



The physiological impacts of wealth shocks in late life: Evidence from the Great Recession



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ABSTRACT

Given documented links between individual socioeconomic status (SES) and health, it is likely that—in addition to its impacts on individuals' wallets and bank accounts—the Great Recession also took a toll on individuals' disease and mortality risk. Exploiting a quasi-natural experiment design, this study utilizes nationally representative, longitudinal data from the National Social Life, Health, and Aging Project (NSHAP) (2005–2011) (N = 930) and individual fixed effects models to examine how household-level wealth shocks experienced during the Great Recession relate to changes in biophysiological functioning in older adults. Results indicate that wealth shocks significantly predicted changes in physiological functioning, such that losses in net worth from the pre-to the post-Recession period were associated with increases in systolic blood pressure and C-reactive protein over the six year period. Further, while the association between wealth shocks and changes in blood pressure was unattenuated with the inclusion of other indicators of SES, psychosocial well-being, and health behaviors in analytic models, we document some evidence of mediation in the association between changes in wealth and changes in C-reactive protein, which suggests specificity in the social and biophysiological mechanisms relating wealth shocks and health at older ages. Linking macro-level conditions, meso-level household environments, and micro-level biological processes, this study provides new insights into the mechanisms through which economic inequality contributes to disease and mortality risk in late life.

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1. Introduction

The Great Recession of 2007–2009 was the worst economic downturn in the United States since the Great Depression. During the two years at the height of Recession, the net worth of American households declined drastically, with the average household losing approximately \$50,000 in wealth (Pfeffer et al., 2013). Further, the economic recovery from the Recession has been among the slowest in history. As of 2011, the net worth of the typical American household was approximately 50 percent of its 2003 value (Pfeffer et al., 2013). Given documented links between individual socioeconomic status (SES) and health, it is likely that—in addition to its impacts on individuals' wallets and bank accounts—the Great Recession also took a toll on individuals' disease and mortality risk.

While the Great Recession had a profound effect on earnings and employment rates, its effect on household wealth levels is of particular concern to population health researchers. Considered a holistic measure of financial well-being by many social scientists and public health researchers interested in socioeconomic inequality (Keister and Moller, 2000; Oliver and Shapiro, 1995; Pollack et al., 2007; Robert and House, 1996; Spilerman, 2000), wealth reflects ownership of assets such as equity in homes, retirement accounts, stocks, and bonds, and it also accounts for debts and liabilities. Several studies have found that, net of other measures of SES, wealth has a significant relationship with health (Hajat et al., 2010, 2011; Robert and House, 1996). Further, research suggests that the relationship between wealth and health may be strongest at older ages, as individuals exit the labor market and turn increasingly to their accumulated assets to support themselves and their families (Robert and House, 1996). Accordingly, the Great Recession's effect on the retirement accounts, investments, and housing values of older adults likely had a tremendous impact on their physiological health and well-being.

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To date, research on the health effects of the Great Recession has produced inconsistent results (Stuckler et al., 2015), and critical gaps in the literature linking macro-level economic conditions and health remain. Utilizing nationally representative, longitudinal data from the National Social Life, Health, and Aging Project (NSHAP) and individual fixed effects models, this study examines how household-level wealth shocks experienced during the Great Recession relate to changes in biophysiological functioning in older adults. The period of the NSHAP data collection encompassed the Recession, with Wave 1 collected in the two years immediately preceding the Recession (2005–06) and Wave 2 collected in the two years following the height of the Recession (2010–11). This unique design provides a quasi-natural experiment that allows for the direct observation of individual changes in both socioeconomic well-being and health during the Recession period. By linking changes in household wealth status to changes in inflammatory response and cardiovascular function from the pre- to post-Recession period while controlling for stable individual characteristics, this study provides convincing evidence of a causal association between wealth shocks and physiological well-being. Further, this study assesses the possible psychosocial and behavioral mechanisms relating household wealth shocks to individual health changes. Linking macro-level conditions, meso-level household environments, and micro-level biological processes, this study provides new insights into the mechanisms through which economic inequality contributes to disease and mortality risk in late life.

2. Background

2.1. Older adults and the Great Recession

The Great Recession resulted in unprecedented financial losses for many American households. Between 2007 and 2009, average housing prices in the largest metropolitan areas in the US dropped by nearly one-third. Stock prices also collapsed, with the Dow Jones Index losing approximately half of its value during the period (Pfeffer et al., 2013). Unemployment soared, jumping from 5.0 percent in December 2007 to 10.0 percent in October 2009 (U.S. Bureau of Labor Statistics, 2012). In terms of relative losses, financial declines were generally greatest for less socially advantaged groups as measured by race and ethnicity, education, and pre-recession income and wealth levels (Pfeffer et al., 2013). As a result, economic disparities, particularly wealth disparities, widened during the Recession.

