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Job Displacements and Health

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IAB Workshop "Alter, Altern, Arbeit - Folgen für Individuum
und Institution"

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Outline

1. Introduction to SHARELIFE

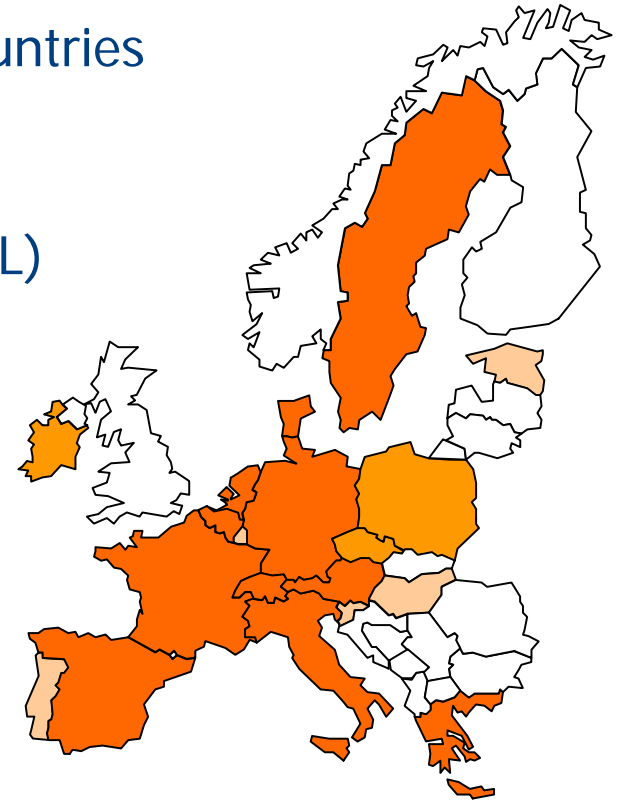
1. Motivation
2. Methods
3. Idea

2. Job Displacements and Health

1. Motivation
2. Related Work
3. First Results
4. Discussion

SHARE

- ▶ SHARE is a longitudinal European study on ageing
 - ▶ Health, Economics, Social Networks
 - ▶ Age 50+ in various European countries
 - ▶ Wave 1: 11 countries
SE, DK, NL, DE, BE, FR,
CH, AT, ES, IT, GR, (+IL)
 - ▶ Wave 2: + IE, CZ, PL
 - ▶ Wave 4: + PT, LUX, SV, HU, EE
 - ▶ Future...: All EU 27 + CH, IL



SHARELIFE

- ▶ SHARE is asking about contemporary life circumstances
- ▶ Individuals are at least 50 years old, but about a quarter of them is at least 75 at entry into the panel
=> Large number of unobserved variables
- ▶ But initial conditions are important:
 - ▶ Especially health and SES trajectories are driven by childhood experiences
 - ▶ Also some evidence of early health causing later SES
- ▶ We aim at understanding how our respondents arrived at the point we observe them now

SHARELIFE Approach

- ▶ As we are not able to go back in time, our respondents have to remember their past
- ▶ Asking retrospectively may not be perfect, but it is better than leaving it open and unknown
- ▶ With retrospective questions, we can create a “poor man’s panel”, giving us valuable information on respondents’ pasts

SHARELIFE Approach

- ▶ The basic methodology is driven by epidemiological and psychological research: Life Grid and Event History Calendar (Blane, 1993; Belli, 1998)
- ▶ Certain design elements help the memory:
 - ▶ The order of questions
 - ▶ The design of the questionnaire results:
life grid representation allows the comparison across different life domains, thus detecting errors becomes easier
 - ▶ Anchoring by using “landmark events”
- ▶ These features were used for the electronic implementation

SHARELIFE Topics

- ▶ Main:
 - ▶ Children, Partnership, Accommodation, Job, Health history
- ▶ Additional
 - ▶ Childhood health
 - ▶ Childhood SES
 - # of books, # of rooms, # of people, school performance, home amenities, breadwinner's occupation
 - ▶ War and persecution experience
 - reasons for persecution, compensation, timing, effects

SHARELIFE Advantages

- ▶ Main question:
Where does the variation in life course data come from?
 - ▶ Family background
 - ▶ Institutions
- ▶ The “Cross-National Laboratory” allows linking individual decisions to institutional background variables
- ▶ Ideally, it makes a cross-country evaluation of welfare state policies possible
- ▶ Hence, the SHARELIFE project not only collects individual data, but also aims at providing some institutional background

