 financial crisis have badly affected the economies of advanced countries. It produced high level of unemployment, reduced number of job, scale down profit of corporate sector, general racial hatred among different communities, produced wave of socio-economic unrest and create hatred against immigrants. The ruling elites of advanced countries did not take drastic steps to correct the situation and passive the reactionists. There was open voice against capitalism and growing income inequality in the advanced countries. Donald Trump and Theresa May manipulated these sentiments of US and British voters tactfully. Now all allies of the United States and Great Britain are in the state of fear and uncertainty about the political and economic relations with these countries in future. The election of Donald Trump as US President will affect US relations with China, European Union, Canada, Mexico, South Korea, Japan and Pakistan, which are the old political and strategic allies of the United States while Brixit will affect Great Britain relations particularly with European Union and generally with its big trading partners. The two events will also affect the military relations of NATO countries as well as World Trade Organization. It will go against Globalization and free international trade.

1.1. Objective of Study

- To investigate into the macro-economic impact of 2008 financial crisis at macro level in advanced countries.
- To study the impact of 2008 financial crisis at micro level in advanced countries.
- To measure the impact of 2008 financial crisis on health of the citizens of advanced countries.
- To study the impact of 2008 financial crisis on the politics and economy of advanced countries.

Now we briefly look at advanced countries, which are commonly known as G-7 group.

1.2 Scope of study

Although this study is related to the financial crisis of 2008 yet the crisis is not an old one and its serious effects are still being felt in the societies. The resentment against immigrants and social unrest due to unemployment, low wages, poor health coverage, rising cost of living, high tax rates and inflation are the problems being faced by the advanced economies. In this perspectives, the

outcomes of this study are have wide implications for the policy-makers, who can take the stock of events discussed in this paper into their account and can take policy initiative to correct worsening socio-political environment for the betterment of their people in particular and the whole world in general because the uncertain situation prevailing in advanced economies are also affecting the economies of developing economies. Thus, the outcomes of this paper have practical value.

2. WHAT IS G-7 GROUP?

The group of G-7 countries was established in 1975 to deal with world financial and economic affairs. The countries include in this group are the United States of America, Great Britain, Canada, France, Japan, Germany and Italy. These seven countries hold more than 64 percent of net global wealth (\$263 trillion) and their citizens are enjoying high level of living standard. These countries are the permanent members of the Security Council of the United Nations. The per capita income of these countries are highest in the world. As per IMF 2014 data, total population of these seven countries is around 747 million and their consolidated nominal GDP is about 35.42 trillion. One can assess the huge wealth and productivity potential of G-7 vis-à-vis small population. Per capita income of these countries ranges between 35,000 to more than 50,000 US dollar.

1. THE 2008 FINANCIAL CRISIS

This Financial crisis was originated from the United States in 2007 when Sub-Prime mortgage loans default was occurred and spread over in the whole globe particularly in European Union in 2008. More than 100 leading financial institutions such as Lehman Brothers, Washington Mutual, American Insurance Group, Goldman Sachs of the United States and Northern Rock of the United Kingdom were collapsed. The US Government announced \$750 billion rescue package and harsh laws for US Stock Market and financial institutions. Similarly, the European Union also announced 750 billion Euro package to save European currency. About all advanced countries such as Japan, Germany, Italy, Spain, France and Germany were affected by this crisis and they announced rescue packages to save their countries from the negative effects of the crisis.

4. IMPACT OF CRISIS AT MACRO LEVEL

After 2008 financial crisis, the advanced countries took various policy initiatives to reduce the impact of crisis on their economies. Many European countries like Italy, Spain and Greek announced austerity measures including wage cuts, price freeze, etc, to reduce their budget deficit. Almost all central banks of the world injected huge liquidity in the capital market to save their

financial system from total collapse. In short, both monetary and fiscal policies played an active role to save world economy from falling into another Great Depression like 1930s. This crisis has labeled as “Great Recession” by many leading economists like Krugman (2009b), Almunia et al (2009), Aliginger (2009a), and Romer (2009). After 2008 financial crisis, several countries in the European Union faced declining gross domestic product (GDP), increasing public debt, and rising borrowing costs, while individual households experienced financial insecurity created by job loss, reduced salaries, and plummeting house prices. The situation worsened by early 2010, and Greece became the first EU country to receive a bailout package jointly from the International Monetary Fund, the EU, and the European Central Bank. Ireland, Portugal, and Cyprus followed a few months later. The overall impact of this crisis on G-7 economies can be assessed from the following tables: -

