Session 1: How inequality affects health and well-being of older populations in LMICs

DISCUSSANT COMMENTS

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Key questions

1. Mechanisms of inequality effects: will they operate differently in LMICs?

2. How will inequality evolve in different populations?

3. What policy approaches will be most effective?

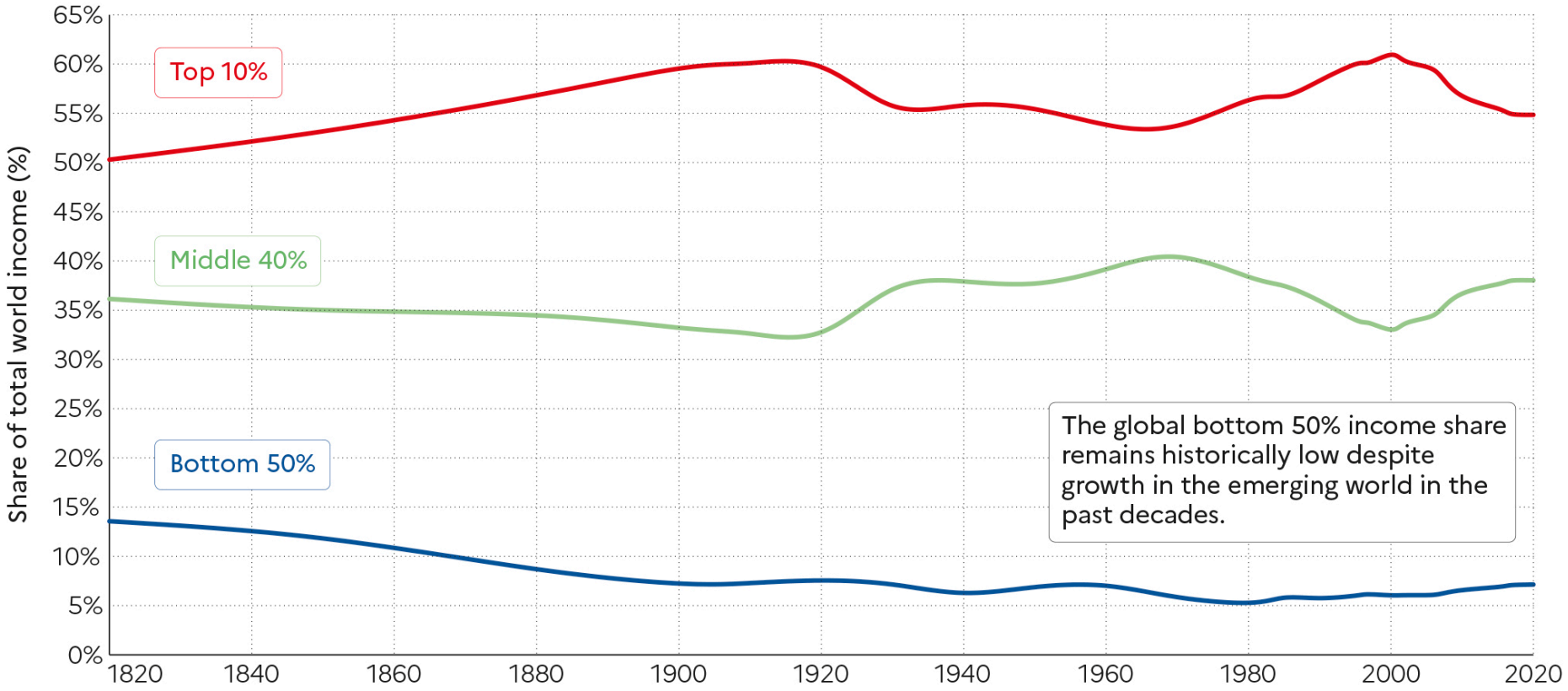
Inequality and Health: key mechanisms

- Absolute income:
  - Income improves health, but at a diminishing rate
  - Thus when higher inequality raises poverty, it lowers population health
- Psychological:
  - Inequality lowers health via status comparisons
- Social cohesion:
  - Inequality reduces social capital
  - Inequality reduces political support for health investments

Key question: How important will these mechanisms be for older adult health as LMIC economies change?

