

Why the recession is a blessing in disguise

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Alice Thomson

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That's fine then. The City folk are taking what remains of their money and fleeing to sunnier climes to recuperate and recharge, to return when the crisis is over. Everyone else in Britain will have to sit it out. Scotland, the North, graduates, the retired, everyone will feel the effects of the recession. The Home Office has given warning in a leaked memo of more crime, racism and extremism.

But recessions don't bring unmitigated woe. During the past ten years of boom, a small, rather Eeyorish, group of American economists and psychologists has been trying to work out whether people really are better off in what Gordon Brown once called "the Golden Years" and now refers to as the "Age of Irresponsibility".

Their answer is that recessions (rather than booms or depressions) might actually be a blessing. People tend to drink less, smoke fewer cigarettes and lose weight. They enrol in higher education, the air is cleaner, the roads are less crowded.

When times are good, research by Stanford University and the University of North Carolina shows that people of all classes tend not to take care of themselves and their families. The better off may have gym membership but all classes drink too much (especially before driving), they eat more fat-laden food - either pre-packaged from supermarkets or in restaurants - and are more likely to neglect their families. In downturns, people have more time to visit their elderly relatives and are more likely to look after their children themselves rather than booking them into expensive after-school activities or crèches.

Grant Miller, an assistant professor of medicine at Stanford, says that in a boom people work longer, harder hours to take advantage of the conditions and are more stressed and less likely to do things that are good for them: "Cooking at home and exercising are seen as a waste of time."

But when wages drop, and jobs are scarce, the young feel that it makes more economic sense to prolong their education, and the elderly will retire earlier because there is less incentive to keep earning.

This research backs up a paper, published in 2000, entitled *Are Recessions Good for your Health?* by Christopher Ruhm, professor of economics at the University of North Carolina. Professor Ruhm analysed death rates from 1972 to 1991, comparing them to economic shifts. He found that for every 1 per cent increase in unemployment rates, there was a 0.5 per cent decline in the death rate.

The number of suicides rose by an average of 2 per cent during recessions in this period and cancer deaths by 23 per cent, but this was easily outweighed by the decrease in deaths from heart disease and car crashes. People not only eat more healthily in recessions but they tend to drive less, either as an economy measure or because they are no longer commuting to their jobs. When unemployment rates rise by a point, the number of fatal car crashes decreases by 2.4 per cent.

In another paper, *Healthy Living in Hard Times*, Professor Ruhm suggests that in America during the recession in the 1990s, smoking, particularly among heavy users, declined by 5 per cent.

Ralph Catalano, professor of public health at the University of California, Berkeley, believes that it is an oversimplification to say that recessions are good for people, but he thinks that they do encourage healthier lifestyles. "People who are worried about losing their jobs do things that keep them from getting laid off - they drink less and take fewer risks."

Environmentalists may also find their work easier during a recession. Only two years ago consumers were throwing away one apple in four, people bought a new television set on average every two years and redecorated their kitchens every time they moved house.

But those who have refused to be thrifty for green reasons have now to start rationalising their lives for economic ends. In the past six months councils have reported increased use of libraries and a fall in the quantity of household rubbish.

There are other benefits to this downturn. Prices for necessities are dropping. Food prices are beginning to level out as supermarkets compete with £1 pizzas. Petrol prices have gone down. House prices have fallen by 10.9 per cent, mortgage rates are dropping. More people are turning to eBay and even here prices are falling. The average selling price of a home entertainment system has dropped to £62.49 from £99.58 three months ago.

Shops on the high street have increased the number of bargains - even toothbrushes are now discounted. "This is the deepest and biggest discounting in years," Richard Dodd of the British Retail Consortium said.

But at least the boom made people happy? That's not entirely true either. According to the Office for National Statistics, levels of contentment have remained the same, at around 87 per cent, for the past ten years and are lower than during the recession in the 1970s. No amount of espresso machines or mini-breaks seemed to satisfy people.

So while there is no such thing as a good recession, it doesn't have to cause unmitigated gloom and despondency.