Table 5.1 Impact of 2008 crisis on different sectors of G-7 Economies = 2008-2009 (%)

Sectors of Economy	Percent
GDP	-4.4%
Manufacturing	-20.2%
Exports	-16...8%
Stock Market	-44.9%.
Unemployment Rate	9.2%
Inflation Rate	1.0%

Source: IMF Economic Outlook, 2009

The unemployment was increased to 9 percent while exports were dropped around 20 percent, Stock Market prices were decreased about 45 percent. The fall of manufacturing output and exports created unemployment while the drop of stock market reduced the value of the assets of investors. This created a lot of unrest and reaction among different sections of society.

5. EFFECTA OF CRISIS AT MICR LEVEL

5.1 US Households' Net Assets worth decline

The subprime mortgage loan crisis emerged in 2007 was badly affected U.S. economy and its people. As Americans mostly invest their savings in real estate or in stock market the bearish spell prevailing in these markets brought negative impact on their wealth and assets. US Federal Reserve survey shows the average net value of U.S. citizens was decreased from \$126,300 to \$77,400 from

2007 to 2010. About 75 percent decline was occurred due to decrease in home prices that have not halt since the bursting of housing bubble in 2007. The severity of the problem can be judged from the fact that the house whose market price was \$250,000 in 2007 was dropped to \$175,000 in 2010. On average the net worth of U.S. families was dropped about 40 percent in the aforesaid three years period. According to an estimate about 16 years savings of the majority of U.S. households was wiped out by this crisis. In addition to this, average wages were also decreased, affecting the income of working class. During 2010 average income of workers was decreased by \$3000. In contrast, the income and wealth of rich people are increasing and they are becoming richer. The Fed survey disclosed that net worth of top 10 percent rich class was actually increased during 2007-2010 and their net worth was increased from \$.18 million to \$1.20 million. The Statistics of U.S Census Bureau show the fall in the value of share and home prices had a combine effect of 35 percent decrease in the wealth of U.S. households. The median family income, which was \$126,000 in 2007 was dropped to \$77,400 in 2010. (Reuters, August 23, 2012). The decline in the income of the people threw them into the poverty trap and more than 46 million approached U.S. government for obtaining food stamps costing treasury \$75.7 billion during 2011. Half of those who are availing food stamps program were small children whose parents have no money to feed them properly (Bloomberg, Sept 23, 2011).

5.2 Unrest in the Middle Class

The falling income and net worth of assets caused unrest and discontentment among the common people not only in the United States but also in Europe. People in large groups staged protest campaign throughout western hemisphere. They marched through roads, arranged gathering in front of White House and other government buildings and demanded the end of capitalism and replacement it by an economic system that ensured equitable distribution of income. They held capitalistic system responsible for income inequality and growing poverty. Many activists formed grouped both in the Europe and the United States. On October 03, 2012 the members of distressed class from different parts of the United States arranged a protest gathering in Washington under the title of "Take back dream conference." They thought that the dream of prosperity promised with them by U.S. past leadership had shattered because common people had got nothing in return to their struggle of the development of the country. They contended that the people's united campaign might save that dream. They argued that the economy of the United States has failed due to high corruption of politicians and now is the time that people should lead and the political