World Inequality Report: bottom 50% income share shows inequality is not decreasing

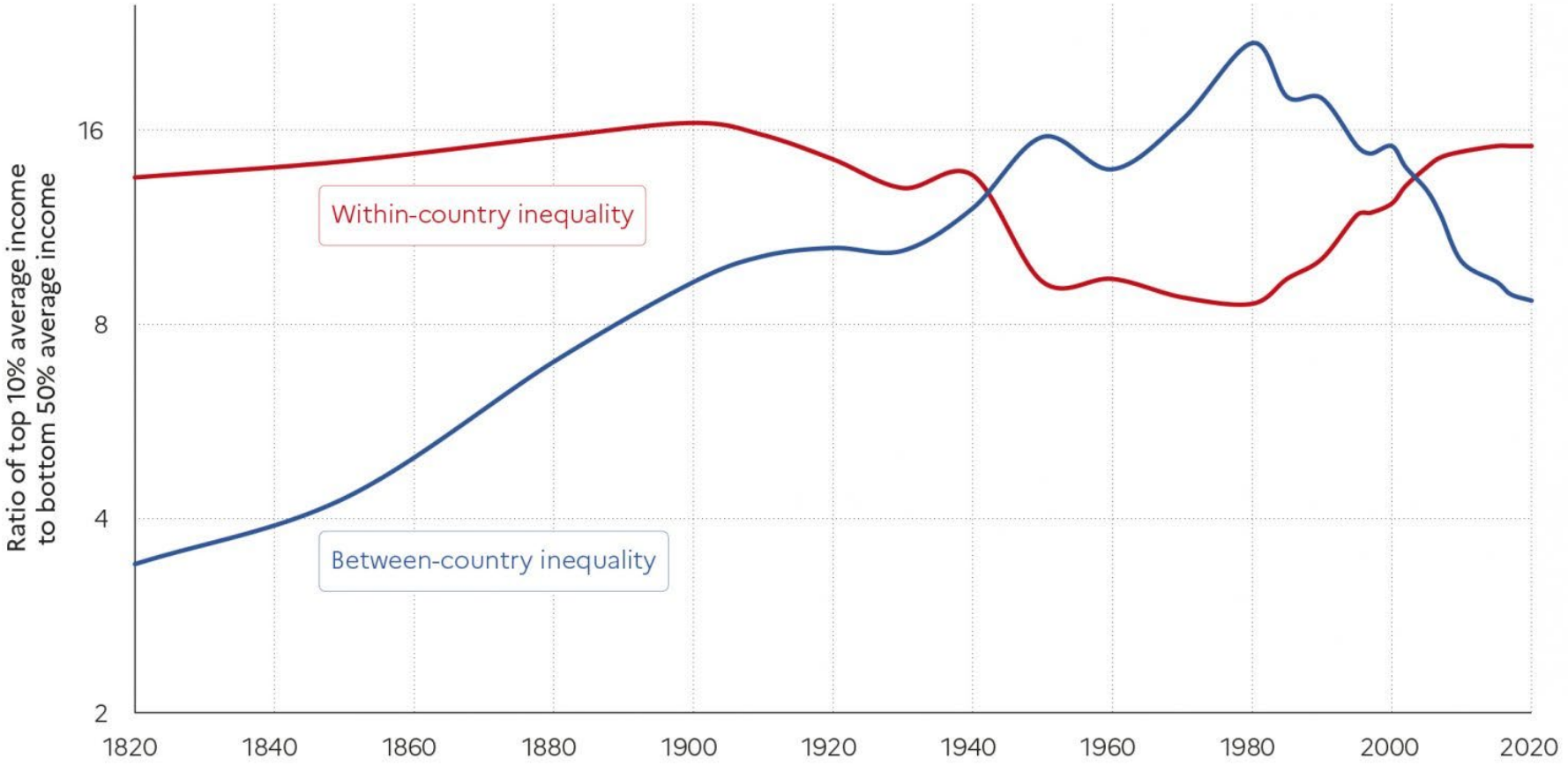
Figure 7 ***Global income inequality, 1820-2020***



Interpretation: *The share of global income going to top 10% highest incomes at the world level has fluctuated around 50-60% between 1820 and 2020 (50% in 1820, 60% in 1910, 56% in 1980, 61% in 2000, 55% in 2020), while the share going to the bottom 50% lowest incomes has generally been around or below 10% (14% in 1820, 7% in 1910, 5% in 1980, 6% in 2000, 7% in 2020). Global inequality has always been very large. It rose between 1820 and 1910 and shows little long-run trend between 1910 and 2020.* ***Sources and series:*** *see wir2022.wid.world/methodology and Chancel and Piketty (2021).*

But most inequality is now *within*-country … so surveys are needed beyond national data