Data and Availability

- ▶ SHARELIFE Data were collected up to summer 2009
- ▶ Currently in data preparation process
- ▶ Roughly 28,000 observations in 13 countries
- ▶ A First Results Book is in preparation with the preliminary data
- ▶ Public release of the data in November 2010

Job Displacements and Health

- ▶ Unemployment is seen as a “threat” for any working age individual
- ▶ Unemployment may affect your life in different ways...
 - ▶ ...effects on wages
 - ▶ ...effects on family composition and fertility
 - ▶ ...effects on health
- ▶ With these potential effects, unemployment has a political dimension:
 - ▶ Direct costs via social security
 - ▶ Indirect costs via family and health

Job Displacements and Health

- ▶ Potential problem: is job loss exogenous?
- ▶ Unemployment comes for different reasons
 - ▶ Own decision
 - ▶ Being fired / laid off
 - ▶ Business closures
- ▶ Business closures are considered exogenous
 - ▶ The worker is not likely to affect the result (arguably)
 - ▶ There is at least no selection within the workforce
 - ▶ As close as you can get

Some Previous Literature

- ▶ Ruhm (1991) and Jacobson, Lalonde & Sullivan (1993)
Wage reducing effects of displacement which start early and last long into new employment -> "scarring"
- ▶ Browning, Moller Dano, Heinesen (2006)
No effects on stress related outcomes in Denmark, with different ways of defining displacement
- ▶ Sullivan & Wachter (2009)
Displaced workers have an increase in mortality
- ▶ Strully (2009)
Negative effects on other health measures (self rated, conditions)
- ▶ Salm (2009)
Little or no effects *of displacement* on either objective or subjective health. However, *other reasons of unemployment* have an effect.

Idea for this Analysis

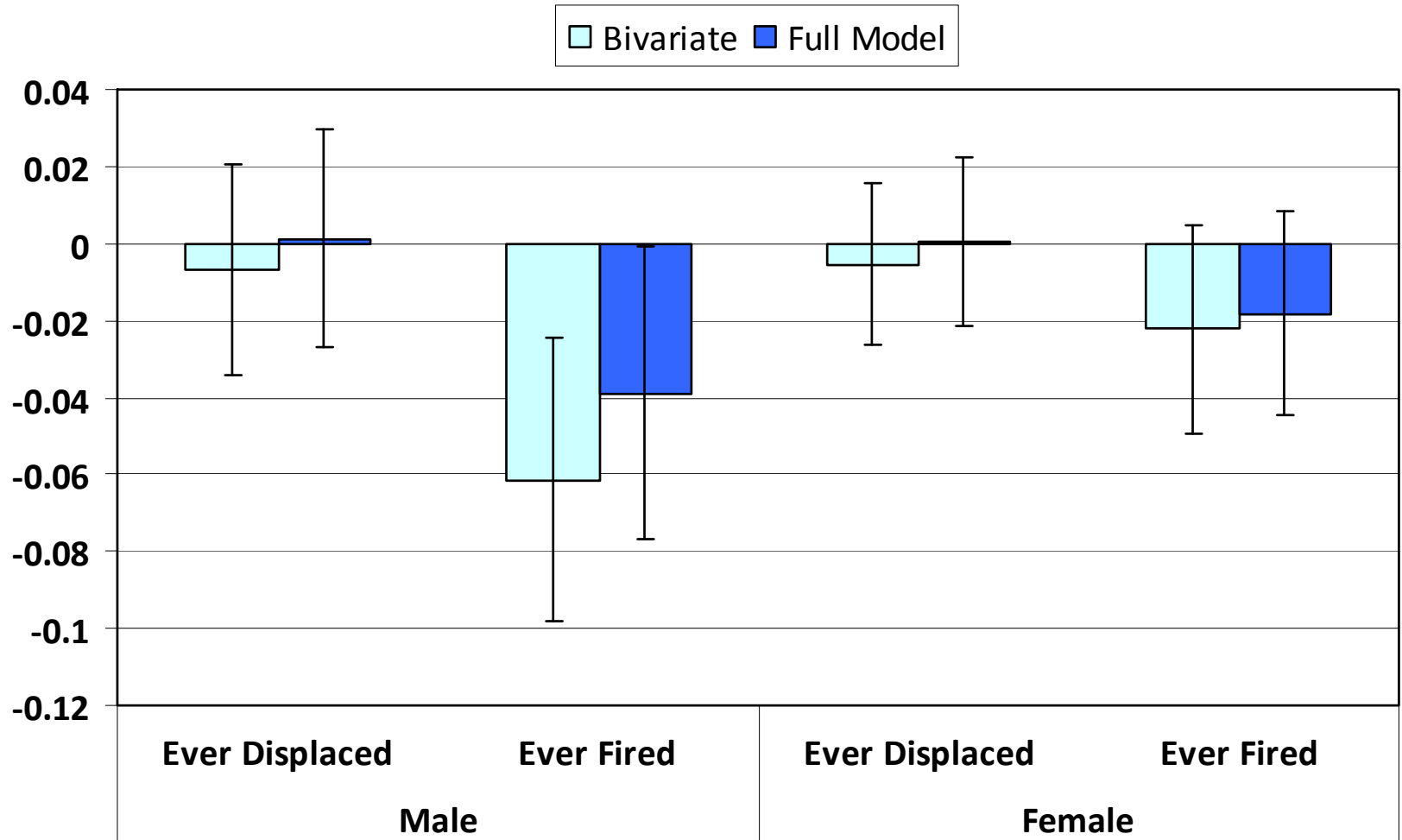
- ▶ Look at long term health effects of job loss
- ▶ Compare three groups (based on RE031):
 - ▶ “first displaced”
 - ▶ “first fired”
 - ▶ “never displaced or fired”
- ▶ Consider various health outcomes:
 - ▶ Self reported health poor or bad
 - ▶ Any chronic conditions
 - ▶ Depressive Symptoms
- ▶ Controls:
 - ▶ Demographic: age, age², education, citizenship,
 - ▶ Childhood: SES via # of books, people per room, school performance, private household, amenities
 - ▶ “Genetic”: “minimum age of death” of parents, parental drug abuse, childhood health & conditions
 - ▶ Industry & Occupation (at first job)

