FALTERING PROGRESS: GROWTH INEQUALITY AND HEALTH

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Today’s uncertainty, yesterday’s progress

- Today the world looks like a difficult and uncertain place
  - Growth continues to falter, OECD and China
  - Slow or no recovery from Great Recession
  - Rapidly rising inequality in many countries
  - Breakdown of familiar political arrangements
    - In Europe and the US
    - BREXIT

- BUT good to start by thinking about today relative to what has happened in the past
  - Help us think about inequality today relative to the past
  - And I want to come back to inequality’s role in our current troubles
Progress and inequality

- Great episodes of human progress are what I have called the “Great Escape”
  - From destitution, ill-health, premature mortality
  - To long life and material living standards
  - Better governance: democracy is more widespread around the world
  - Large scale reductions in violence, huge increases in education
  - Increases in life evaluation/happiness: people know they have better lives

- Many of these episodes have allowed only some to escape
  - Leaving many others behind, so progress has been an engine of inequality
  - And inequality is itself an incentive to escape

- Progress has often been interrupted, sometimes brutally, but has resumed
The most famous case of progress and inequality

- 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 changed but never closed

- Country by country, gaps in material living standards are still not closing
- Even if person by person, global income inequality is falling
Health as well as wealth

- 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”
- Gradients exist in all countries today: rich live longer than the poor
- Progress is about more than money: health is as or more important
A long time ago

Britain before 1850

Dukes and commoners
Life Expectancy at birth

General population (Wrigley et al.)

(After Harris, *Soc Hist Med*, 2004.)
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 important was:
  - Inoculation for smallpox (not vaccination) from China, Turkey, Africa
  - Many other innovations that came from abroad: globalization
- 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 indicate later health improvements to come for everyone
In the last fifty years

Around the world
Life expectancy at birth, both sexes

GDP per capita in price adjusted 2005 US $
Great progress in the world

- But what about at home?
- Where income inequality is rising within many countries
  - Especially the US: top one percent has 18.9% in 2012
  - Also UK: top one percent of married couples and single adults from 8.9% in 1960 to 5.7 in 1978 to 8.7 in 1989
  - For single adults from 9.8 in 1990 to 12.7% in 2012
    - OECD lists gini for UK as 7th highest in mid-2000s
      - After Mexico, Turkey, Portugal, USA, Poland, and Italy
  - But widespread increases within countries across the world
- Economic growth is slowing decade by decade
  - Even before the Great Recession
  - See slides for the US, UK, France, Germany
Constant GDP per capita for the United Kingdom

Source: World Bank

research.stlouisfed.org
Slow growth, rising inequality

- Means that some people get left behind
- High growth, everyone can have something, much harder when growth slows
  - Fewer people prosper and flourish when growth is low
- In the US, there is evidence that a substantial number of people are living on less than $2 per person a day
  - Poverty line for World Bank’s global counts, Africa and Asia
  - These people are worse off than people in India or Bangladesh at similar levels of income
    - Disputes about all aspects of this
- And, among white non-Hispanics in mid-life, especially those with low education
  - Mortality rates are RISING (work with Anne Case)
  - From suicides, drug overdoses, and alcoholism
  - Life expectancy fell in 2014 for white non-Hispanic men and women
- This is a scandal, a terrible loss for those people, and a danger, especially a political danger, to the rest of the country
All cause mortality, ages 45-54

- FRA
- GER
- UK
- CAN
- AUS
- SWE

200 250 300 350 400 450
deaths per 100,000
1990 2000 2010
year

(Chart showing mortality rates for different countries aged 45-54 from 1990 to 2010.)
External Causes:

- Intentional self-harm
- Injuries
- Traffic accidents
- Assault
- Events of undetermined intent
- Legal intervention
- Complications med/surgical care
- Sequelae of external causes
Other injuries, White non-Hispanics 45-54

- Poisonings
- Drowning, fire, suffocation
- Falls

Deaths per 100,000 by year:

- 2000
- 2005
- 2010
In the past 15 years, the biggest increases are seen for:

- Alcohol and drug poisoning (accidental or intent undetermined)

- Suicide

- Alcoholic liver diseases and cirrhosis

- These are 3rd, 4th, and 5th largest causes of death for the age group (after cancer and heart disease) Taken together larger than heart disease
White non-Hispanic mortality ages 50-54, by education

- **Men, high school degree or less**
- **Women, high school degree or less**
- **Men, 4-year college or more**
- **Women, 4-year college or more**

Poisoning, suicide, and alcohol-related liver mortality from 2000 to 2015.
Excellent/Very Good Health
BRFSS 1993-2013

White non-Hispanic Men and Women
A_FINALWT weights applied
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Why?

- We don’t know the underlying causes
- Proximate: opioids over-prescription
  - Doesn’t account for suicides, alcoholic liver diseases
  - “Deaths of despair”
  - Perhaps there is a deeper malaise among midlife whites
More why?

- Many competing stories
  - WNH with high school or less have a much worse life than they expected
  - Jobs have moved overseas, or been replaced by robots
  - Used to work for IBM, now serve hamburgers
  - African Americans and Hispanics lives improving
    - But we don’t see this for Europeans who are worse off than parents
  - Is it a better social safety net in Europe?
  - What about decline in opportunity for these people’s kids? (Putnam)
  - Some change in beliefs, e.g. declining religiosity?
  - Charles Murray’s story of decline in American virtues among white working class
Do we see signs of this elsewhere?

- Particularly in the UK
- Similar political disaffection to the US
  - Though the racial and ethnic issues in the US are different and more salient

- Answer: we do see similar issues in the UK, as well as in Canada, and Sweden
  - Largely confined to drug and alcohol poisonings
  - Not suicides and alcoholic liver disease
  - But they are much smaller than in the US
Drug and alcohol poisoning, Men and Women ages 50-54
Alcoholic liver disease and cirrhosis, Men and Women ages 50-54

deaths per 100,000

1990 2000 2010

year
Suicide mortality, Men and Women ages 50-54

Year: 1990, 2000, 2010
Deaths per 100,000
Drug, alcohol and suicide mortality, Men and Women ages 50-54
Inequality is implicated in today’s uncertainty

- Inequality can reflect productive incentives, as well as successful innovations
  - Getting rich in the national interest is no crime!

- Slow growth and inequality
  - Unproductive rent seeking and blocking of innovation by successful firms
  - Increasing concentration: lowering consumer welfare and increasing inequality
    - Extreme inequality may itself hamper growth
  - Working people feel that politics doesn’t work for them, any more
    - In the US, this is made worse by race
  - Wealth can be used to capture political process, e.g. limiting the provision of public goods
    - Schools don’t work for those left behind, trapping their children too

- Good inequality versus bad inequality
  - It is not inequality itself, but people being left behind, being excluded
Inequality, danger, and uncertainty

- **Hirschman’s story:**
  - People accept and like others getting ahead when they see opportunities for themselves
    - Good luck to those who have prospered
  - They get angry when those opportunities never materialize or are shut off
    - We are in danger of passing that point

- **White non-Hispanics in the US are an extreme example**

- **But throughout Europe, increasing dissatisfaction among those left behind**
  - Rise of left-wing and right-wing parties
  - Scapegoating, e.g. of immigrants, or of Europe in Britain over BREXIT
What to do?

- Cannot afford to leave people behind when growth is so slow
  - Both for them, and for those of us who have not been left behind
- Some countries, policies may do this
  - Particularly those that keep opportunities open
  - Safety nets are important: and weak in the US
- At a minimum, greater sympathy for those who have been left behind
- We may not like their “solutions,” and believe them to be destructive
  - As in BREXIT, or Trump
- But we must recognize the genuine grievance
  - And do a better job of persuading people that the institutions of the past fifty years can continue to serve them
- Otherwise, toxic politics can destroy those institutions
Conclusions

Thank you.