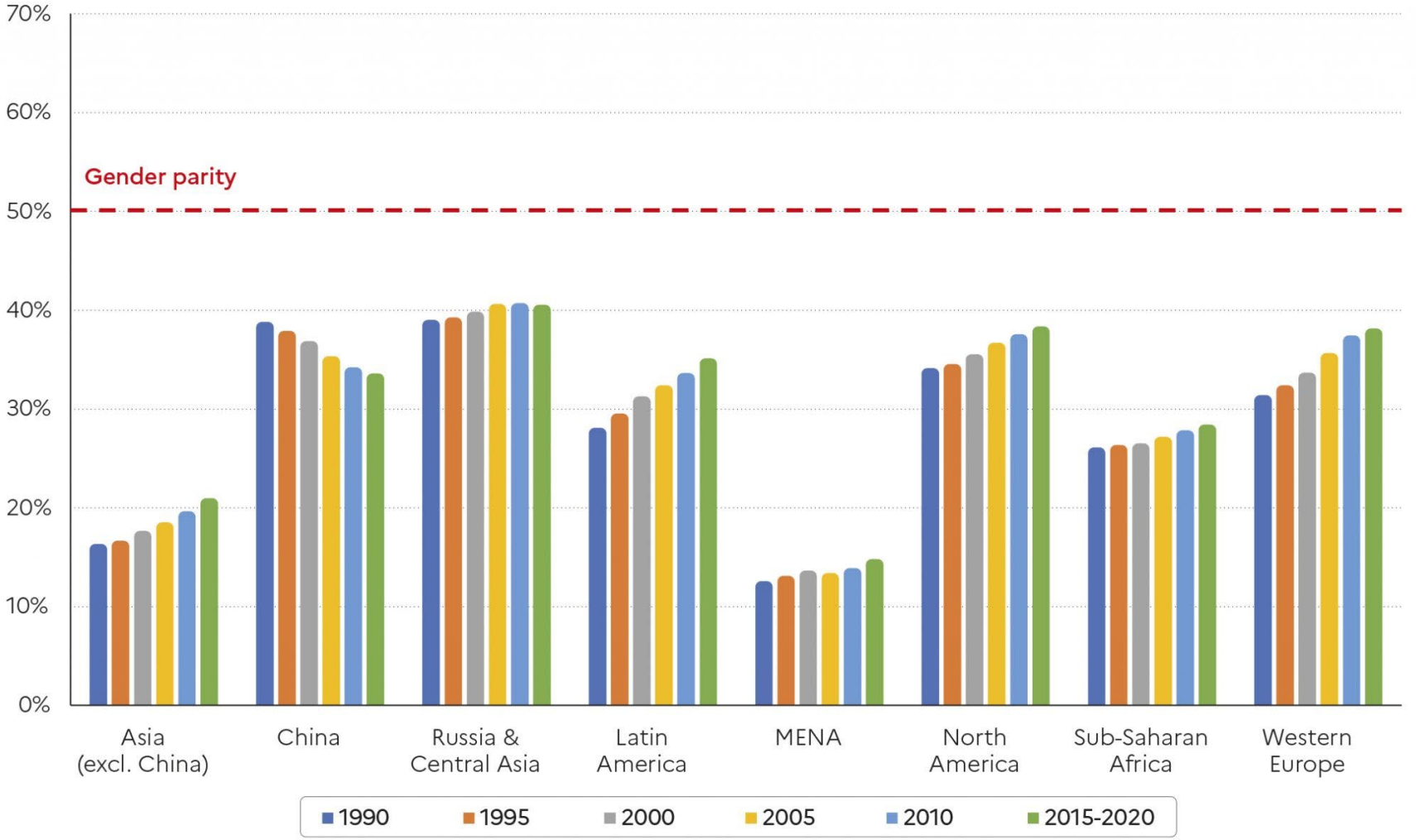
Figure 2.4 ***Global income inequality: Between-country vs Within-country inequality (ratio T10/B50), 1820-2020***



Interpretation: *Between-country inequality, as measured by the ratio T10/B50 between the average incomes of the top 10% and the bottom 50% (assuming everybody within a country has the same income), rose between 1820 and 1980 and has since strongly declined. Within-country inequality, as measured also by the ratio T10/B50 between the average incomes of the top 10% and the bottom 50% (assuming all countries have the same average income), rose slightly between 1820 and 1910, declined between 1910 and 1980, and rose since 1980. Income is measured per capita after pensions and unemployement insurance transfers and before income and wealth taxes.* ***Sources and series:*** *wir2022.wid.world/methodology and Chancel and Piketty (2021).*

