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Unemployment and health in context and comparison: a study of Canada, Germany and the United States of America.

Abstract

This research explores how societal-level factors influence the relationship between unemployment and health. Using the Varieties of capitalism (VOC) framework, hypotheses are developed that specify how this relationship may vary across high-income countries. Economies of high-income countries are grouped into coordinated market (CMEs) and liberal market (LMEs) economies that have different production specializations, but similar economic growth and aggregate levels of wealth and which are supported by different economic and labour market institutions. I hypothesize that these institutional differences give rise to different risks, types and durations of unemployment. After controlling for these differences, it is hypothesized that the higher levels of unemployment protection in CMEs will mediate the effect of unemployment on health compared to LMEs and that there will also be an interaction between skill level and unemployment and health. Two empirical studies are conducted to test these hypotheses using longitudinal microdata from representative LME (Canada and the United States) and CME (Germany) countries. The first study examines the relationship between unemployment and mortality for Germany using the German Socio-economic Panel (GSOEP) and the United States using the Panel Study of Income Dynamics (PSID). The risk of death for the unemployed is higher in the United States compared to Germany, especially for the minimum- and medium-skilled unemployed. In Germany the risk of death for the unemployed is concentrated among East Germans. The second study examines the relationship between unemployment and self-reported health status for Canada using the Survey of Labour and Income Dynamics (SLID), Germany (GSOEP) and the United States (PSID). Across all countries unemployment is associated with poorer self-reported health status, but there is marked effect modification by educational status and by receipt of unemployment compensation. In particular, there is no association for the high-skilled unemployed in the United States, but for minimum- and medium-skilled unemployed those not receiving unemployment compensation have the highest risk of poorer self-reported health status. Policy makers should consider the effect on the health of the unemployed when designing programmes for the unemployed. Future research needs to examine the role that social programmes and in particular the role that all public transfers have in reducing health inequalities not only among the unemployed, but also among workers in other work arrangements that may be harmful to their health.