

Which is most important for good mental health: paid work, avoiding poverty or money itself?

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Following the UK government's [Spending Review](#), the focus of most health policymakers and health care professionals has been on commitments made to the NHS and social care. Meanwhile, economists focused on how tax and benefit changes affect incomes, but not how they affect health. A broader perspective is needed – particularly if the mental health of the UK population is to be improved in an economic context radically disrupted by the pandemic. It will be important to consider how tax and welfare policies can be adapted to foster health improvements and reduce health inequalities.

Concerns around population mental health are very high. Even pre-pandemic, there were [indications](#) that the recession and subsequent austerity had led to increased psychological distress, particularly among women. During the pandemic, mental health has [further deteriorated](#) for people in the UK. We now stand at a crossroads where a coordinated policy approach could improve mental health. Without this, ongoing declines are likely to disproportionately affect the most socially disadvantaged people.

The importance of the economic determinants of mental health, such as income and employment, has long been noted by public health researchers, but wider recognition of this interplay is rare. One barrier to improving debate and highlighting these issues is that it is difficult to show the impact of specific policy changes on health outcomes and who is being affected the most.

Paid work is often seen as central to improving health, but it can be difficult to establish the

extent to which benefits to people's health arise from the salary, rather than other aspects of work, or are affected by the income of other household members. There is further complexity around whether having an income below a certain threshold (such as living in poverty) has an additional impact on health that goes beyond the effect of different levels of income.

Interrogating these inter-relationships is challenging since causality is often bidirectional – for some people poor mental health can trigger job loss, while for others job loss can cause poor mental health.

To explore what aspects of the economic determinants of health – such as work and income – are most important, longitudinal data (collecting information on the same people over time) can be informative. In our work, funded by the Health Foundation, we [studied](#) the relationship between changes in employment, income, and poverty and a person's mental health using the UK Household Longitudinal Study (also called [Understanding Society](#)). Mental health was assessed using the General Health Questionnaire that measures psychological distress, a marker of probable depression and/or anxiety. We found that being in paid employment had a far greater influence than poverty and income, with job loss leading to a 16% increase in the likelihood of psychological distress.

Separately, entering poverty was linked to a 2% increase in the chance of psychological distress, while longer term poverty likely has an additional impact. In contrast to poverty, changes in income above the poverty threshold had only a very small effect. The relative importance of employment, income, and poverty differed by gender, but generally not by age. Men's mental health was affected more by job loss, while women's mental health was affected more by poverty.

There have long been concerns that the end of the furlough scheme would herald a marked increase in unemployment. However, previous extensions to the scheme have helped to prevent that from happening. Our work can assess how far the UK's mental health was consequently protected, in comparison to the job losses that could otherwise have occurred. Active labour market policies to support those at risk of job loss may therefore yield substantial health benefits, in addition to the potential economic dividends from lower expenditure on

welfare and increased income tax receipts.

Similarly the £20 uplift to Universal Credit, the major welfare benefit provided to working-age people, that occurred during the pandemic [helped reduce poverty](#). Estimates suggest the uplift's removal may cause more than 700,000 people to enter poverty – meaning more than 14,000 people may experience new psychological distress in the short term, with many more affected over the long term. The reduction in the Universal Credit taper and higher work allowances announced will offset some of these losses, but only partially and only for those in work. For those left worse off, the move risks exacerbating poor levels of mental health following the pandemic.

Anticipating policy consequences of specific income and welfare policies can be difficult. Policies can interact in unpredictable ways, with overall health impacts depending on who is most affected. Policymakers have long benefitted from simulation models to anticipate the economic consequences of income and welfare policies, but similar health models have been lacking. In our ongoing work, we are developing such a tool to make harnessing economic policies to improve health easier. In the meantime, a greater awareness of the economic determinants is needed for population health and health inequalities.

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<https://www.health.org.uk/news-and-comment/blogs/which-is-most-important-for-good-mental-health>