

**Unemployment and health in Germany –
selection, anticipation, causation and rehabilitation**

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Associations between unemployment and health are well documented by current research. Nevertheless, the direction of causality is not completely understood. Based on Jahoda's Theory on manifest and latent functions of employment, Conservation of Resources Theory, and Human Capital Theory we derive four major hypotheses on (1) selection in unemployment due to poor health, (2) anticipation of unemployment as a trigger for health problems before the unemployment actually starts, (3) duration of unemployment as an amplifier of health problems, and (4) complete rehabilitation of health after re-entering employment. In addition, gender-specific differences are brought into focus as several theories assume alternative, non-market based roles for women, particularly mothers, and therefore less impact of unemployment on women than on men. To test these hypotheses we use all waves from the German Socio-Economic Panel (SOEP) and estimate fixed effect regression models. The dependent variable is self-rated general health satisfaction, measured on an 11 point scale. For the main covariates we apply a highly differentiated coding scheme on periods before, during and after unemployment.

Preliminary findings show a selection of less healthy workers into unemployment and a decrease of health satisfaction with duration of unemployment, but strong recovery after starting a new job. Notably, while the duration of unemployment had significantly more impact on fathers than mothers, rehabilitation after re-entering employment is equally strong.

Key words: health, unemployment, panel regression, selection hypothesis, causation hypothesis