Other marked distributional changes include rising female income share

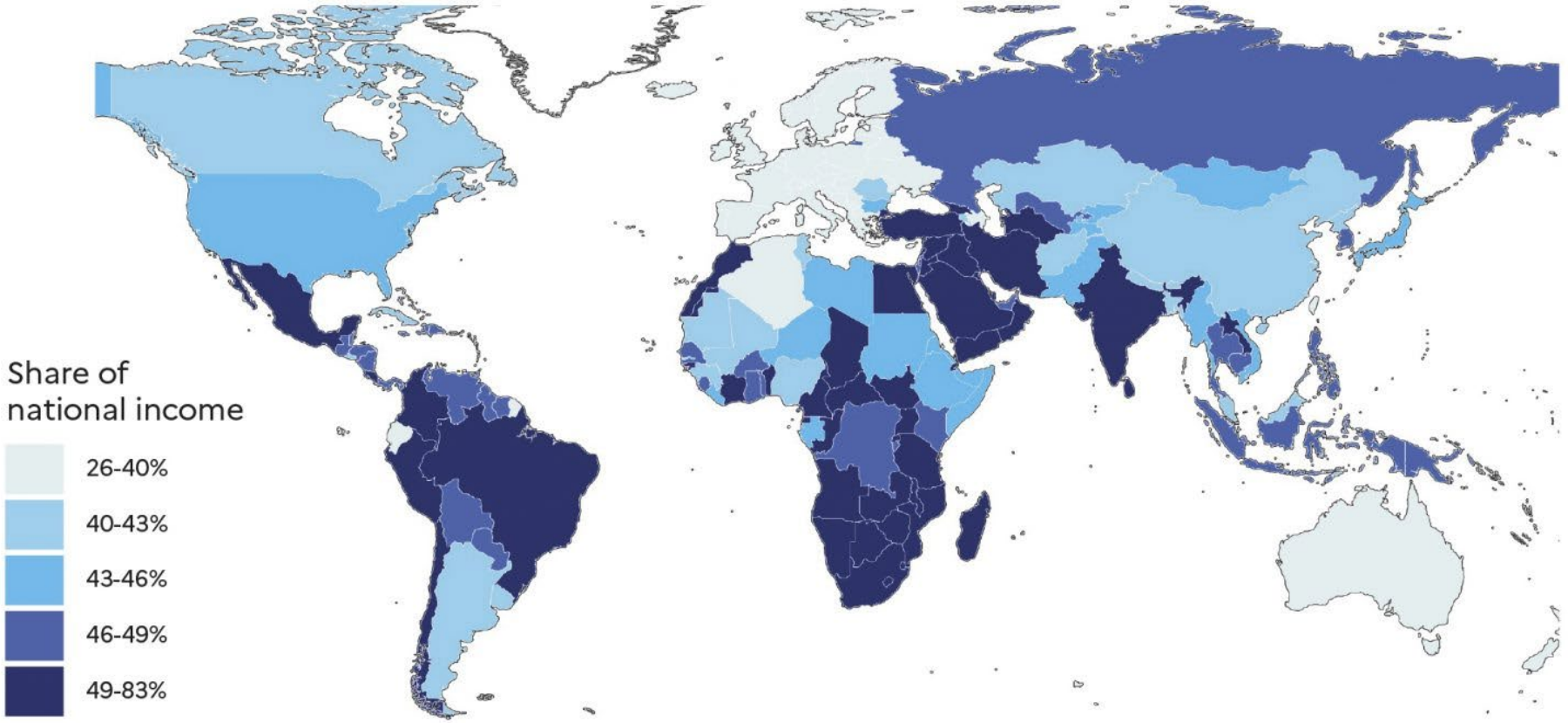
Figure 13 *Female labor income share across the world, 1990-2020*



Interpretation: *The female labour income share rose from 34% to 38% in North America between 1990 and 2020.* ***Sources and series:*** *wir2022.wid.world/methodology and Neef and Robilliard (2021).*

Income inequality is higher in LMICs. So larger need for policy to address attributable risk?

