

Income Inequality and Self-Rated Health Status in Europe: Evidence from the European Community Household Panel

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Recent micro-level studies in the US offer conflicting evidence on the robustness of the finding supported by most ecological level studies that income inequality translates into poor health. The robustness of this result appears to be sensitive to alternative choice of health outcomes and income inequality indices, the level of aggregation at which income inequality is measured and whether one has controlled for regional fixed effects. We examine the effect of increasing income inequality on individual self-rated health status in 11 member states of the European Union for both men and women using longitudinal data from the European Community Household Panel (ECHP) survey spanning from 1994 to 2001. This harmonized panel survey allows us to resolve the issue of data comparability over time and across countries suffered by earlier cross-country studies and provides us with an additional source of variation. We calculate our own income inequality indices measured at two standard levels of geography (NUTS 0 and NUTS 1) from the ECHP data. We find consistent evidence that income inequality is negatively related to self-rated health status in the European Union for both men and women. Our results also support the hypothesis that increasing income inequality is more detrimental to the health of respondents living in low-income households. Interestingly, we find evidence of a significantly stronger negative correlation for women than for men at all level of household incomes. Our findings are robust to the levels of geography, the choice of income inequality measures and whether we control for regional fixed effects.

Keywords: Self-rated health; Income inequality; European Union; Panel data.