Sample Restrictions

- ▶ Age between 50 and 90 at third wave interview
- ▶ Has ever been employed
- ▶ Only displacements in private sector
- ▶ Not in agricultural sector
- ▶ Not in Czech Republic, Poland, or East Germany
- ▶ Knowledge of date at interview (w2/w1)
- ▶ If there is a job loss:
 - ▶ First job loss between 1950 and 2003
 - ▶ Age at first job loss between 20 and 60
- ▶ Comparison group:
 - ▶ Has always changed job on own account

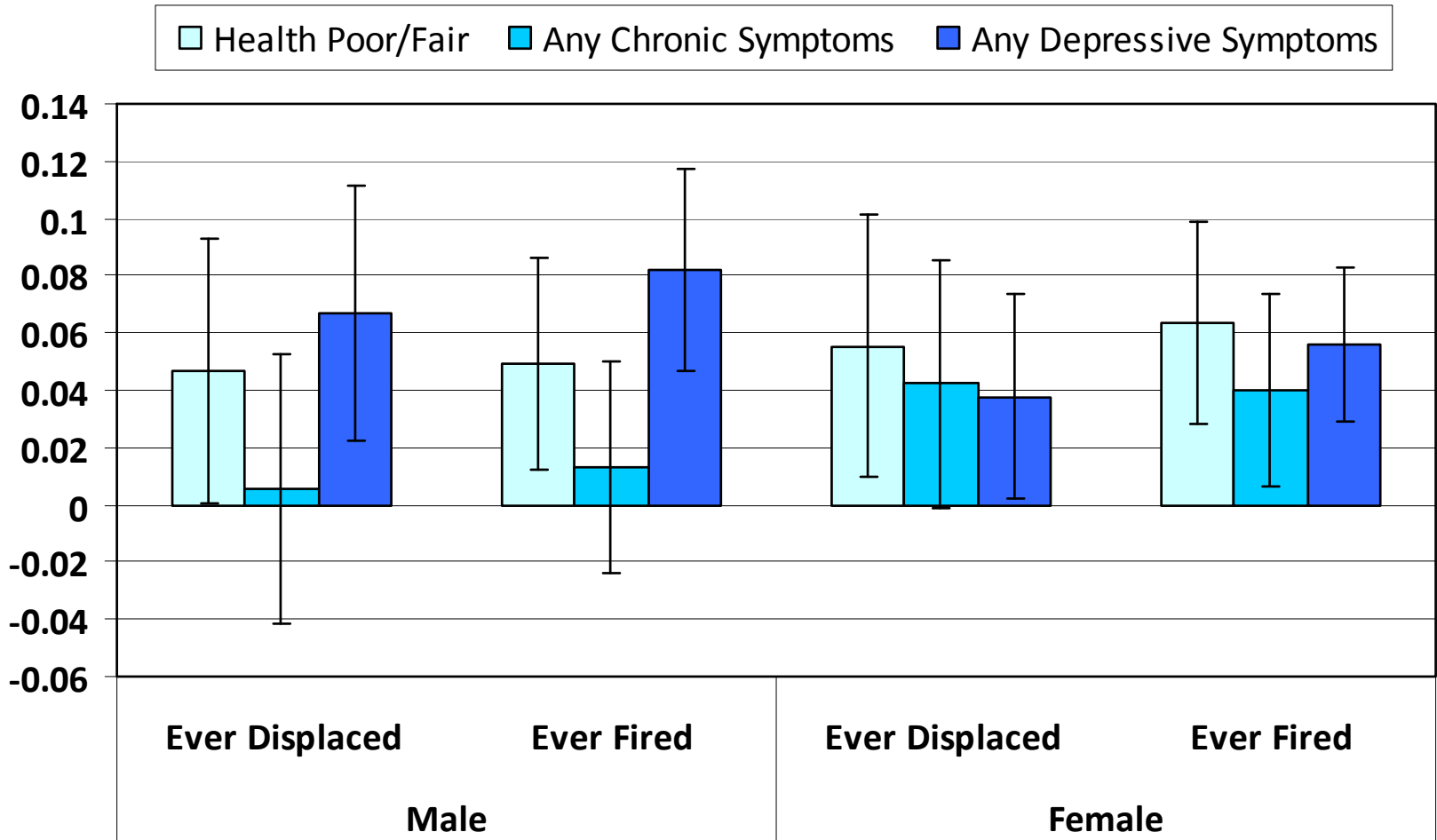
Measurements

Influence of Childhood Health on Job Loss Reasons



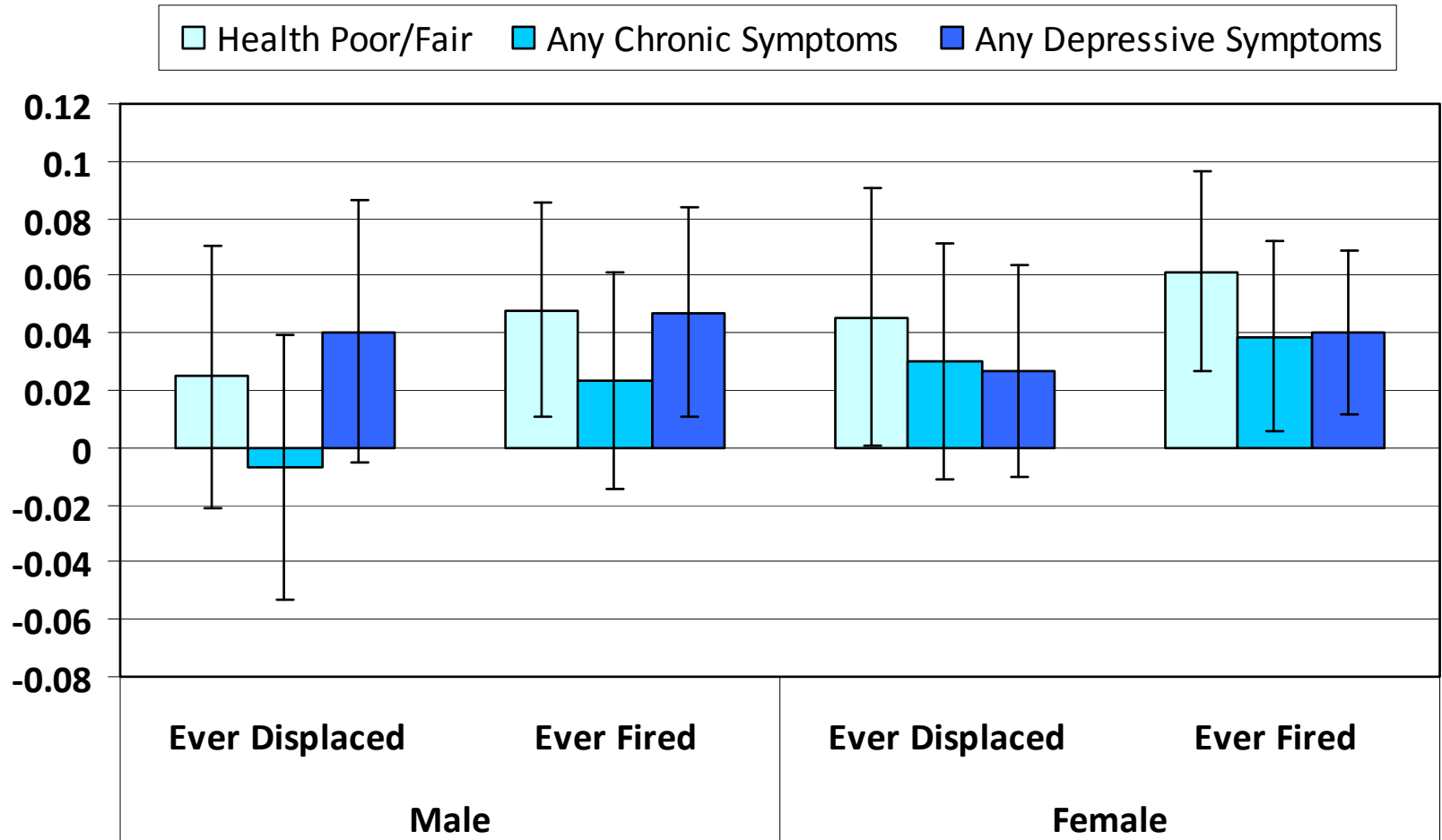
Bivariate Results

Job Loss on three Health Measures



Multivariate Results

Job Loss on three Health Measures



Limitations

- ▶ No panel, unobserved heterogeneity
 - ▶ Controls so far only from SHARE
 - ▶ In future more controls – economic conditions at time of displacement
- ▶ Selection on two fronts: a) attrition and b) morbidity
 - ▶ Works in favor – the effect will be downward biased, if the sick are already dead or too sick to participate