Figure 1.6a *Top 10% income shares across the world, 2021*

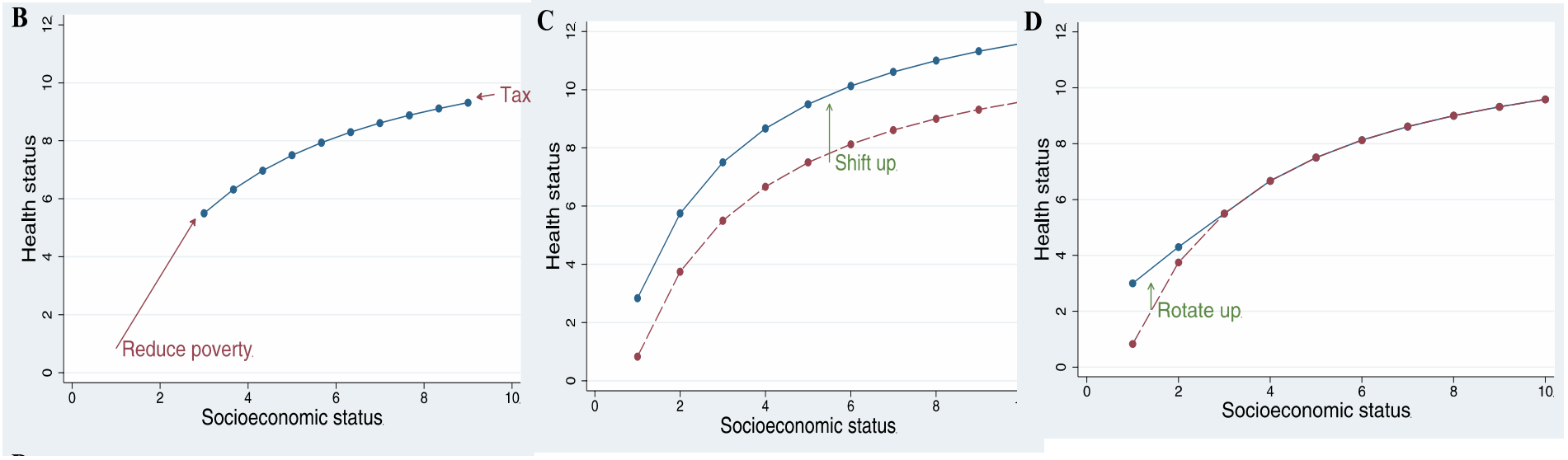


Interpretation: *In South Africa, the top 10% captures 67% of total national income, whereas the value is 32% in France. Income is measured after pension and unemployment benefits are received by individuals, but before other taxes they pay and transfers they receive.* ***Sources and series:*** *wir2022.wid.world/methodology.*

Policy approaches to study for mitigating SES gradients in health

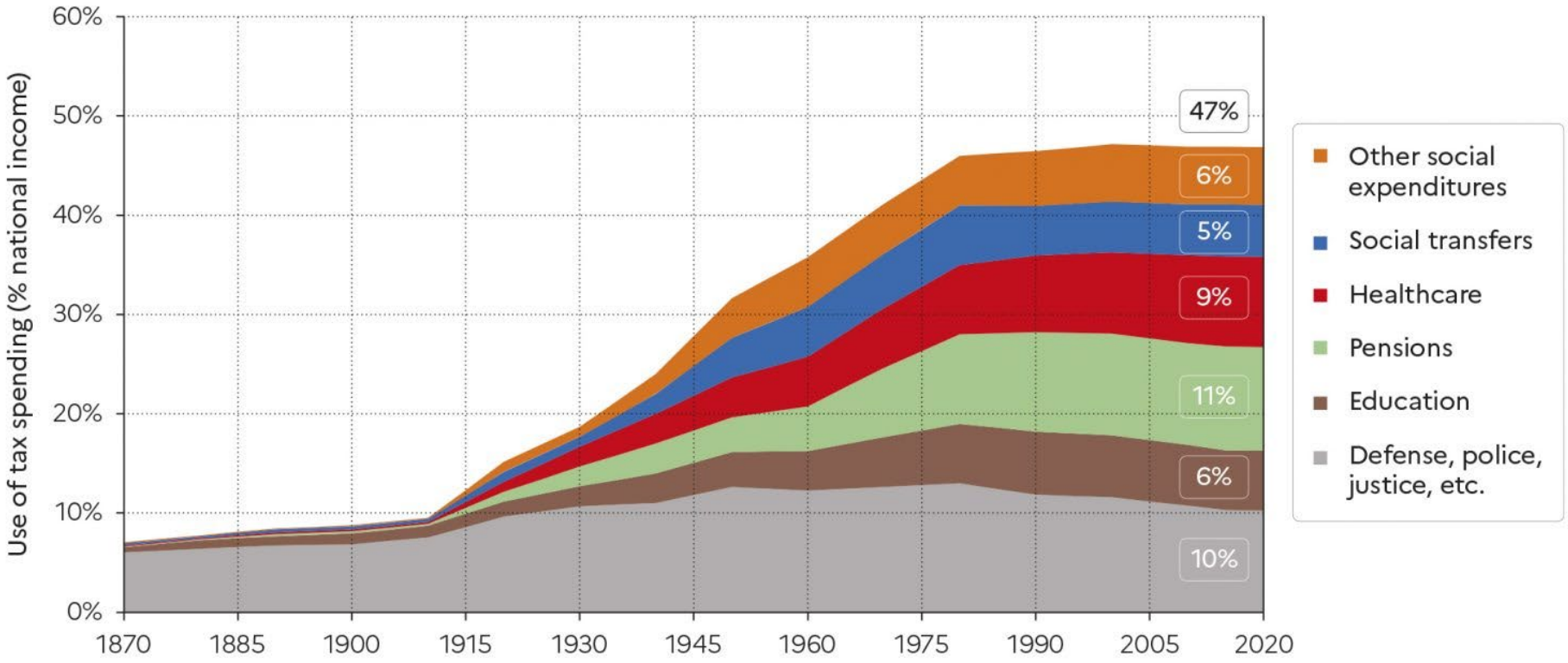
Dow et al., 2010 "Evaluating the Evidence Base: Policies and Interventions to Address SES Gradients in Health."

