

Bismarck's Health Insurance and the Mortality Decline

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We investigate the impact on mortality of the world's first compulsory health insurance, established by Otto von Bismarck, Chancellor of the German Empire, in 1884. We use Prussian administrative panel data and employ a multi-layered empirical setup drawing on time-series, international comparisons and difference-in-differences approaches that exploit differences in eligibility for insurance across occupations. All approaches yield a consistent pattern suggesting significant negative effects of Bismarck's Health Insurance on mortality. The effects are largely driven by a reduction of deaths due to infectious diseases. We present suggestive evidence that hygiene knowledge diffusion through physicians might have been an important channel.