**Form for thesis proposal**

*Please use this as a front-page of your thesis proposal*

**Your name:** Niels van Opstal

**Your student number:** 11021519

**Track** Economics

**Field:**

**Number of credits thesis:** 12

**Title of your research proposal:** Is debt worse for you health than wealth is good for it?

Assigned supervisor (to be filled in by thesis coordinator for new students[[1]](#footnote-2)):

**Is debt worse for your health than wealth is good for it?**

* If possible, I would like to write my thesis in Dutch
* Research question: Does debt have a stronger effect on health than  
  wealth?
  + Wealth is defined as positive Net Worth
  + Debt is defined as negative Net worth
    - How Net Worth will be defined depends on the data. I have found data (on which later more) but have not yet analyzed the data close enough to know what will be the best definition of net worth based on the data. It will roughly be assets – liabilities of a household. There is a lot of data in the dataset so I will decide that based on the data.
    - This is also done in the paper from Pollack et al (2007) and similar ways of measuring debt and wealth are used in other papers.
  + Health will probably self-reported health as is used in the dataset I have found.
* Motivation:
  + Even though debt is in this case negative wealth (or the other way  
    around of course) it is important to separate them as that is the crux of this  
    research. The correlation between wealth and health as well as debt and health has been well established but I could not find a single study that tries to find whether a difference exists in the strength of the effect of negative wealth or positive wealth on health. There are many different ways wealth can affect health so I wonder whether wealth and debt have the exact same effect on health, be it in a negative or positive way.
* Literature review:
  + In their paper: “Should Health Studies Measure Wealth?. A Systematic Review”, Pollack et al. (2007) found that “wealth was, more often than not, significantly associated with a range of health and health-related indicators”. They also said that “It is plausible that wealth could affect health independently of income and other socioeconomic factors“. It does not check for differences in positive and negative net-worth.
  + Sweet, Nandi, Adam, & McDade (2013) found that “absolute debt emerged a significant independent predictor of higher perceived stress and depression and worse general health.” It does not check for differences in positive and negative net-worth.
  + Semyonov, Lewin-Epstein, & Maskileyson (2013) found that “personal wealth is positively associated with health, net of social demographic attributes and even net of income”. It does not check for differences in positive and negative net-worth.
  + Keese & Schmitz (2014) also find that “indebted individuals are more likely to be in bad health”. In this paper they also do not check for differences in positive and negative net-worth.
  + Yilmazer, Babiarz, & Liu (2015) conclude that psychological distress, rather than a tighter budget, is the more likely channel through which the distress caused by a wealth shock interferes with life activities and health”. This leads me to question whether the effect of debt and wealth on health are the same.
* Methods:
  + To answer the research question I will analyze the dhs data from CentERdata. (<https://www.centerdata.nl/en/databank/dhs-data-access>).
  + About the dataset:

“The DNB Household Survey is a unique data set allowing you to study both psychological and economic aspects of financial behaviour. This panel survey was launched in 1993 and comprises information on work, pensions, housing, mortgages, income, possessions, loans, health, economic and psychological concepts, and personal characteristics. We have been collecting these data from 2,000 households participating in the [CentERpanel](https://www.centerdata.nl/en/projects-by-centerdata/the-center-panel).”

* + I will have to link the data from the “health and income” questionnaire and the “geagregeerde over bezit, schulden en hypotheken” data. This is done by connecting the household indices and person indices.
  + I will create a new Net-Worth variable per person, based on the data.
  + I am not sure yet how I will use health. I could just use self-assessed health but I would like to create my own variable based on the different health indicators given in the dataset. For example, I could make a new BMI variable and give that and the self-assessed health a weight to create a new health variable. Hopefully I can find some literature to create a useful health variable.
  + My current idea is to run two separate regressions, one for people who have a positive net worth and one for people who have a negative net worth. Then I can test whether the coefficients of negative and positive net worth differ significantly.
* References:

Keese, M., & Schmitz, H. (2014). Broke, Ill, and Obese: Is There an Effect of Household Debt on Health? *Review of Income and Wealth*, *60*(3), 525–541. https://doi.org/10.1111/roiw.12002

Pollack, C. E., Chideya, S., Cubbin, C., Williams, B., Dekker, M., & Braveman, P. (2007). Should Health Studies Measure Wealth?. A Systematic Review. *American Journal of Preventive Medicine*, *33*(3), 250–264. https://doi.org/10.1016/j.amepre.2007.04.033

Semyonov, M., Lewin-Epstein, N., & Maskileyson, D. (2013). Where wealth matters more for health: The wealth-health gradient in 16 countries. *Social Science and Medicine*, *81*, 10–17. https://doi.org/10.1016/j.socscimed.2013.01.010

Sweet, E., Nandi, A., Adam, E. K., & McDade, T. W. (2013). The high price of debt: Household financial debt and its impact on mental and physical health. *Social Science and Medicine*, *91*, 94–100. https://doi.org/10.1016/j.socscimed.2013.05.009

Yilmazer, T., Babiarz, P., & Liu, F. (2015). The impact of diminished housing wealth on health in the United States: Evidence from the Great Recession. *Social Science and Medicine*, *130*, 234–241. https://doi.org/10.1016/j.socscimed.2015.02.028

1. [↑](#footnote-ref-2)