

Résumé “Job Loss and Health Outcomes: Evidence from France”, Pauline Leveneur

In many countries, individuals are insured against earnings reduction after job loss. The unemployment policy's design is set to balance the insurance value and the moral hazard of new job seekers. Yet, the insurance design disregards the potential adverse health effects stemming from job loss despite evidence showing a link between poor health status and unemployment. Job loss can affect health through two primary channels: the loss of income, which may lead to healthcare renunciation and induce stress due to financial insecurity, and alterations in lifestyle, such as increased isolation and the absence of a structured daily routine. This paper investigates the consequences of job loss on a wide range of health outcomes in France, a country with generous unemployment benefits and universal health insurance. I build a new panel dataset by combining administrative panel data from a French epidemiological cohort with matched employer-employee data over the period 2007 to 2019. To address endogeneity issues related to the potential selection into unemployment due to poor health, I focus on exogenous job losses resulting from establishment closures. Implementing a combined matching and difference-in-differences approach, I compare the evolution of the health outcomes of 20,000 displaced workers with those of a comparable control group. The results highlight the adverse effects of job loss on mental health. Due to displacement, individuals experience a 19% increase in the use of antidepressants and anxiolytics, a 32% increase in the use of sleeping pills and a 20% rise in the likelihood of consulting a psychiatrist in the short run. Hospital admissions increase by 13%. Additionally, the probability of receiving disability benefits more than doubles after displacement. Heterogeneity analyses reveal that specific vulnerable populations, including older workers, low-skilled workers, and workers living in areas with high unemployment rates, are more severely impacted by job loss. The perspective of re-employment plays a significant role in mitigating these adverse effects. Notably, workers at a higher risk of unemployment exhibit strong mental health distress, while those with middle to low risks do not experience comparable effects.