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Social capital and health: Evidence that ancestral trust promotes health among children of immigrants



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ABSTRACT

This paper presents evidence that generalized trust promotes health. Children of immigrants in a broad set of European countries with ancestry from across the world are studied. Individuals are examined within country of residence using variation in trust across countries of ancestry. The approach addresses reverse causality and concerns that the trust measure picks up institutional factors in the individual's contextual setting. There is a significant positive estimate of ancestral trust in explaining self-assessed health. The finding is robust to accounting for individual, parental, and extensive ancestral country characteristics. Individuals with higher ancestral trust are also less likely to be hampered by health problems in their daily life, providing evidence of trust influencing real life outcomes. Individuals with high trust feel and act healthier, enabling a more productive life.

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1. Introduction

This paper presents evidence that trust promotes health. The question is important since health has both intrinsic and instrumental value for individual well-being. Generalized trust is a central part of social capital that a wide literature has argued is a factor behind health¹. Trust in this study is measured in the individual's ancestral country².

This relaxes concerns that trust is endogenous to health and that trust correlates with factors in the individual's current context, concerns faced by the related literature. The relationship between social capital and health has been examined in a growing number of studies, of which I only have space to discuss a few. Restricting attention to studies of individual outcomes (such as self-reported health status), the existing studies fall in two categories based on the level at which social capital is measured. Studies have examined social capital at the individual level, usually measured by self-reports in surveys. Petrou and Kupek (2008), Giordano and Lindstrom (2010), Fiorillo and Sabatini (2011), Yamamura (2011) present interesting results in this vein. Other studies have focused on social capital measures at the contextual (or ecological) level where the individual lives; such studies include Mellor and Milyo (2005),

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¹ Generalized trust is measured by the survey question "Generally speaking, would you say that most people can be trusted, or that you can't be too careful in dealing with people?"

² In particular, the average trust in the parent's birth country, referred to as ancestral trust, is used to capture a permanent component of the individual's trust in a sample of children of immigrants.

Islam et al. (2008)³. Both these approaches face challenges to the interpretation of the causal relationship between social capital and health. Individual correlations between social capital and health may reflect causality in either direction, or concerns that omitted individual or contextual factors drive the relationship. Relating health to contextual social capital faces concerns that the average social capital where the individual lives picks up omitted contextual factors that affect health. As all other contextual factor cannot be accounted for it will always be a concern.

A few recent studies have made progress toward stronger causal relationships by using instrumental variables. Ronconi et al. (2012) examine the influence of individual level social capital on health using individual assessments of access to public transit as an instrument for informal social interactions. D'Hombres et al. (2010) study how three indicators of social capital at the individual level affect health, where individual social capital measures are instrumented with contextual social capital measures. These papers mark advances in the literature toward stronger causal interpretations. Yet, they impose identifying assumptions of a similar kind as the previous literature since they require that instruments at the individual or contextual level are not correlated with any other factor at the individual or contextual level that drives health but the factor they are instrumenting for.

This paper proposes a different approach that relaxes some of the assumptions in the current literature. First, the analysis is performed within the individual's context. Using fixed effects at the contextual level accounts for all contextual factors that affect the health of individuals in the area. This avoids the concern that omitted contextual factors where the individual lives drive the result. Second, the measure of social capital used in the analysis is assessed in a different context from where the studied individual lives. Social capital is hence not determined by the health outcomes of the studied individuals. If there is a relationship between this measure of social capital and health, the relationship is from social capital to health. This addresses the reverse causality concern.

I study children of immigrants and relate their health assessments to the trust in their ancestral country. Children of immigrants offer a helpful 'natural experiment.' The children of immigrants have different ancestral influences of trust, yet they face similar contextual influences. Given that there is cultural transmission of trust from the parent to the child of the immigrant one can use the ancestral trust as a measure of the individual's trust.

Ancestral trust is strongly related to individual trust as shown below and in Ljunge (2014a). Important, for the purposes of this study, ancestral trust is not affected by the subjective health of an individual born and residing in a different country. Using this component of individual trust that is not endogenous to the context in which the

individual lives allows me to determine that the causal direction of the association between trust and self-assessed health is from trust to health⁴. Of course, interpreting the estimate as a causal effect requires the additional assumption that other factors do not influence the relationship. This additional assumption is examined through rigorous robustness checks, which lend plausibility to the causal interpretation⁵. Instrumental variables results, where ancestral country language structure is used to instrument ancestral trust, also support the causal interpretation of the effect of trust on health.

Trust is in this paper conceptualized as part of an individual's cognitive social capital, the part that captures an individual's preferences and beliefs that in turn could affect behaviors and health outcomes. As the focus is on the persistent part of trust that is transmitted across generations, this trust measure is considered part of an individual's preferences. Since beliefs depend on the current context and the ancestral trust measure used in the analysis below is separated from the context the individual lives in there is no clear connection to the belief part of the individual's cognitive social capital.

Trust, part of the cognitive social capital, is related to personality traits and non-cognitive skills of an individual⁶. Those with higher generalized trust could be seen as more optimistic. They may in a given situation put a higher discount factor on uncertain benefits and less weight on costs, compared to those with lower trust, which could influence their behavior. Personality traits like conscientiousness and persistence have been found to influence a range of outcomes like education, labor market success, and juvenile crime as discussed by Almlund et al. (2011). Conti and Heckman (2010) estimate a strong causal effect of non-cognitive skills on self-assessed health. Hampson et al. (2007) find an association of conscientiousness with self-assessed health over and above the personality trait's influence through education^{7,8}. Relating trust to health is a novel contribution to this expanding literature.

1.1. Hypothesis

The empirical hypothesis to be tested is that trust inherited from the parent's birth country has an influence on the child's health. The hypothesis builds on a model

⁴ The causal effect of trust on health need not be positive, for example if you trust the advice of charlatan doctor there may be a negative effect. It is an empirical question to examine the influence of trust on health.

⁵ The level of development and health outcomes in the ancestral country are accounted for. Also examined is the influence of income inequality, as well as political and legal institutions in the ancestral country. These factors do not have a significant influence on the health of children of immigrants, while the positive influence of ancestral trust remains.

⁶ Trust is one facet of 'agreeableness' in the Big Five categorization of personality traits.

⁷ The non-cognitive skills Conti and Heckman (2010) study are locus of control, perseverance, cooperativeness, completeness, attentiveness, and persistence. Hampson et al. (2007) study the Big Five personality traits.

⁸ Further evidence on the association between conscientiousness and health are discussed in for example Roberts et al. (2005).

³ Kim et al. (2008) review papers that have studied correlations between trust and health both at the individual and contextual levels. Other papers such as Kim et al. (2006) study multilevel models.

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