leaders should follow. This is the only solution to save the U.S. society from disintegration. The activists further argued that after World War Second they were promised good job, reasonable wages, cheap food and housing, retirement benefits and secure living and working environment. But the economic policies followed badly hurt the lives of women, immigrants and minorities. The discrimination in jobs, wages, and social gathering were common practice. The U.S. leadership did nothing to end the miseries of common people as did by European leaders. The working class has fallen in the spell of miseries and there is no hope for improving the situation. The U.S. economy is only working for the rich and using labour to improve their wealth and profits. About 25 million U.S. workers are looking full-time jobs. Wages are persistently declining. One in every six U.S. person is in the state of poverty. The wages and allowances of business executives are constantly growing against the workers having no university degree whose wages are decreasing and job market is squeezing for them. Business firms have stopped creating new jobs. Instead they are shifting their business abroad to create jobs for the foreigners. Half of U.S. workers are not likely to receive retirement benefits, pensions. Health care and social security budget is being reduced that is causing high cost of medication and treatment. The amount of students loans has exceeded master cad loan. Most of the students could not pay loans and as such they are not only defaulting but also abandoning higher education, which has become very much costly. In such a situation, one can perceive that U.S. economy is not doing anything positive for common Americans. It is only serving the financial interest of high class. The politicians have corrupted economic system and monopoly of big corporations have threatened the economic betterment of common U.S. citizens. The large corporations supply funds for the election of politicians of both parties. The activists asserted that their dream is to eliminate existing political and economic system and to build an economy which will work for the prosperity of common people. The situation demands for the sacrifice of common people to become future heroes by eliminating existing fictitious leaders who are working only to secure their own interest. They warned if common people were not united against vested interest the history would not forgive them.

The existing political, social, and economic scenario presents a bleak picture which shows the U.S. government and U.S. people apart. The demand of the people are an equitable economic system, clean environment, ending wars in Iraq and Afghanistan, build domestic economy rather than own and others economies, increasing investment within the country and formulating a new socio-economic uplift strategy. Introducing progressive taxation, ensure social security and health care

for all. The dominance of Wall Street brokers should be stopped and the system serving the interest of US majority should be enforced. Presently the U.S. citizens are disappointed and are not expecting any change without active struggle. Most of the people have left political parties because Wall Street barons and corporate tycoons have taken White House into their grip. This has made the future of common Americans bleak and miserable.

These are the sentiments of the activists who have launched country-wide peaceful campaign to create awareness among general public and about bleak economic situation of the country. In parallel, active protests were also seen in different U.S. cities.

6. SOCIAL UNREST IN ADVANCED COUNTRIES

6.1 Violent Protests in the United States

On November 16, 2011 hundreds of angry U.S. citizens were united at a New York Park named Succoth that is adjacent to the Wall Street. They forcefully occupied the Park claiming they had no house to live, no money to survive and no job to work. They are actually protestors who were getting registered their formal protests by capturing public park. Their protest was specifically against the growing inequality and concentration of wealth and dominance of Wall Street brokers on national economy and politics. The New York Administration instructed these protestors to vacate the Park because it was creating security problem for those who are working in the New York Stock Exchange building. But the protestors refused to vacate the park. Police conducted batons charge against the protestors asking them either to leave or face the arrest. At refusal, hundreds of protestors were arrested by New York police. New York Police Chief, Raymond Kelly, told that around 143 protestors were arrested within the park while 55 were arrested outside it. He told that most of the arrests were made under the law of trespassing and creating law and order problem. Only those protestors were arrested who offered voluntary arrests. This protest was late spilled over other US cities like Oakland, Chicago, etc. The arrested protestors demand the end of people's exploitation, income inequality, and provision of jobs.

6.2 Protest in Canada

The protest campaign in the United States also spilled over to other countries particularly to Canada, which is adjacent to the United States. In Toronto city, thousands of people were flocked at City Park and protested against growing income inequality, decreasing wages, and regressive taxation. They demanded that discriminatory policies should be abandoned and pro-poor policies should adopt to eradicate poverty and income inequality. The protestors captured the park and

stationed there for about 32 days when the local police took action against them and evacuated park. The local Administration was failed to persuade the protestors to disperse peacefully and in the end it has to resort violent action against them.

