



Labour Market Matters

Special points of interest:

- Researchers find an inverse relationship between unemployment rates and mortality rates in Canada.
- While measures to help employees achieve better work-life balance are increasingly prevalent, researchers find that take-up of these measures is lower than expected.

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Can Recessions be Good for your Health?

With the collective pain and anxiety associated with the recent global economic downturn still fresh in mind, it is easy to relate to the idea that recessions can be harmful to one's health. Recent research based on US data has, however, uncovered an inverse relationship between unemployment rates and mortality rates – meaning that as unemployment rates rise, mortality rates seem to fall. The results suggest that recessions can be “good for your health.”¹ The American data indicated that a one percentage point increase in state unemployment rates was associated with a 0.5-0.6 percent reduction in state mortality rates. Studies have found reductions in deaths due to motor vehicle accidents, homicide, heart disease, and liver disease when unemployment rates rose. This evidence suggests that individuals may be less likely to engage in risky or reckless behaviour during recessions and are more likely to engage in health improving behaviours.

In light of the US evidence, is it possible that recessions are also “good for your health” in Canada? A new study entitled **“Are Recessions Really Good for Your Health? Evidence from Canada”** ([CLSRN Working Paper no. 73](#)) by CLSRN affiliates Hideki Ariizumi (Wilfrid Laurier University) and Tammy Schirle (Wilfrid Laurier University), investigates whether the

relationship between recessionary periods and declining mortality also exists in Canada.

Using provincial data covering the 1976-2009 period, Ariizumi and Schirle find a strong relationship between unemployment and mortality rates of middle-aged Canadians. For individuals in their 30s, Ariizumi and Schirle find that a one percentage point increase in the unemployment rate lowers the predicted mortality rate by nearly 2 percent.

One important difference remains between the Canadian and American results: while the US data found that the mortality rates of infants and seniors particularly benefitted from recessionary periods, Ariizumi and Schirle do not find a significant relationship between unemployment and the mortality rates of infants and seniors in Canada. While the reason for this difference is not obvious, Ariizumi and Schirle suggest that the improved mortality rates of infants in the United States during recessionary periods could be attributed to the fact that during economic downturns the number of uninsured Americans increases, Medicaid spending tends to increase, and less educated white mothers are more likely to have babies.² These expectant mothers are likely able to spend more time attending to their health during recessionary periods, thereby improving the health of their babies. It is also possible that when unemployed, these less educated mothers in the US qualify for Medicaid. With



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respect to US seniors, there may be fluctuations in Medicare spending and other aspects of seniors' health care that improve health during recessionary periods in ways that do not affect Canadian seniors. Perhaps these healthcare issues are not relevant in Canada where nearly everyone has access to universal health care. These factors could however be the reason behind declining mortality rates of seniors and infants during recessionary periods observed in the United States.

¹ Miller, D.L., Page M.E., Stevens A.H., & Filipski M., (2009) “Why Are Recessions Good for Your Health?” *American Economic Review*. vol 99, no. 2.

Ruhm, C.J., (2000) “Are Recessions Good For Your Health” *The Quarterly Journal of Economics*. vol 115, no. 2.

² Dehejia, R., & Lleras Muney, A., (2004) “Booms, Busts, and Babies’ Health” *The Quarterly Journal of Economics*. vol 119 no.3.



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(University of Calgary)

"Mismatch between the services and the needs of the workers, high-transaction costs of implementing measures such as telework, and the fear of adverse effects on careers are some of the plausible reasons behind this low take-up."



Despite being available to 12% of workers, only 2% of workers report using family support services.

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Balancing Work and Life: Are we doing any better?

Flexible work schedules, telework, family support services, are all among some of the work options and services that employers are increasingly offering to encourage workers to have a healthy work-family balance. But is it working? In a study entitled **"Does the Market Help Workers Balance Work-Family Conflict?"** ([CLSRN Working Paper no. 39](#)), CLSRN affiliates Ana Ferrer (University of Calgary) and Lynda Gagné (University of Victoria) investigate whether these benefits aimed at creating better balance for employees is actually working to help employees achieve a healthier balance between work and family life.

The researchers find that the take-up of work-family benefits is lower than the percentage of the working population that is expected to face family-work conflict – such as dual-earner families with young children, and single parents – who make up roughly over 60% of the labour force. This could mean either that: workers who need the benefits do not have access to them, or workers with families do not find the family-friendly benefits offered to them by their employers to be useful.

Flexible time is defined in the study as a work arrangement where an employee works a set number of hours, but can change the start and stop times provided that he works the required number of hours. While available to 57% of workers,

flexible time is used by only 37% of workers. The use of flexible time seems unrelated to work-family conflict. Indeed, flexible work schedules were often not used by working parents of very young children. A reason for this may be that usually parents require full-time care for infants. Therefore, flexible hours are not as useful for such working families because even though they have flexibility in start and end times, these parents would still have to be at their workplaces during a large portion of the day.

Telework is defined as a work arrangement where employees work at home (for pay) for at least some hours of their regular schedule. While available to approximately 11% of the workers, only 6% of workers report using telework arrangements. The analysis suggests that telework is useful, particularly for mothers of school age children. The usefulness to parents of small children appears limited – as young children require a great deal of caregiver attention and working at home would restrict the attention that can be given to a child.

Family support services, which include childcare, eldercare and other family support services, while available to 12% of workers, is only used by 2% of these workers. In this case, it seems that this service is not offered to workers who would find them more useful and that a greater availability of family support services will benefit workers. Childcare or eldercare maybe quite useful, but only if offered to

workers with children or eldercare responsibilities.

The researchers note that it is usually left to managers' discretion whether a worker is able to use benefits such as flexible schedules, telework and family services. The use of arrangements such as flexible schedules and telework can be associated with certain transaction costs such as investments in home office equipment or difficulty for working in teams. Earlier research¹ has also documented the existence of a corporate culture that limits use of available benefits because workers feel that it would negatively affect their careers.

The results indicate that while measures to improve work-family balance are technically available to a significant number of working Canadians, uptake of these measures is lower than expected. Mismatch between the services and the needs of the workers, high-transaction costs of implementing measures such as telework, and fear of adverse effects on careers are some of the plausible reasons behind this low take-up.

¹Eaton, S. (2003) "If You Can Use Them: Flexibility Policies, Organizational Commitment, and Perceived Performance" *Industrial Relations*, vol.42, no 2.

Endnotes

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