



# Lifecycle effects of a recession on health behaviors: Boom, bust, and recovery in Iceland

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## ABSTRACT

This study uses individual-level longitudinal data from Iceland, a country that experienced a severe economic crisis in 2008 and substantial recovery by 2012, to investigate the extent to which the effects of a recession on health behaviors are lingering or short-lived and to explore trajectories in health behaviors from pre-crisis boom, to crisis, to recovery. Health-compromising behaviors (smoking, heavy drinking, sugared soft drinks, sweets, fast food, and tanning) declined during the crisis, and all but sweets continued to decline during the recovery. Health-promoting behaviors (consumption of fruit, fish oil, and vitamins/minerals and getting recommended sleep) followed more idiosyncratic paths. Overall, most behaviors reverted back to their pre-crisis levels or trends during the recovery, and these short-term deviations in trajectories were probably too short-lived in this recession to have major impacts on health or mortality. A notable exception is for binge drinking, which declined by 10% during the 2 crisis years, continued to fall (at a slower rate of 8%) during the 3 recovery years, and did not revert back to the upward pre-crisis trend during our observation period. These lingering effects, which directionally run counter to the pre-crisis upward trend in consumption and do not reflect price increases during the recovery period, suggest that alcohol is a potential pathway by which recessions improve health and/or reduce mortality.

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## 1. Introduction

Pioneering work by Ruhm (2000) found that although there is considerable evidence that long-term economic

growth promotes population health, short-term downturns in economic activity counter-intuitively lead to reduced mortality. That study was based on data from the U.S. but appears to reflect a more global phenomenon; e.g., Gerdtham and Ruhm (2006) found that mortality increased during high employment or strong economic conditions in 23 Organization for Economic Cooperation and Development countries. The increasingly robust finding of lower mortality rates during economic downturns spawned a wave of studies investigating the relationships between business cycles and health that was no doubt fueled by the Great Recession in the U.S. and many other developed countries. A number of studies have

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examined effects on health behaviors, an important potential pathway.

As pointed out by Burgard et al. (2013), the Great Recession was noteworthy in terms of its severity, and the effects of such a deep downturn may differ from those of milder past recessions. Overall, the pre-Great Recession literature indicates that mortality and morbidity are lower during economic downturns, but that mental health appears to deteriorate during periods of higher unemployment (see Catalano et al., 2011; Modrek et al., 2013), and there appears to be little consensus on the directional effects of business cycles on any health behavior, including smoking, binge drinking, and food choices (see Ásgeirsdóttir et al., 2014). However, studies of the Great Recession in the U.S. and other developed countries have revealed no effects (Barrett and O'Sullivan, 2013; Tekin et al., 2013) or procyclical effects (Urbanos-Garrido and López-Valcárcel, 2015) on self-assessed health, and mixed effects on mortality. Although van Gool and Pearson (2014) continued to find procyclical effects of poor economic conditions in countries on mortality in the context of the Great Recession, others found that this relationship no longer appeared to hold in the U.S. (Ruhm, 2013) or across countries (Toffolutti and Suhrcke, 2014), and yet another study from the U.S. found a strong association between unemployment and mortality before the Great Recession, but a marginally positive relationship during the last decade of the 2000s, among individuals age 65 and over (McInerney and Mellor, 2012). Finally, studies have continued to find a procyclical relationship between economic conditions and mental health in the context of the Great Recession (e.g., Ruhm, 2013; Toffolutti and Suhrcke, 2014; Urbanos-Garrido and López-Valcárcel, 2015; van Gool and Pearson, 2014).

Studies of the effects of the Great Recession on health behaviors represent a loose patchwork. In the U.S., Compton et al. (2014) found positive associations between individuals' employment status and substance use (alcohol, tobacco, and illicit drugs) during the Great Recession; Antillón et al. (2014) found that higher state unemployment rates during the Great Recession were associated with better sleep (less sleeplessness); and Smith et al. (2014) found that state unemployment rates (before and during the Great Recession) had no association with individuals' time spent cooking or eating away from home. Examining 23 European countries, Toffolutti and Suhrcke (2014) found no aggregate effects of unemployment during the Great Recession on alcohol consumption, although in countries with a low level of "social protection", high unemployment was related to lower alcohol consumption. In Ireland, Barrett and O'Sullivan (2013) found that smoking was lower during the Great Recession than in the pre-crisis years (2006–2007) among adults age 50+. All of these studies were based on repeat cross-sectional data; that is, they did not observe the same individuals over time.

It is useful to distinguish between individual-specific and more general effects of recessions. For example, individuals may experience job loss, asset loss, or income loss, which may affect their health behaviors. However, more broad-based aspects of recessions—such as changes

in prices or availability of goods, public expenditures on healthcare, pollution, and congestion—that affect the population at large can also lead to changes in health behaviors or health. The most straightforward strategy for disentangling the two effects is the use of individual level longitudinal data that spans a time period during which a clearly defined recession occurred.

A few studies examined the unemployment–health relationship using individual-level longitudinal data, considering associations between changes in employment status and changes in health status. Böckerman and Ilmakunnas (2009), using pre-Great Recession Finnish data, found that although those who are not employed had worse self-assessed health, transitions into and out of employment were not associated with that outcome. Granados et al. (2014), using a U.S. panel from 1979 to 1997 (pre-Great Recession), found that high state unemployment rates were associated with lower mortality risk, confirming the findings of most previous studies.

Three recent studies used individual-level longitudinal data to study the effects of labor-market conditions or own unemployment on health behaviors during long time periods that included the Great Recession. Colman and Dave (2014), used two longitudinal datasets from the U.S. (PSID 1999–2009 and NLSY 1998–2010) in fixed- and random-effects estimations of the effects of own job loss on body-weight related behaviors (including cigarette smoking); the authors found evidence that job loss increased smoking among women (but not men) but decreased the number of cigarettes per day among smokers, and that job loss decreased fast food consumption. Latif (2014), using Canadian panel data from 1994 to 2009, found that higher provincial unemployment rates were associated with more binge drinking, but had no impact on the probability of being a smoker. However, none of these studies explicitly investigated effects of the Great Recession.

Ásgeirsdóttir et al. (2014) used individual-level longitudinal data to estimate effects of the 2008 economic crisis in Iceland on a large set of health-compromising and health-promoting behaviors. Observing the same individuals one year before and one year after the crisis, they found that the macroeconomic shock led to reductions in seven different health-compromising behaviors (including binge drinking and smoking), as well as a number of health-promoting behaviors such as consumption of fruit and vegetables. The authors also found that for binge drinking, smoking, consumption of sugared soft drinks, fruit and vegetable consumption, and getting recommended sleep, the broad context of the macroeconomic downturn (such as price changes) appeared to be more important than changes in individual-level factors, including work hours, mortgage debt, real income, real assets, and mental health. Using the same data and research design, similar results were found by Ólafsdóttir and Ásgeirsdóttir (2015) for other measures of alcohol consumption (including frequency of drinking) and by Ólafsdóttir et al. (2015) for other measures of smoking (including smoking intensity). For sweets, indoor tanning, fast food consumption, and consumption of fish oil,

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