HEALTH, WEALTH, AND THE ROLE OF INSTITUTIONS

I. INTRODUCTION

A positive relationship between socioeconomic status (SES) and health has been observed over many populations and many time periods. SES can be assessed in many ways including occupation, social class, education, income, and wealth. Health can be measured as a reduced level of mortality, morbidities, health-related functional limitations, mental and emotional problems as well as in other ways, and, broadly speaking, the positive relationship still obtains. The literature has identified a number of causal mechanisms, and their relative strengths vary over the life course, populations, and the level of economic development. In broad generality causality could flow from SES to health, from health to SES, or from a third latent factor to both SES and health. A major object of investigation has been to find the dominant flow of causality and to quantify the causes of the relationship between SES and health.

Until recently the main contributions to the literature have been from the disciplines of sociology, epidemiology and public health, and in this literature the dominant flow of causality has been thought to be from SES to health (Robert and House 2000). An obvious example would be access to health care services that greater economic resources would purchase, but many other mechanisms have been proposed. A prominent view in the literature is that higher SES leads to reductions in psychosocial and environmental risk factors. Examples of risk factors are unstable marriages, smoking, excessive alcohol consumption, stress, work-related pathogens, chemicals and dangers,
neighbourhood effects, and a lack of social support networks. SES acts to reduce these risks in various ways. Education could induce better health behaviours such as less smoking; better, less physically demanding occupations could lead to safer, healthier work environments; income can be used to purchase housing in clean, quiet neighbourhoods.

This theory has been used to explain the finding that the relationship between SES and health (the SES gradient) seems to reach a maximum in late middle or early old age: at least as operating through occupation the cumulative effect builds over the working life, but with retirement many SES-related psychosocial mechanisms no longer operate. Were the main causal pathway relating SES to health to operate through psychosocial and environmental risk factors, policy to increase incomes or education, or to improve the structure of occupations would also eventually lead to an improvement in health.

The sociological literature uses the terms selection, mobility selection, and reverse causality to address in a limited way the effects of health on SES (Robert and House 1994; Goldman 2001). In its simplest form it supposes that those with better underlying health will be upwardly mobile in social class. For example, someone with better health will receive better education, which will lead to a better occupation and, hence, higher income. It is unclear whether health is causal in the sense that altering health after the completion of education would change economic outcomes, or whether it is purely selection.

Selection is said to have only a minor affect on the SES gradient (Wilkinson 1999). However, it is important to distinguish the measure of SES. If it means social class as it is given at birth, health would have little effect on the gradient. If it means income, it would seem obvious that health would have an important effect particularly in economies in which most income is from earnings rather than from public transfer programs: even holding occupation and education constant more robust individuals will be able to work longer and more intensively, leading to greater incomes in the future. Furthermore, in a dynamic setting the flow of causality from health to SES is directly observed, at least in the U.S.: health events such as a heart attack lead directly to worsened health and directly to income loss because of labor market interruptions; the income loss in turn leads to reduced wealth accumulation over a lifetime (Smith 1999; McClellan 1998). In this example the health shock will increase the cross-sectional correlation between health and SES as measured by income or wealth. This mechanism can explain the increasing SES gradient with age until the age of retirement: as health shocks accumulate for some individuals, their health levels will increasingly fall below the average, and at the same time their income and wealth levels will decline relative to the average.

Despite this obvious and observable explanation for at least part of the correlation between SES and health, the sociological literature, with its focus on selection as the only way in which health can influence SES, has lacked investigation of this direct causal mechanism. A possible explanation for this focus is the poor quality of income data and the complete lack of wealth data in data sets such as the National Health Interview Survey and in the Americans’ Changing Lives study, which are often used by sociologists for SES-health research. Not having good economic measures may have