

# The Influence of Early-life Economic Shocks on Long-term Outcomes: Evidence from the U.S. Great Depression<sup>1</sup>

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## Abstract

We show that physical health, psychological well-being, and productivity around retirement age varies with exposure to economic conditions in early life. Using state-year-level variation from the most severe and prolonged economic downturn in American history—the Great Depression—and the subsequent government relief efforts resulting from the New Deal, combined with restricted micro-data from the Health and Retirement Study, we find that changes in employment at the year-of-birth induced significant changes in economic well-being, metabolic syndrome, depressive symptoms, and limitations in performing activities of daily living around age 60. The effects of the economic shock varied substantially across demographic groups. In the context of an aging population, identifying the degree to which early-life factors influence health and economic wellbeing is informative for policies that seek to raise long-term productivity and reduce healthcare costs at later stages in life.

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