- ▶ Justification bias?
 - ▶ Rather unlikely - questions are separate
 - ▶ Some health measures come from previous waves

Summary

- ▶ Evidence of a negative correlation between job loss and health
- ▶ For people first experiencing a layoff there are at least slightly higher differences towards those who always leave on their own account compared to those being displaced
- ▶ If we accept the displacement variable as an exogenous shock, this would be evidence that job loss leads to reduced health on multiple dimensions
- ▶ Future work will focus on a) other health measures and b) including measures of the welfare state in the model



THANK YOU

Sample Sizes

Person is female	Was ever displaced		Total
	0	1	
0	5,123	436	5,559
1	6,187	475	6,662
Total	11,310	911	12,221

Person is female	Was ever laid off		Total
	0	1	
0	5,123	725	5,848
1	6,187	839	7,026
Total	11,310	1,564	12,874

Other Coefficients (female, bad health)

everdis		.0454366	.0230177	1.97	0.048	.0003144	.0905588
age		-.0120527	.0085161	-1.42	0.157	-.0287469	.0046415
age2		.0001552	.0000625	2.48	0.013	.0000326	.0002778
yreduc		-.0082069	.0018024	-4.55	0.000	-.0117402	-.0046737
cnbirth		-.0519446	.0219913	-2.36	0.018	-.0950546	-.0088345
mothage		-.001287	.0004757	-2.71	0.007	-.0022194	-.0003545
fathage		-.0011193	.0004305	-2.60	0.009	-.0019633	-.0002753
mothlive		.0047308	.0145162	0.33	0.745	-.0237255	.0331872
fathlive		-.0023859	.018374	-0.13	0.897	-.0384048	.033633
parfine		-.0193163	.0118782	-1.63	0.104	-.0426014	.0039687
chldhlth		-.2137532	.0210794	-10.14	0.000	-.2550757	-.1724307
chldcond		.0633946	.0153948	4.12	0.000	.0332159	.0935733
mathbett		-.0114219	.012791	-0.89	0.372	-.0364964	.0136526
langbett		-.0082435	.0126882	-0.65	0.516	-.0331165	.0166294
poorhous		-.0051373	.0168668	-0.30	0.761	-.0382016	.027927
nobooks		.0315237	.0139615	2.26	0.024	.0041547	.0588927
peoproom		.0178911	.0065317	2.74	0.006	.0050868	.0306954
year10priv		-.0934396	.0414465	-2.25	0.024	-.1746881	-.0121912