

[DOI: 10.20472/IAC.2018.040.036](https://doi.org/10.20472/IAC.2018.040.036)

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MENTAL HEALTH BEFORE, DURING AND IN THE AFTERMATH OF THE GREAT RECESSION IN CANADA

Abstract:

Using province level panel data from the Canadian Community Health Survey (2007-2014), this study compares the mental health of Canadian before the 2008-2009 Great Recession with that of during the recession and after the recession. Mental health is measured using following indicators: self-reported mental health status, self-perceived life stress, and mental health care utilization. In the estimation, the study utilized following econometric techniques: ordered probit method, OLS method, panel data fixed effects method, logit method and conditional fixed effects logit method. The study found that self-reported mental health declined during recession and it remained at a lower level even after the end of recession. Similarly, self-perceived life stress increased during recession and it remained at a higher level in the aftermath of recession. Compared to pre-recession level, mental health care utilization increased during recession and after the end of recession. The study divided sample on the basis of gender, age categories and employment status. In all cases, the findings are similar: compared to pre-recession level, mental health declined during recession and mental health did not recover to pre-recession level even after the end of recession. The results of the study have important policy implications. The results suggest that recession not only has direct economic costs in terms of loss of employment and production, but it also has indirect costs in terms of its adverse impact on mental health.

Keywords:

Mental Health; Great Recession; Canada

JEL Classification: I19, E32, C10