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Non-technical summary / Press release

"The Economics of Grief"

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The death of a child is one of the most traumatic experiences that a parent can experience. It is well known that parents undergo a period of intense grief after the loss of a child, and many of them state that life after the loss never became the same as before. What has not been studied in detail is whether this also has economic consequences for the parents involved. Clearly, grief may lead to sickness absence. In some cases, the parent may decide to quit work or may be pushed into a long-term sickness program. However, prolonged spells of inactivity or absence due to health disorders may have persistent negative effects on the individual's labor market chances. After a substantial amount of time out of work, it becomes more and more difficult to find a job again. At the extreme, the parent will never re-enter employment again. In short, the economic well-being of the parent may suffer a long time after intense grief has subsided.

This is precisely what we find in our study. We use extensive information on the parents of all Swedish children aged 1 or above who died in the years 1993-2003, and we compare their outcomes to those of parents who did not experience child loss but who otherwise lived in similar circumstances as the affected parents. The data provide information on income, employment, use of unemployment benefits and sickness benefits, marital status, health, and fertility of the parents.

We distinguish between various death causes of the children, and we pay particular attention to children who died from non-intentional accidents such as traffic accidents and accidents caused by submersion, electric current, or falling objects. The reason for the focus on this collection of death causes is that they are not anticipated, and hence the parents did not modify their behavior in response to an impending death, so that their situation just before the child loss is comparable to parents in similar circumstances who did not lose a child. We exclude all parents who have a recorded injury in the same month as the death of the child, since we wish to measure effects of child loss and not the effect of the health shock that parents experience who are injured at the same time as their child.

We find that the loss of a child has strong effects on almost every outcome studied. Child loss not only results in reduced income in subsequent years but also in an increased likelihood of leaving employment, getting divorced, and experiencing reduced mental health. For example, among the bereaved parents, the chances of being out of work some years later is up to 9% larger than if the child had not died. In the first years after the child loss, the probability that a parent is hospitalized for mental health problems is two to three times higher than otherwise. Of course, these are average effects, and in every case there are many bereaved parents who are not adversely affected. For example, many parents actually do not leave work, but the fraction of those who do leave work is higher among those who lost a child than among those who did not lose a child.

With a few exceptions, our estimated effects are invariant to characteristics of the child. They do not depend on the age of the child, birth order of the child, or family size. We do find some evidence that fathers suffer more after the loss of a son than after the loss of a daughter, in the specific sense that their labor income goes down stronger if the child was a son.

Even though leaving work shortly after bereavement is often driven by emotional distress and mental health disorders, we find that it may have subsequent effects that are more persistent than the intense grief itself. In particular, we observe that a larger fraction of these parents tend to stay out of work and separate from their partner. In addition, in the case of fathers, the long-run health tends to deteriorate. These results suggest that it is important to communicate to parents who just lost a child that they should try to continue their labor force participation. In addition, if such parents do actually quit employment, it may be sensible to encourage them to enter tailored active labor market programs and therapies to prevent a downward spiral in their subsequent life.