

# INEQUALITIES AND THE COVID-19 CRISIS

Angus Deaton, April 30, 2020

# Wisdom of the (s)ages

2

- “Medical statistics will be our standard of measurement: we will weigh life for life and see where the dead lie thicker, among the workers or among the privileged” Rudolf Virchow, 1848
- “inequalities have powerfully sculpted not only the distribution of infectious diseases but also the course of health outcomes among the afflicted” Paul Farmer, 2001
- “Four different kinds of violent ruptures have flattened inequality: mass mobilization warfare, transformative revolution, state failure, and lethal pandemics.” Walter Scheidel, 2017
- “A situation like this, it highlights problems that already exist in society that people haven’t noticed. Suddenly you see things. It is like an x-ray machine.” Anderson Cooper, 2020

# Warning

3

- Calculations below are subject to revision
- Numbers are changing
- I may have made mistakes!

# The quick and the dead

4

- Central inequality: Living v dying
- Old more than young, men more than women
- Sick more than healthy: obesity, diabetes, heart disease
- Additional risk is close to proportional to pre-existing risk
  - ▣ By one definition, no increase in inequalities
- Brings death forward, but modest effects on life-expectancy
- For some, this exacerbating existing inequalities
  - ▣ Unjust that men die earlier than women, and COVID makes it more so
  - ▣ Disability punished further

# Money inequality v health inequality

5

- One can imagine a society in which the rich have everything
- Or one where the poor die of hunger while the rich are well-fed
  - ▣ Or cancer, or heart disease
- More difficult with infectious disease
  - ▣ Long term isolation is difficult, though not impossible
  - ▣ Cities have historically segregated by race to avoid disease
  - ▣ Interconnected societies and countries make it hard to avoid infection
- Vaccine v drugs
  - ▣ Vaccine needs to cover (almost) everyone to be effective
  - ▣ Drugs could be expensive and protect only a few

# “Fundamental causes” of health inequality

6

- In its initial stages, disease can affect rich, or poor, or both equally
  - ▣ Depends on nature of disease and transmission
  - ▣ Global elites and traders with COVID-19, many earlier plagues, not cholera
  - ▣ Cigarette smoking used to be more common among elites, because it cost more
    - Doctors more than patients
  - ▣ Aristocrats and commoners same life expectancy in England from 1350 to 1750
- Fundamental cause theory says that inequalities open up only when the means to control exists
  - ▣ So that wealth and power can be used, otherwise not
  - ▣ For smallpox that took centuries
  - ▣ For COVID-19 almost immediate
  - ▣ 1918-19 people didn't know what they were dying of
- It's the social distancing (or other remedies) that cause the inequalities
  - ▣ Not the virus itself: behavior and social structure, not biology

# Education and death in US today

7

- Deaths of despair (suicide, overdoses, alcoholic liver disease) have risen rapidly in the US for those without a BA since 1995
  - ▣ 158,000 deaths in 2018, about 100,000 excess over “normal”
- COVID-19 projections for 2020 around 70,000: “harvesting” may reduce mortality in 2021
- COVID-19 likely to have second waves
- But 100,000 deaths of despair a year for as far as we can see
  - ▣ Overdoses may fall, though we don’t know what COVID is doing
  - ▣ Suicides rising and likely to increase because of isolation
- These excess deaths are almost entirely among those without a four year college degree