- Taxing high income/wealth to fund poverty reduction
- Investing in programs that shift health upward for the entire population
- Buffering negative health consequences of low SES



Europe raised public program spending from 10% of GDP in 1915, to 45% of GDP by 1980

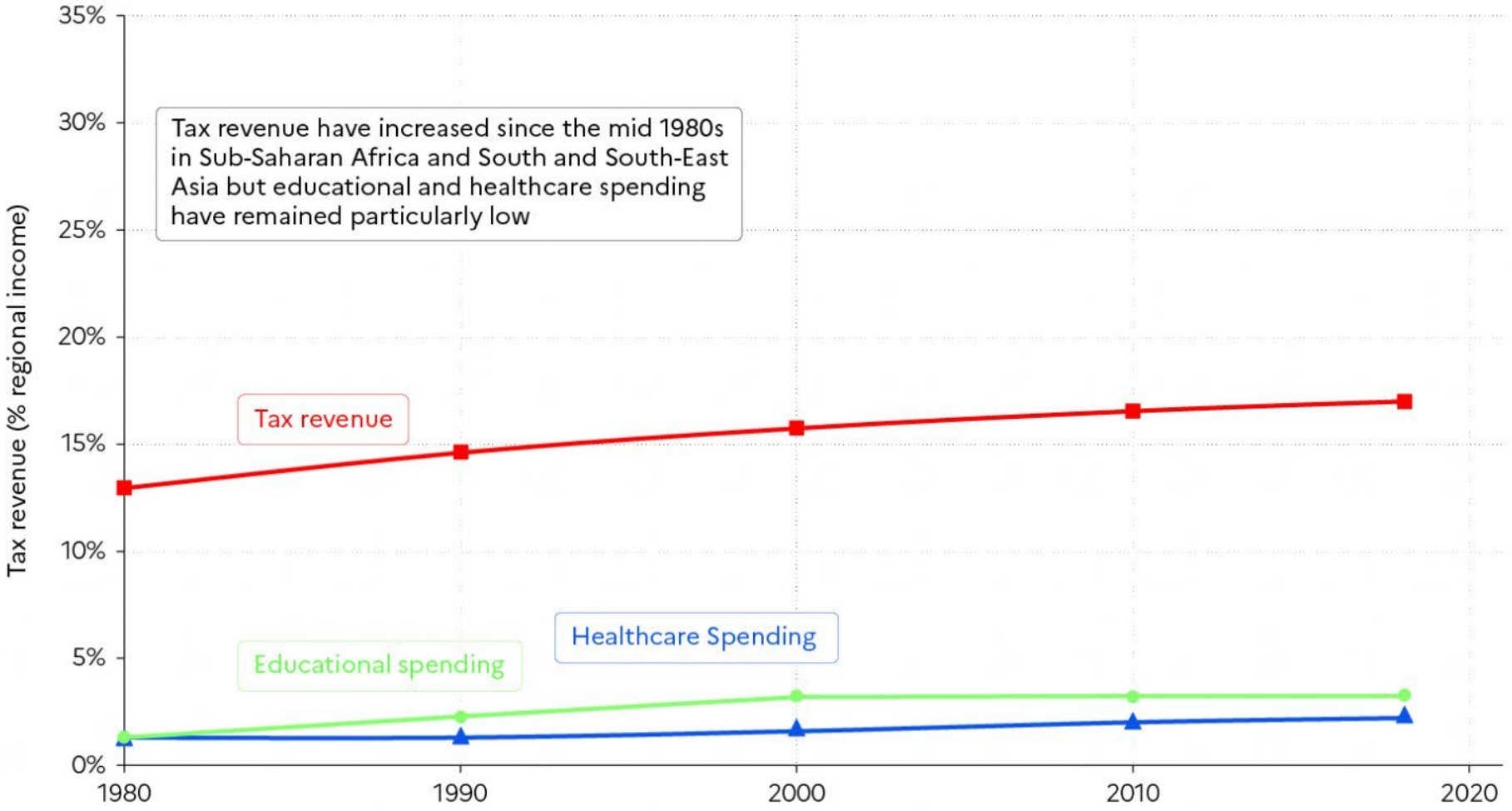
Figure 10.1 *The rise of the Welfare State in European countries, 1870-2020*



Interpretation: *In 2020, tax revenue represented 47% of national income in Western Europe, on average. 10% of resources were spent on defense, police & justice, 6% on education, 11% on pensions, 9% on healthcare, 5% on social transfers and 6% on other social spending (housing, etc.). Before 1914, defense, police and justice represented the vast majority of government spending.* ***Sources and series:*** *wir2022.wid.world/methodology and Piketty (2021).*