While older adults generally fared better than younger adults in terms of their financial losses during this period (Pew Research Center, 2011), the Great Recession was nevertheless a challenging experience for many older Americans. Between 2007 and 2011, more than 1.5 million older adults lost their homes, and the foreclosure rate for older adults in 2011 was eight times higher than pre-recession rates (Trawinski, 2012). With home ownership being the greatest source of household wealth in the US, the declines in housing values and rise in foreclosure had a tremendous impact on the financial stability of older adults. The median family net worth of household heads aged 55–64 years fell by nearly one-third between 2007 and 2010, and the median net worth of household heads aged 65–74 years declined by approximately 18 percent (Ackerman et al., 2012). Among retirees, median household net worth declined from approximately \$136,000 in 2007 to \$93,000 in 2010 (Ackerman et al., 2012). Nearly one in four adults over 50 years reported that they exhausted their savings to weather the financial challenges posed by the Recession, and approximately one in five said that they fell behind on payments and accumulated more debt during the Recession (Rix, 2011).

2.2. Economic shocks and health

Across the life course, movement down the socioeconomic ladder is associated with increased morbidity and mortality (Smith, 2004; Willson et al., 2007). There is no single mechanism linking SES and health, but rather there are numerous interconnected pathways whereby SES shapes individuals' exposure to risks and access to health promoting resources to ultimately affect health and well-being (Elo and Preston, 1996; Elo, 2009; Krieger et al., 1997; Link and Phelan, 1995; Marmot et al., 1998; Williams and Collins, 1995). A wide body of research links economic shocks—including involuntary job loss (Brand et al., 2008; Burgard et al., 2007; Coile et al., 2012; Gallo et al., 2000; Sullivan and Von Wachter, 2009; Turner, 1995) and losses in material goods such as food and housing (Alley et al., 2009; McLaughlin et al., 2012)—to poorer health and elevated mortality risk. While much of this research has focused on unemployment and job loss, a growing body of literature focuses on the relationship between wealth and health (Hajat et al., 2010, 2011; Pollack et al., 2007). In older adult samples, household wealth levels have been linked to markers of physiological functioning, including C-reactive protein (McDade et al., 2011). Among younger adults, financial debt has been linked to higher perceived stress and depression, worse self-rated health, and higher blood pressure (Sweet et al., 2013).

Research on the health effects of economic shocks generally proposes three possible mechanisms through which changes in financial well-being impact health and mortality risk. First, much of the literature identifies stress as the mediating mechanism. The stress process model (Pearlin et al., 1981) suggests several pathways through which wealth shocks may relate to physical health and functioning. A wealth shock can act as a direct stressor, whereby the loss in financial resources activates physiological stress response in the short term. In addition to the acute stress associated with a recent loss in financial well-being, wealth shocks may also give rise to increases in chronic stress related to ongoing difficulties paying bills, securing a place to live, and finding new employment (Burgard et al., 2007). In response to environmental or social stressors—such as a significant loss of financial assets—activity of both the sympathetic nervous system (SNS) and hypothalamic-pituitary-adrenocortical (HPA) systems increases (Seyle, 1974). While temporary activation of the SNS and HPA systems in response to acute injuries and pathogens is necessary for maintaining healthy physiological functioning, longer-term activation of these systems resulting from chronic stress exposure has been associated with physiological dysregulation, including higher levels of chronic inflammation (Cohen et al., 2012; Miller et al., 2002; Miller et al., 2009) and metabolic dysfunction (Hawkey et al., 2006; McEwen, 1998; Rozanski et al., 1999). Further, wealth losses may have indirect effects on physical health and functioning through stress-related psychosocial, emotional, and cognitive processes by eroding one's sense of mastery and coping abilities and increasing one's sense of hopelessness, frustration, and anxiety (Drentea and Reynolds, 2014). Studies have documented a link between socioeconomic status and cognitive, emotional, and psychosocial factors such as personal control, perceived stress, hostility, and anger, and evidence suggests that these factors also impact individual health outcomes (Cohen et al., 1999; Gump et al., 1999; Levenstein and Kaplan, 1998). In this way, psychosocial processes and resources may mediate the association between SES and health and provide an indirect, stress-related pathway through which SES affects health (Drentea and Reynolds, 2014; Gallo and Matthews, 2003).

Second, changes in health behaviors and health-related spending in response to economic downturns may also provide a link between economic shocks and health, such that the financial

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