6.3 Protest in Spain

The protest in Spain was launched on large scale. The protestors marched on the roads, blocked traffic, and shouted against the economic distortions and manipulation of common people. This protest was become a permanent feature and on every Friday protest was staged in the central area of Madrid and thousands of people participated in the protest rally. This rally was organized to record protest against cut in wages, increase in tax rates and reducing education and health care budget. On July 20, 2012 a violent scuffle was taken place between police and protestors, who pelted bottles and stones on the police, which in return, used plastic bullets. Police blocked the roads through containers and created barriers in the way of protestors. Riot police used baton charge against them when the protestors put some vehicle on fire and tried to damage property. The protestors were trying to reach the Parliament House which was fully surrounded by security agencies. The police violent action spread the protestors in the street of Madrid where thousands of tourists were seeing the battle between police and protestors. At least 10 people were seriously injured during police baton charge. The protest had become a daily routine after the announcement of Prime Minister to take austerity measures to save 65 billion euros (\$80 billion) to reduce the level of budget deficit. He also announced to cut Christmas bonus and also seven percent reduction in annual pay. This enraged the workers throughout Spain and they came out on the road to protest against this plan (Bloomberg Oct.14, 2012).

6.4 Protest in Italy

Italy is among those which European countries which are highly indebted. It has been facing multi-dimensional problems such as high debt, high public expenditures, and low revenue collection. Italian Premier, Mario Monti, on November 4, 2011, announced radical measures to cut public spending, increase tax rates and retirement age limit, fight against tax evasion, and to accelerate economic growth. It sent a wave of unrest among all sections of Italian society and people at large staged a protest. The budget of local governments was also slashed which substantially effect social uplifting plan. These measures were thought imperative to save the country from possible default. As per plan, the age limit for retirement was increased from 60 to 65 years for women and 62 to 66 years for men. The yardstick for award of pension was changed and now only those, who

contribute for a number of years will get pension not on the basis of the amount of salary at the time of retirement. According to Italian Premier, the huge debt of Italy is the fault of Italians who spend their lives beyond their means and European countries has nothing to do with it. In past Italians did not care for coming generations and spent more on their personal well-being, he added. The fiscal measures announced by Italian Prime Minister were against the interest of general public and particularly workers who are working in private and government sector. Thousands of workers and students as well as union members gathered at the roads of Rome and violently protested against government plan. Riots were erupted between police and protestors in which hundreds of police personnel and protestors were injured. Similarly, police arrested hundreds of people involved in planned protest. The protest campaign was continued throughout 2012 because the unemployment rate was around 39 percent due to long economic recession since 1970-. (New York Times, April, 2013).

6.5 Protest in Germany

In 2015, 7500 protestors staged a violent protest on the occasion of G-7 summit held at Hotel Scholes Elm in Germany. The protest was organized in spite tight security arrangements and cordoned off all roads going to the Hotel. The German police erected three-meter-high and seven-kilometer-long security fence along the area of summit. More than 20,000 security personnel were deployed around summit location to keep protestors away and prevent them from creating disturbance there. The protestors questioned the legal validity of the decisions of G-7 about world financial and economic issue. The protestors chanted slogans against capitalism, income inequality and arbitrary decisions of G-7.

6.6 Growing crimes in the United States

The heinous crime rates are rapidly rising in the society of the United States particularly after 2007 financial crisis. In past, the New York City was the center of robbery, snatching and killing but now the crimes have spilled over the whole country. Now the nature of crimes has been changed and the common people killing other people for money sake, they are killing innocent children, school-going youngsters and killing the people in gatherings, celebrities, hospital and military mess and compounds. These killers kill themselves after committing crimes. The U.S. police and Justice Department could not detect the causes of these growing serious crimes. But the apparent reasons are economic hardships and miseries produced after subprime mortgage loans crisis. Now mass killing, robberies, and rapes have become daily incidence on account of rising poverty in the lower

segment of society. The United States has on average high rate of violent crime specifically killing through guns and homicide. According to U.S. police, at least 5 murders among the population of 100,000 were occurred during 2009. These numbers increased to 10 in 2010 and 14 in 2011. The criminals used their personal guns during the murder crime and as such gun ownership has become a hot issue in the U.S. politics. Documented incarceration rate in the United States is also increased and in the first quarter of 2009 more than 2.4 million people were incarcerated and more than one was among each 100 adults. This rate is eight times more than 1980s while the same rates were increased three times in other OECD's member's countries. The number of such people in the United States is the highest as compared to other developed countries. The criminals used rifles in 358 murders cases whereas handguns were used in 6010 cases, causing the death of 2012 persons. High profile personalities in past were killed by rifles. The incidences of mass killing were occurred at Virginia Tech shootings, Binghamton massacre, Fort Hood massacre, Oikos University shooting and Tucson shooting during 2011. The similar incidences of mass killing were also happened at Aurora Theater and Columbine High School in which dozens of people and small children were killed. Crime rates particularly among U.S. population of having African origins are increasing with fast speed. Their number in the prisons is seven times as compared to three times of Hispanic males' rate. The high rate of incarceration in the United States is due to punishment and drug policies. Capital sentence has been eliminated in about all European countries but it is enforced in 34 states of the United States. The criminals were executed in military and in some federal or state crimes. As many as 1010 executions were taken place during 2011, which were highest in the world after Yemen, China, North Korea, and Iran.

