groups, the death rate for older people is always highest. Consequently, the decline in deaths among people aged 65 and older accounted for three-quarters of the total reduction.

"These estimates imply that the Great Recession provided one in twenty 55-year-olds with an extra year of life," the researchers write.

What accounts for this recessionary decline in deaths? Finkelstein, Notowidigdo, Schilbach, and Zhang didn't find that improved health behaviors, reduced spread of infectious disease, or better-quality nursing-home care amid tighter labor conditions had a meaningful effect. However, declines in air pollution, as recorded by the Environmental Protection Agency, may have accounted for 40 percent of the decrease, the researchers calculate.

During a recession, there tends to be less pollution from industrial activity, electricity generation, and transportation. Counties hardest hit by the recession experienced the greatest declines in pollution. The researchers find that the same 1 percentage point increase in the local unemployment rate led to a 1.3 percent decline in fine particulate pollution relative to the national average.

Higher pollution levels are often associated with cardiovascular and respiratory diseases. The researchers find that the single largest cause of death—cardiovascular disease—accounted for about two-fifths of the declines in mortality.

They suggest that higher pollution levels may also affect mental health and increased rates of suicide. According to their data, the suicide rate declined slightly during the recession and fell faster between 2010 and 2016. All so-called deaths of despair—from suicide, liver disease, and drug overdoses—declined as well.

The most direct implication of the study, Notowidigdo says, is that "pollution is probably underregulated, because the mortality benefits from lower pollution induced by recessions appear to be pretty significant." Ideally, he says, we'd design policies to achieve the same pollution reductions without a recession, so that we can experience the "best of both worlds in terms of the economy and population health." *—Rebecca Stropoli*

Amy Finkelstein, Matthew Notowidigdo, Frank Schilbach, and Jonathan Zhang, "Lives versus Livelihoods: The Impact of the Great Recession on Mortality and Welfare," Working paper, July 2023.

INFLATION AFFECTS BEHAVIOR DECADES AFTER PRICES HAVE STABILIZED

FOR MANY PEOPLE, the increase in inflation in 2021 was the first time they'd experienced sharp price rises. As the world economy recovered from COVID lockdowns, the Consumer Price Index rose 7 percent in the United States, the largest percentage change since 1981. Inflation in the United Kingdom and Japan hit 40-year highs in 2022.

This surge may have a lasting effect on economic behavior, suggests research by Tilburg University's Fabio Braggion, University of Zurich's Felix von Meyerinck, WHU—Otto Beisheim School of Management's Nic Schaub, and Chicago Booth's Michael Weber. People's expectations about price changes can shape decisions on what, when, and how much to consume in the present, and the research suggests they may echo for decades upon decades.

The researchers draw their conclusions from a study of postwar Germany. In 1922–23, German prices shot up almost 150 billionfold, one of the worst inflation shocks on record. Looking at local inflation data from 1920 to 1924 for 633 German towns, as well as consumer sentiment surveys from the 2000s until the current day, the researchers find that people living in areas that experienced hyperinflation still had inflation expectations that were 1.4 percentage points higher than those in places that didn't.

The researchers also performed a comparative analysis on Polish households. Some areas in present-day Poland were within the borders of Germany during the period of hyperinflation. The study uncovers a similar pattern in that analysis, with particularly pronounced effects in areas that had less migration after World War II.

The findings "raise the concern that the recent surge in inflation will result in elevated inflation expectations around the globe for a prolonged period of time even when inflation rates will ultimately recede," the researchers write.

The research not only confirms that inflation expectations are shaped by personal experience but also that such experiences may be transmitted across generations and persist for decades. Hypothesizing that media could be a potential source for this transmission, the researchers examined the role of local newspapers.

The inflation shock was a major story at the time, and it led to continuing coverage of inflation that shaped attitudes long after the shock subsided, they confirm. As observed in nearly 69,000 articles published in the business sections of 99 German newspapers from mid-2018 to mid-2021, the results follow the same geographical pattern as the surveys of households showed: nearly a century after the hyperinflation, newspapers headquartered in the affected areas printed more articles about inflation than did newspapers located elsewhere. In this way, local papers represent a collective memory of hyperinflation, the researchers argue.

"Households residing in areas with higher historical inflation are more likely to prioritize the fight against inflation as a political goal over maintaining peace and order, increasing citizens' influence on government decisions, and protecting the right to free speech," they write.—*Andrea Riquier*

Fabio Braggion, Felix von Meyerinck, Nic Schaub, and Michael Weber, "The Long-Term Effects of Inflation on Inflation Expectations," Working paper, January 2024.