The Welfare State as Stress-Buffer?
Job Loss and Psychological Well-Being in Four Countries

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June 13, 2012

Abstract:

Following the introduction of the “Stress Process Model” by Pearlin et al. (1981), sociologists of mental health have produced a compelling body of literature elaborating the mechanisms by which stressful life events affect psychological health. Chief among these stressful events is job loss, which has proven a powerful determinant of psychological well-being across numerous investigations. However, to our knowledge, researchers have yet to ask whether the psychological impact of job loss varies across national contexts. Might generous welfare states function to buffer the stress of unemployment? Is it possible that generous benefits make unemployment too comfortable, reducing the incentive to return to work? In this study, we utilize the CNEF—a unique cross-national, longitudinal dataset—to address these questions. We conduct parallel longitudinal analyses for Germany, the U.K., Switzerland, and South Korea, examining the psychological impact of job loss in each country. For the German case, we conduct separate analyses before and after the implementation of welfare reforms in 2005, when long-term unemployment benefits were cut in half. We hypothesize that where state support for the unemployed is relatively strong, the psychological impact of job loss is lower, as newly unemployed individuals experience less economic insecurity. Our preliminary results do not support our hypotheses; the psychological cost of job loss appears remarkably consistent across countries. We conclude that unemployment is highly stressful regardless of state generosity.

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