This discussion unveils the unrest prevailing in the developed societies about which the people of developing countries have conviction that these societies are peaceful and following high moral values and enjoying high living standards with equitable distribution of income and job opportunities. But the fact is that these societies are heading towards social disintegration due to high income inequality, rising gap between rich and poor, government and the people.

7. IMPACT OF CRISIS ON EUROPEAN HEALTH SYSTEM

The 2008 financial crisis is arguably the most severe that Europe has experienced in the post-war era, threatening even the unity of the EU, with countries such as Britain quit and Greece facing exit in light of their debt crisis. Most of the 16 relevant studies reported a significant increase in suicides during the financial crisis and found that men-particularly those of working age and the

unemployed—were more significantly affected, while suicide rates among women were largely unaffected. Rachiotis and colleagues found that overall suicide rates increased 35% between 2010 and 2012; rates increased for both sexes. Unemployment in 2003-12 was associated with suicides for working aged men but not for working aged women. For men, austerity measures and negative economic growth significantly increased suicide rates. Unemployment increased suicide rates for men aged 25-44 years only, while for women no association was found with austerity measures and economic growth. Unlike men, unemployment was in fact associated with reducing suicide rates for all age groups in women. Irish Central Statistics Office found that, by the end of 2012, the male suicide rate was 57% higher (that is, 476 more suicides) than if the pre-crisis trend had continued. Those most affected were men aged 25-44 years. Female suicide rates were unchanged. In England, Kinderman and Whitehead (2015) revealed that between 2008 and 2010 846 more male suicides and 155 more female suicides than would have been expected based on previous trends. They also showed links between suicide trends and unemployment. They estimated that unemployment accounted for 564 additional suicides in France, 57 in the Netherlands, and 456 in the UK. Using 2000-09 WHO mortality data for 27 European countries, Chang et al, (2013) found 2937 additional male suicides in 2009 over the previous pre-crisis trend. The highest increase was among the male age group 15-24 years, while suicide rates for women remained stable. In Italy, Vogli (2015) found that the crisis resulted in an additional 548 deaths due to mental and behavioral disorders (that is, 0.303 per 100 000 deaths per year). Further, they estimated that 22.4% of these deaths could be attributed to income loss and 16.4% to unemployment. In Greece, Drivakis (2015) found that unemployment was associated more with poor mental health in 2010-13 than in 2008-09. Among women, unemployment increased poor mental health from 4.3% to 7.3% and, among men, from 3% to 4.9%. Another Greek study that found the odds of a person having major depression was 2.6 times greater in 2011 than in 2008. Unemployment was associated with major depressive disorders. One third of major depression in 2012 was attributed to individual and family unemployment and mortgage payment difficulties. Curl and Kearns (2015) examined the effect of financial difficulties on mental health in deprived areas of Glasgow and found that decreased affordability was associated with declining mental health. Job loss during the crisis was negatively associated with self-rated health for both women and men. Job recovery within a year led to health recovery for women, while men had an enduring health disadvantage.