Public spending in poorest LMICs is still under 20% GDP; <3% on health

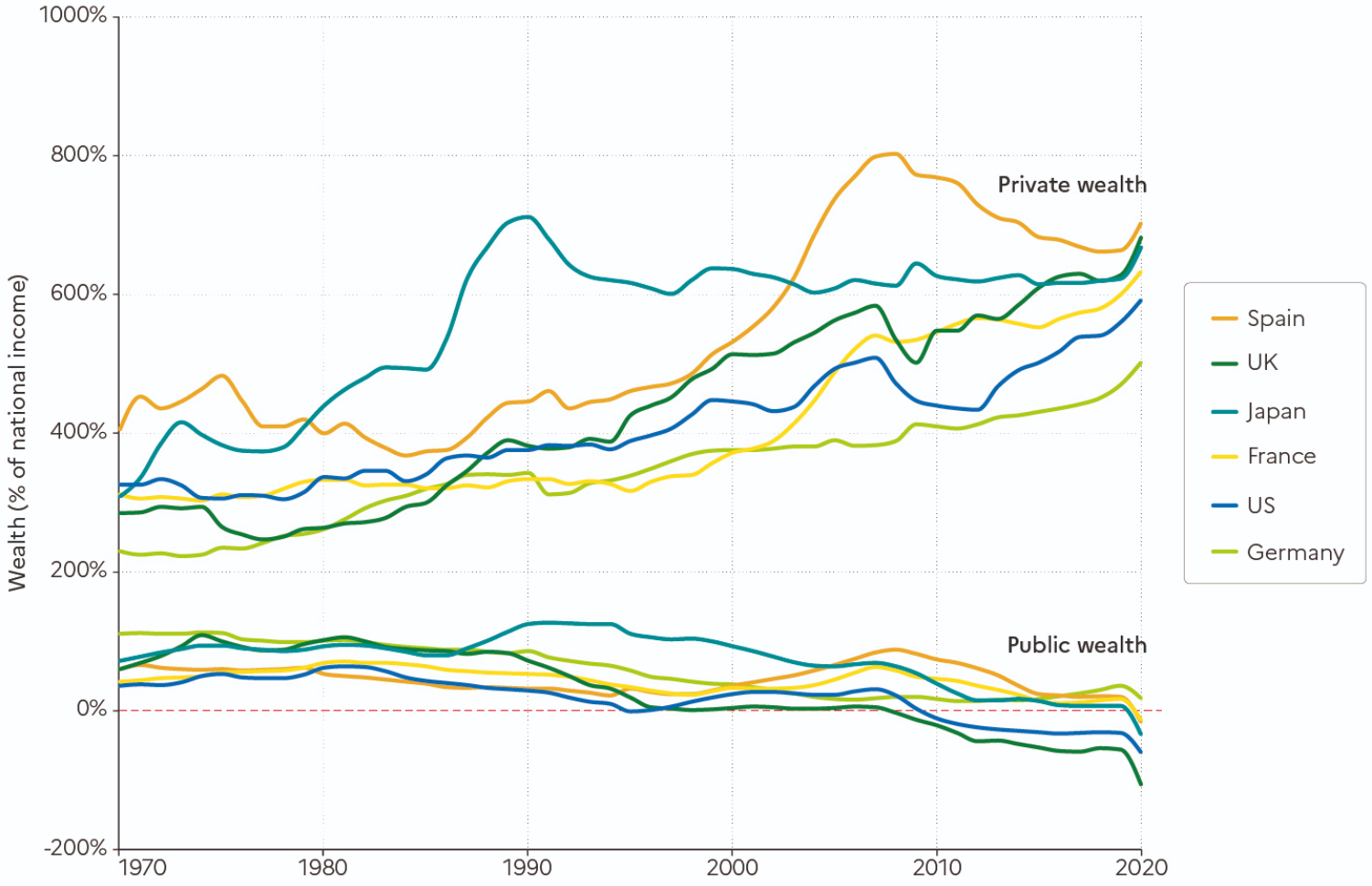
Figure 10.2a *Tax revenue and public spending on healthcare and education in Sub-Saharan Africa and South and South East Asia 1980-2018*



Interpretation: *The graph shows the evolution of taxes and public spending on education and health in Sub-Saharan African and South and South East Asia.* ***Sources and series:*** *wir2022.wid.world/methodology.*

Future spending increases will be constrained by public => private shift in net wealth

