



Your Job or your Life? The Uncertain Relationship of the Unemployment Rate and Mortality

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Contrary to the epidemiological literature, recent economics studies find that increases in the unemployment rate decrease mortality. Using US state level data on unemployment rates, mortality and other covariates for 1974 to 2003, this paper revisits this issue by, first, allowing for transitory and permanent effects of unemployment rates and, second, by allowing for cross-panel correlations. The results show that the negative effect of unemployment on mortality is a transitory effect, while permanent increases in unemployment rates increase mortality substantially. Controlling for cross-panel correlations, however, indicates that even the transitory negative effects may not hold.

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Feasible GLS

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