8. ABANDONING US PASSPORT

Dylan Griffiths, in his article published in the New York Time on August 9, 2013 titled “Americans Giving up Passports jump six fold as tougher Rules looms,” pointed out that state of affairs among the Americans living and earning abroad. He disclosed that a law “Foreign Account Tax Compliance Act”, (Facta) was legislated in 2010 which authorizes the banks to withheld 30 percent of the money of those depositors who are tax defaulters and are reluctant to disclose their fair income and assets to tax authorities. The execution of this law was started in 2013. The underlying objective of this law is to increase tax revenue and to cut budget deficit. The United States has distinction among OECD’s member countries by introducing this harsh law. However, this initiative has sent a wave of unrest and discontentment among the Americans working or doing business abroad. In order to save from severe penalties and legal implications the Americans living in different countries are abandoning their U.S. citizenship. More than 9000 Americans quit U.S. citizenship during 2010 and 2014 and surrendered their passport to US embassies situated in the respective countries where these Americans were living. The abandoning U.S. citizenship is a matter of concern and indicates that the Americans are not happy with harsh tax laws introduced to tax the income of overseas US citizens. According to Bloomberg (Oct 26, 2014) about six million US citizens are working abroad and they are giving up US citizenship to avoid harsh tax laws. The appeal of U.S. citizenship for expatriates faded further as more than 100 Swiss banks began to turn over data on American clients to avoid prosecution for helping tax evaders.

The abandoning citizenship by US businessmen living abroad state that they have lost interest in their country and prefer to settle abroad. It is dangerous trend and, if continued, it will hurt US economy because US citizens will not only leave the country alone but also they will take away their money, skill, and technology to other countries. It may produce the shortage of skilled workers and experienced entrepreneurs. Earlier, hundreds of thousands of Green Card holders of foreign-born US citizens have already left the United States after introduction of anti-immigrant laws by US government. Thousands of illegal workers were deported from the United States after 9/11 incidence. These workers were working in informal sector under nominal wages.

9. IMPACT OF CRISIS ON WORLD POLITICS

This crisis has exposed internal weakness of G-7 countries and paved way for emergence of divergent political ideas. It created an environment in which new political leaders openly the validity of European Union and NATO Treaty. The British youth voted in favour of separation of Britain from European Union while US President Donald Trump, who elected on

November 9, 2016 in presidential election, questioned the financial burden of NATO born by the United States. His success sent a wave of unrest in the whole world due to his election manifesto in which he announced that South Korea and Japan should bear the burden of their security and NATO's members should contribute 5 percent of their GDP in the NATO's alliance budget. He also announced to revoke free trade agreement with 15 developed countries including Canada and Mexico. He expressed his negative remarks about Muslim and other minorities and declared that he would stop immigrants from Mexico and Muslim countries involved in terrorist activities, impose tariffs on imports from China and follow protectionist policies. The revival of nationalism in the United States and Great Britain has posed strategic threat to international trade and globalization. These sentiment has spilled over effect over other European countries predicting changing political and strategic landscape of the world.

Another noteworthy episode of street protest staged by Hilary Clinton, followers in the United States. On the very next of election result, a violent protest rallies were launched in 25 cities of the United States in which the protestors openly disregard the election results and declined to accept, Donald Trump, as their president. Similarly, a movement has been launched in the name of Cal-Exit in the US state, California, to demand separation of California from the United States. The residents of California are demanding referendum in 1919 over separation of this state from the United States. About sixty percent of Californians voted against existing president, Donald Trump. California is the sixth big economy of the world and economically it is more strong than France and it have more population than Poland.

10. CONCLUSIONS

The above discussion has proved that 2008 crisis has tremendous effect on the lives, minds economies and politics of advanced countries. This crisis has generated hatred against immigrants whom local people regard responsible for low wages, job loss and unrest in the societies. The Brexit and Donald Trump's victory in the US Presidential election was a move against globalization and revival of nationalism, which is likely to pave the way for adoption of protectionist policies. If such United States and Britain follows protectionist policies, it would end the scope of World Trade Organization (WTO) and generate trade war among world powers. Similarly, if the United States changes its existing policy towards NATO it will weaken military strength of the Alliance and will benefit to Russian Federation. Originally, NATO was formed to contain Russian expansion in Europe. If United States abandon security commitment with Japan

and South Korea it will benefit to China because it will weaken strategic strength of South Korea and Japan. This is the reason the two countries are disturbed over the success of US President, Donald Trump. Thus, we conclude economic issues are the mother of all other issues and 2008 financial crisis has generated an adverse environment which has been affecting the world economy and the people living in different parts of the world. It is a lesson for the rulers to focus on microeconomic issues and take preventive measures to stop repetition of economic crisis.

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