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Winning Big but Feeling No Better? The Effect of Lottery Prizes on Physical and Mental Health

New research carried out by PSE Researchers Bénédicte Apouey and Andrew Clark suggests that positive income shocks lead to greater happiness, but might equally trigger risky health behaviours. Two years after winning the lottery, bigger winners were significantly happier, but also smoked more and engaged in more social drinking.

This research is based on nine waves of panel data from the British Household Panel Survey (BHPS), a general survey which currently follows a random sample of around 16,000 individuals in 9,000 different households over time. Apouey and Clark investigate the impact of the amount of lottery winnings on a number of individual health outcomes: general health status, mental health, physical health problems, and health behaviours (drinking and smoking). They find that:

- Positive income shocks have no significant effect on general health.
- Those who won more have significantly better mental health.
- Lottery winnings have no effect on physical health problems.
- The more individuals win on the lottery, the more they engage in risky health behaviours: lottery winners smoke more and go out drinking socially more often.

The overall effect of lottery winnings on health reflects all of these phenomena: the positive effect on mental health may then well be cancelled out by increased smoking and drinking.

Previous research had already underlined that some aspects of public health deteriorate in economic booms. This paper presents the first microeconomic analogy of this result: money does not buy better health, at least when it comes from lottery winnings.

The authors comment:

“Much work has shown that, in general, higher income is associated with more favourable health outcomes. Our results here nuance this empirical fact. Positive individual income shocks produce changes in lifestyles which may well be prejudicial to health.”

Read the paper here:

<http://www.pse.ens.fr/document/wp200909.pdf>

Further details of the BHPS are available at the following address:

<http://www.iser.essex.ac.uk/ulsc/bhps>.

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