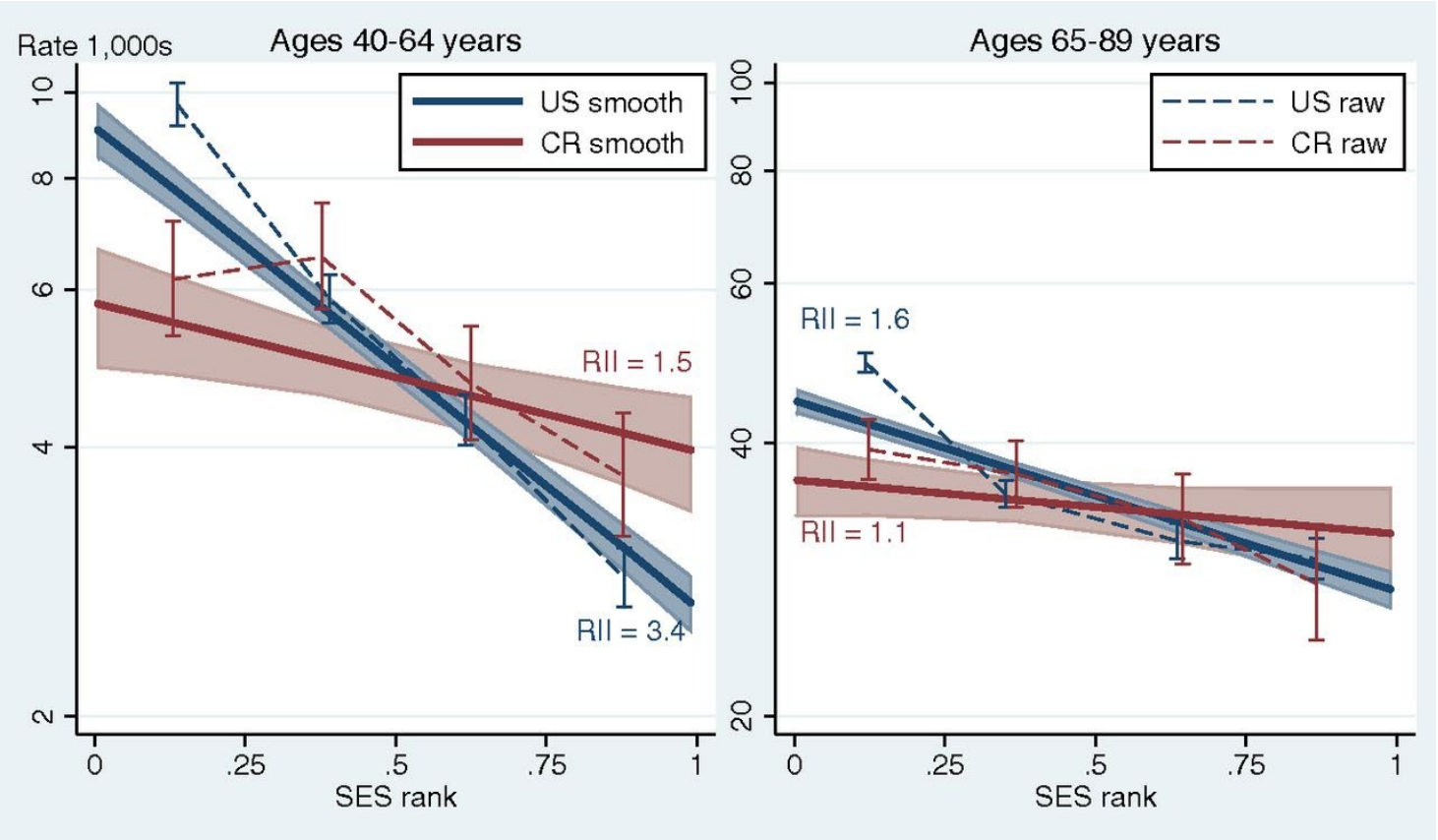
Figure 8 *The rise of private wealth and the decline of public wealth in rich countries, 1970-2020*



Interpretation: *In the UK, public wealth dropped from 60% of national income to -106% between 1970 and 2020. Public wealth is the sum of all financial and non-financial assets, net of debts, held by governments.* ***Sources and series:*** *wir2022.wid.world/methodology, Bauluz et al. (2021) and updates.*

Value in studying the outlier countries in terms of social programs:

E.g., Costa Rican outperforms US in low SES mortality. Why?



Rosero-Bixby and Dow, 2016

Approaches to research on health, aging, and inequality in LMICs

1. Testing cross-national empirical regularities consistent with alternative hypotheses on the health effects of different long-term social welfare policy approaches
   - Using harmonized surveys in LMICs, building e.g. on "HRS Around the World" (such as Costa Rica)
2. Micro research: more long-run causal evaluations of specific health and social policy changes/interventions in different LMIC contexts, to grow the generalizable knowledge base
   - Requires more investment in LMIC surveys … and also in LMIC research capacity-building
3. Macro-level approaches that capture general equilibrium feedbacks
   - E.g., National Transfer Accounts https://www.ntaccounts.org/ which are now being expanded to incorporate inequality
   - Requires more investment in macro research … which in turn will require counteracting NIH study section structural bias against it