# Social distancing

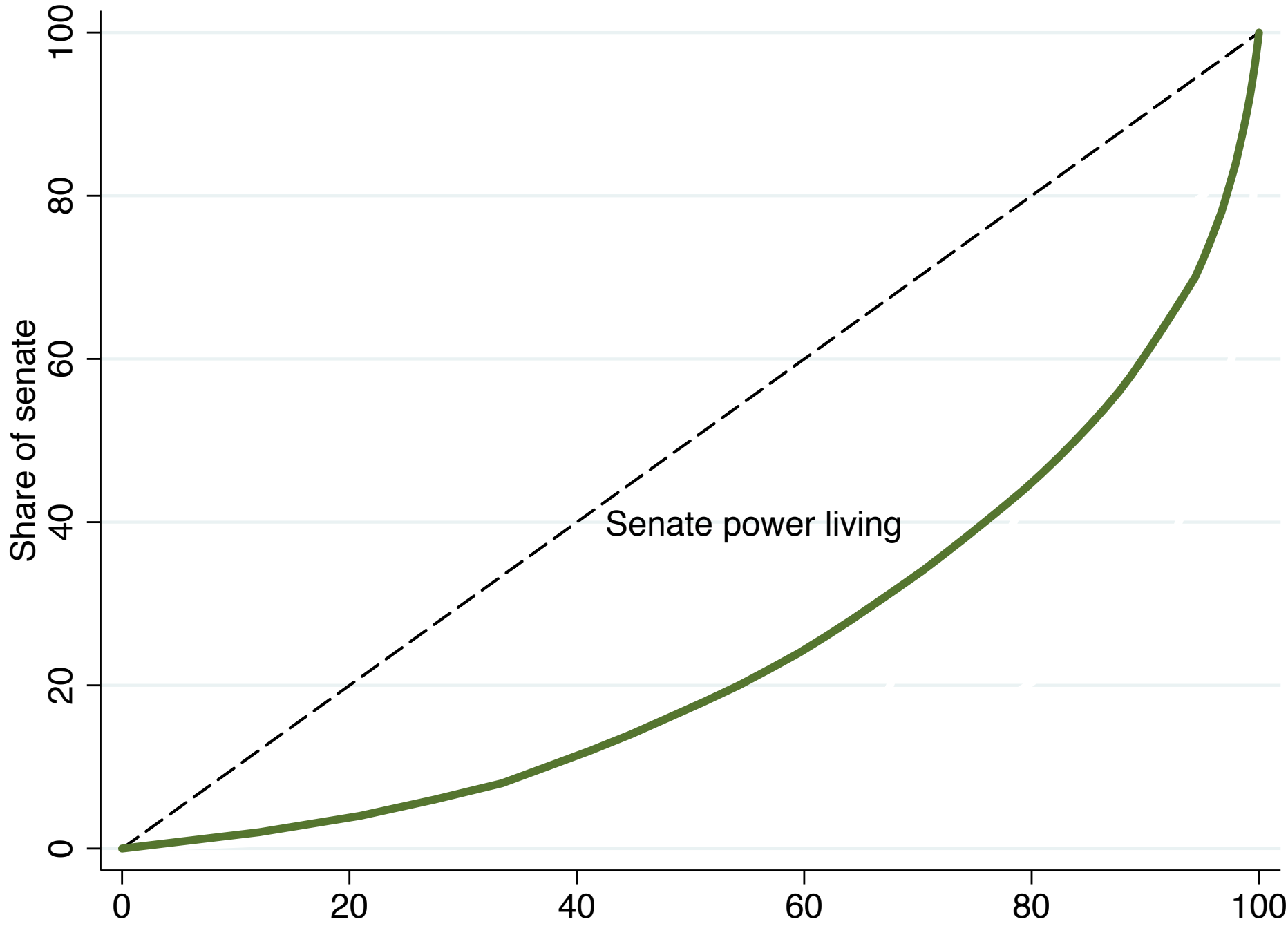
- Social distancing further widens gap between those with and without a BA
- Without a BA, either essential or non-essential
  - ▣ Former risk their lives (health personnel, bus or subway workers, elderly care attendants, food retail, delivery)
  - ▣ Latter risk their livelihoods (non-food retail, services, restaurants etc.)
  - ▣ Xiaowei Xu and Rob Joyce at IFS documented this for the UK
  - ▣ Opening up risks losing unemployment benefits if they choose not to work
  - ▣ Educated elite stay at home, go on working, stay safe and get paid
- Widen the earnings premium for a BA (currently 80 percent in the US) as well as mortality differentials
- E-learning doesn't seem to work so well for kids of less-educated parents

