

4.D. Pitch Presentations: Evidence and socioeconomic status

The role of circumstances in explaining health and income related inequalities in European countries

Luca Salmasi

M Pasqualini, M Chiavarini, D Lanari, L Minelli, L Pieroni, L Salmasi
 Department of Political Science, University of Perugia, Perugia, Italy
 Contact: luca.salmasi@unipg.it

Introduction

According to Roemer (1998) equality of opportunity in modern societies is reached when individuals' accomplishments are completely determined by choices and effort. A recent paper by Branko (2014) demonstrated how 50% of variability in income of world population is determined by country of birth and income distribution within that country (i.e., circumstances over which individuals have no control) leaving limited room for effort. Since health and income are generally strictly related because individuals who are better off financially tend to have better health and better health habits, we propose, in this paper, to estimate the variability in health that is determined by circumstances.

Methods

We use data from the Survey of Health, Ageing and Retirement (SHARE) and the English Longitudinal Survey on Ageing (ELSA), two comparable multidisciplinary surveys that provide micro-level data on health and financial resources among the elderly for a large number of European countries. We also exploit information which focus on individual life histories, providing detailed retrospective assessments regarding childhood characteristics. We used OLS regression models to estimate elasticities of various health and income outcomes to early-life conditions at the household, regional and country level.

Results

We find that early-life conditions significantly explain health and income variability; however the contribution appears to be limited ranging from 5 to 10 percentage points of total variability. Inequalities in early-life conditions at the household level are those with larger predictive power.

Conclusions

Early-life conditions are relevant in explaining variability in health and income in adult age, but with a more limited impact than what found by previous studies on income. Such differences could be attributed to the level of aggregation of the data used or to differences in income and health inequality levels.

Key messages

- Equality of opportunities should be pursued to guarantee that individuals' accomplishments are completely

determined by choices and effort and not by circumstances over which they have no control

- Early-life conditions significantly explain health and income variability; however the contribution appears to be limited ranging from 5 to 10 percentage points of total variability