

Birth in Hard Times: When Your Network Can Keep You Up or Drag You Down*

Paola Bertoli*

University of Economics, Prague

CERGE-EI Teaching Fellow

Veronica Grembi

University of Milan

University of Economics, Prague

The Linh Bao Nguyen

University of Maryland

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1 Introduction

There is a large economic literature studying the impact of ethnic networks (*i.e.*, the presence of other immigrants from the same country of origin) on immigrants' labor market outcomes and economic integration (*e.g.*, Edin *et al.* 2003; Damm 2009; Xie and Gough 2011; Battisti *et al.* 2018). Still, much less attention has been devoted to the relationship between ethnic networks and immigrants' health. The mixed existing evidence on this topic comes essentially from sociology, psychology and urban studies aimed at testing the so-called Ethnic Density Effect: people in racial/ethnic minority groups are healthier when they live in areas with a higher concentration of people from their own racial/ethnic group.

This paper contributes to this line of research in at least three ways. First, we focus on whether and to what extent the ethnic network channelled the effect of the 2007/08 great recession (GR) on the health at birth of immigrant newborns, using a unique dataset of more than 540,000 deliveries, which took place in the Italian Northern and Central regions and for which the conception year can be dated between 2002 and 2013. Differently from previous studies, we do not consider a racial group (Ellen 2000; Bell *et al.* 2007; Shaw *et al.* 2010, Manson *et al.* 2011), neither a specific ethnic group (Pickett *et al.* 2009, McLafferty *et al.* 2011), rather all immigrant babies born in Northern and Central regions. Moreover, the economic literature has often acknowledged the long lasting effects of health at birth, especially birth weight, on individuals' future health and economic performance (Corman *et al.* 1987, Behrman and Rosenzweig 2004, Almond *et al.* 2005, van den Berg *et al.* 2006, Currie and Moretti 2007, Currie 2009, Almond and Mazumder 2011, van den Berg *et al.* 2011, van den Berg *et al.* 2016).

Second, we do not rely only one measure to proxy the role of the ethnic network, rather we apply nine different proxies using the municipal level as our geographical dimension of reference. Besides ethnic density (*i.e.*, the proportion of ethnic minority residents in an area), we are interested in those aspects of the ethnic network that can matter for immigrants health. Integration can increase the transmission of information for both job-search and health-care, and it can attenuate some cultural/psychological stress. So *ex ante*, integration should be good for immigrants health. For instance, having multiple ethnic groups implies a relatively high spread of immigrants across a municipality, and potential lower segregation. This can foster the interactions between immigrants and natives, leading to a higher degree of integration and better health outcomes. On the other hand, having a few dominant ethnic groups, while promotes segregation, may strengthen in-group socialization, support, and cooperation facing budget constraints, with a no clear cut effect on health outcomes.

Third, the study of the causal effect of ethnic network on immigrants health is not easy

to assess. It is well known that immigrants location is affected by the presence of immigrants coming from the same country of origin, thus the types of immigrants self-selecting in a municipality can be affected by the ethnic network of such municipality. Then, we also analyse how the ethnic network affects the presence of immigrants mothers as a whole and along different important characteristics (*i.e.*, level of fertility, education, use of prenatal care).

We assess the impact of the GR exploiting the information on the prices of commercial estates (e.g. stores) as recorded at the municipal level (for around 6,000 municipalities). Prices of commercial estates capture trends in the GR spread without suffering reverse causation problems as unemployment rates (see in Shaller, 2017) or the prices of residential estates (see Dettling and Kearny, 2014). We use the growth rates of prices of commercial estates to define the status of treated in a difference in difference setting. Our granular data, at municipal level, allow us to capture more precisely the dynamic of the crisis with respect to the local idiosyncratic economic shocks, rather than economic shocks driven by broader macro conditions, as for instance is the case at the state level (Lindo, 2014). When disentangling the role of the immigrants community, we shown that proxies of potential integration, as the number of immigrants associations, exert a positive effect on health at birth during hard times, as it does residing near to an immigrant association. Measures of potential density as high ethnic concentration channel a negative effect on health. The lock-in effect of the community jobwise produces the worse effect on health.