

Berlin Applied Micro Seminar

The Roots of Health Inequality and The Value of Intra-Family Expertise

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Abstract:

Mounting evidence points to a stark correlation between income and health, yet the causal mechanisms behind this gradient are poorly understood. This paper examines the impact of information on health, and whether differential access to information contributes to the health-income gradient. Our empirical setting, Sweden, allows us to shut down inequality in formal access to health care, and to leverage administrative population-wide tax data linked to birth and medical records. We first document that a strong health-SES gradient persists in this environment; the gradient emerges early in life and steepens with age. We then study the effect of information on health over the life cycle, using the presence of a health professional in the family as a broad measure of exposure to information about health. Intuitively, such exposure may capture intra-family transfers of knowledge, as well as persistent “nagging” about health investments or behaviors. For identification, we exploit “admissions lotteries” into medical schools and variation in the timing of a medical degree. We find that having a health professional in the family prolongs older generations' life span, reduces their likelihood of suffering from common lifestyle-related conditions, and improves their preventive investments; we document similar improvements in health and health capital investments in adolescence, early childhood, and in-utero. Further, we show that information affects individuals throughout the income distribution and that asymmetric exposure to information about health can account for as much as 20% of the health-SES gradient. The interaction between poverty and exposure to information that determines individual investments into their own health can thus play a significant role in generating and perpetuating health inequality - even in environments that nearly eradicate systemic differences in access to healthcare, provide generous social insurance, and have extensive social safety net programs.