THE GREAT ESCAPE: HEALTH, WEALTH, AND INEQUALITY

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Progress and inequality

- Great episodes of human progress are what I call the “great escape”
  - From destitution, ill-health, premature mortality
  - To long life and material living standards
  - Better governance: democracy
  - Large scale reductions in violence
  - Huge increases in education
  - Increases in life evaluation/happiness (more arguably)

- Many of these episodes have allowed only *some* to escape
  - Leaving many others behind
  - Progress has been an engine of inequality

- Book is about such episodes
  - And what are we to think of the inequality that results
  - Is it good, or bad? What effects might it have?
The Great Divergence

- The most famous and most obvious case
  - Sustained economic growth, which began in Northwest Europe between 1750 and 1850
  - Sowed the seeds of the increases in material living standards and increases in life expectancies
  - Pulling these leading countries away from their neighbors, and the rest of the world

- Modern scholarship has undermined simple view of absolute poverty in all places and all previous times
  - Most notably in China, e.g. 11th and 15th centuries
  - But not the existence of the divergence itself
  - Not just why the West, but why not the Rest?

- For the world as a whole, these gaps have never closed
  - Country by country, gaps in material living standards are still not closing
  - Even if person by person, global income inequality *may* now be falling
The health revolution

- Life expectancy began to rise in Britain in the middle of the eighteenth century
  - In parallel with the Industrial Revolution
- Leading to inequality in life chances
  - Not just with other countries
  - But also within Britain
  - The birth of the health “gradient”
Life Expectancy at birth

(After Harris, *Soc Hist Med*, 2004.)

General population
(Wrigley et al.)
Life Expectancy at birth

Ducal families (Hollingsworth)

General population (Wrigley et al.)

(After Harris, *Soc Hist Med*, 2004.)
Why?

- British enlightenment, experimentation, fundamental move from “being good” to “being happy” (Roy Porter)
- We don’t know what caused improvement among the wealthy, but candidates are
  - Inoculation for smallpox (not vaccination) from China, Turkey, Africa
  - Cinchona bark (quinine) for malaria, from Peru
  - Holy wood for syphilis, from Caribbean
  - Ipecac for “bloody flux” from Brazil
  - Professional (male) midwives
  - Beginnings of city improvement
- All of these are *benevolent, expensive*, and later spread more widely
  - Better if they had been introduced uniformly
  - But likely impossible to do
- Health inequalities as a harbinger of health improvements
Rich country health today

- Innovations in CVD (antihypertensives) and cancer (screening, expensive new drugs), smoking (knowledge) have (arguably) widened health inequality in the US
  - Poorer people less likely to be screened
  - More likely to smoke, less likely to be using antihypertensives

- These have spread rapidly across (rich) countries
  - Matching declines in CVD and lung cancer

- This is an *arguably* benign process
  - Discovery, often spurred by need
  - Used first by the rich, powerful, well-educated
  - Inequalities increase, and spur efforts to include those left behind
  - Help spread the health benefits to everyone

- Real concerns though: knowledge about smoking is at least 50 years old, and yet benefits have not yet spread universally
  - Big question in health inequalities is about behaviors and, more generally, why lower SES do not benefit as much
Income inequality

- Economic growth (at ever declining rates)
- Expanding income inequality (ever faster?)
  - Even in countries previously immune
- Examples of *positive* side of inequality
  - Skill-biased technical progress
    - Itself partly in response to rising wages
  - Which raised returns to education
  - Which raised income inequality: powered up by power couples
  - Provided incentives to more education, which increased educational attainment, at least for a while
  - Spread the benefits of the original (partially induced innovation)
  - Those who are not capable of responding are left behind
- If this were all that is going on, possible to view benignly
  - Just like the health innovations
Inequality replicating

- Biggest divergence has been at the very top
- Some is arguably skill-biased technical change, particularly in finance
  - Which would be fine if those activities were socially valuable
  - If not, massive misallocation of resources, to finance, healthcare, etc.
- Much is consequence of inequality generating more inequality
  - This is what is of the greatest concern
  - If the rich capture the political process and get to write the rules for their own benefit
  - This rent-seeking can power inequality up, and slow economic growth
  - Healthcare system that is better designed to deliver rents than health
- In the limit, very large salaries pupate into very large fortunes
  - With the risk of Piketty’s “patrimonial capitalism”
- Much of the debate in US is around income inequality, but wealth will become more important over time
Why do we care?

- We might just dislike income inequality and regard it as unjust
- We might just be jealous, and are unhappy because others have more than we do, or more than many who are deprived
- Standard prioritarian focus on marginal utility of money
- Greater concern is that increases at the top, even if others do not lose, are *not* Pareto improvements, because we lose in other parts of well-being
  - Democracy is corrupted: the rest of us don’t get to vote, or our votes do not count
  - Public healthcare and education is of little interest to the very rich
  - Social security/public pensions are of no interest to the very rich
  - Most of us depend heavily on government, the very rich much less so

- Income inequality may check innovations on which future growth depends
  - Those who won the last round of innovations stand in the way of the next

- Many other historical examples of these processes at work: inequality can be dangerous to your health, your education, and your democracy
Global inequalities

- Life expectancy and income
- Infant and child mortality rates
  - Which drive most differences in life expectancy
  - Children die in poor countries by the accidental geography of their birth
  - Not of exotic incurable diseases, but of things we have known how to cure or prevent for best part of a century
- Children often die within a short distance of great wealth and modern hospitals
- Half of all children in India are severely malnourished
  - India is a (lower) middle-income country
- Cost of fixing these things is tiny, if they could actually be implemented
- Clear ethical obligation to assist
Helping those left behind

- Lots of things “we” can do to help
  - Research on diseases of the poor: advance purchase commitments
  - Consulting service e.g. by World Bank
    - Assistance on trade negotiations, etc.
    - Knowledge of what happened elsewhere
  - Trade reforms: e.g. cotton subsidies, arms sales, global public goods

- Not in the form of assistance of funds (or kind) from rich countries (or international organizations) to poor countries
  - What is usually thought of as aid
  - Which, in my view, is doing more harm than good
  - Increasing inequality between countries and within poor countries
Key arguments

- It is *not* about money:
  - better health & other services would cost more money
  - More money on those services would not produce better services
  - Because of the chronic lack of state capacity

- We complain about our government:
  - But we (mostly) pay our taxes, and in return get
  - Police, defense, roads, laws, health and pensions, education, regulation, research, etc. etc., without which we could not live our lives as we do
  - It is the lack of an effective *contract* of this sort that is characteristic of poor countries
  - Aid *undermines* this sort of contract, and denies poor people something they need and lack and that we take for granted
  - True whether government to government or NGOs to people
  - Common ground between a wide range of writers, e.g. Oxfam
What about aid for health?

- Is it exempt from the critique?
- Millions are alive on ARV drugs who would otherwise be dead
  - One million in 2003 to ten million in 2010, most paid for from outside aid
  - We must not discount this achievement
- But this does not suspend previous argument
  - The undermining of state responsibility is still present
  - Though we may decide that, on balance, still good
- In the long run, citizens must be responsible for their own healthcare system
  - It cannot and should not be dictated from outside
  - Allowing dictators to “farm” their citizens (Zenawi, Kagame) by “selling” their health to the west in exchange for allowing repression
  - Real bargains with the devil
  - Helen Epstein has written bravely and movingly about these and other cases