Do Economic Crises Harm Mental Health? 
Effects of the Great Recession on Older Americans
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Key Findings and Policy Implications
This paper examines the effects of the housing price collapse and subsequent Great Recession on mental health outcomes, using data from the 2000 to 2014 waves of the Health and Retirement Study (HRS). The paper finds that:

- Overall, there is little variation in health between those more and less affected by the Great Recession, suggesting substantial resiliency to economic conditions.

- Changes in area housing prices appear to affect the mental health of non-homeowners more than homeowners. Among those age 51 to 61 who identified as homeowners in 2004, there is very little difference in the level or trend for depression, pain, and functional limitations over the period of the Great Recession. For non-homeowners, depression declines over time.

- In areas where housing prices dropped more than average from 2006 to 2012, the mean severity of pain and the number of functional limitations declines. In areas where housing prices dropped less than average, mean pain severity and the number of functional limitations actually increase.

- For perspective, life events such as divorce or widowhood have an estimated effect on health that is 10 to 18 times larger than a one standard deviation change in area housing prices.

The Great Recession was the biggest economic downturn since the Great Depression. Thus, it is natural to speculate that the Great Recession might affect population health, and particularly mental health. The results suggest that the effects were more limited; that most people have substantial resilience to changing economic conditions.

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