

Dynamics of Health and the Economy Over Time in Japan^{*}

Yoko Ibuka[†] & Junya Hamaaki[‡]

December 15, 2014

Preliminary draft. Please do not cite or quote.

Abstract

Existing studies based on US data repeatedly show that individual's health improves during economic downturns. This study reexamines the relationship between macroeconomic conditions and individual's health in Japan, a country with a distinct economic structure from the US. We use a nationally representative data of more than 2 million Japanese between 1998 and 2010, in the period during which the country experienced sizable macroeconomic fluctuations. We find that self-reported health status is negatively associated with unemployment rate, qualitatively consistent with US studies. However, we do not find the “positive” impact on health when we use alternative measures of health such as the presence of subjective symptoms or activity restrictions, and overall the magnitude of the impact is found to be weaker than that of the US. Moreover, our results show that the impact is *not* most pronounced in working age population unlike US studies find, and lower-income females are the population affected the most by economic conditions. Our analysis potentially suggests a different mechanism from the US in the short-run impact of the economy on health. Possible mechanisms of the relationship between economic downturns and health improvement are discussed.

^{*} We acknowledge financial support from the Japan Society for the Promotion of Science (#24330097 (PI: Nobuyuki Izumida) & #26780168 (PI: Yoko Ibuka).

[†] Graduate School of Economic and Management, Tohoku University. Email: ibuka@econ.tohoku.ac.jp.

[‡] Faculty of Economics, Hosei University. Email: hamaaki@hosei.ac.jp.