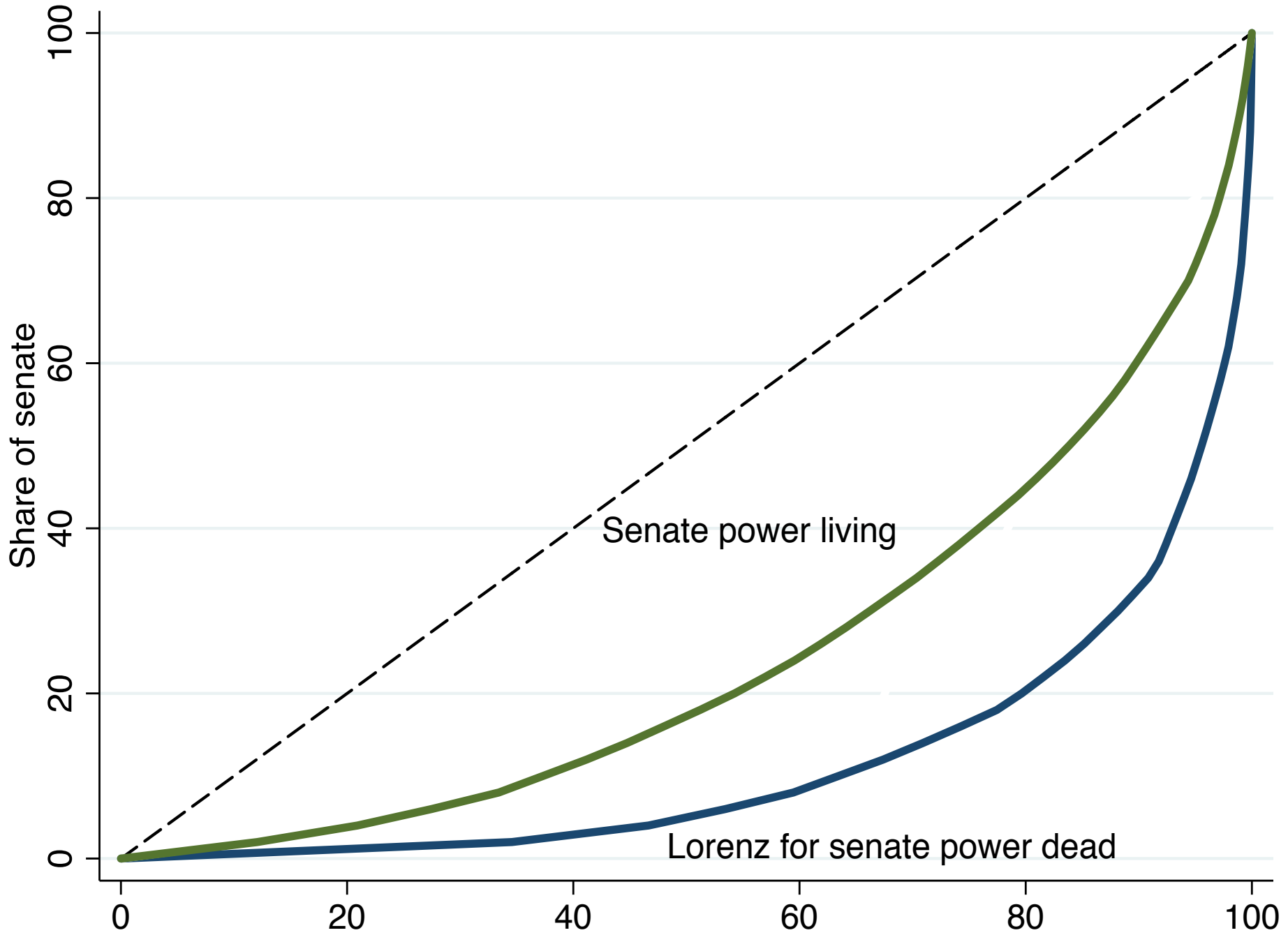


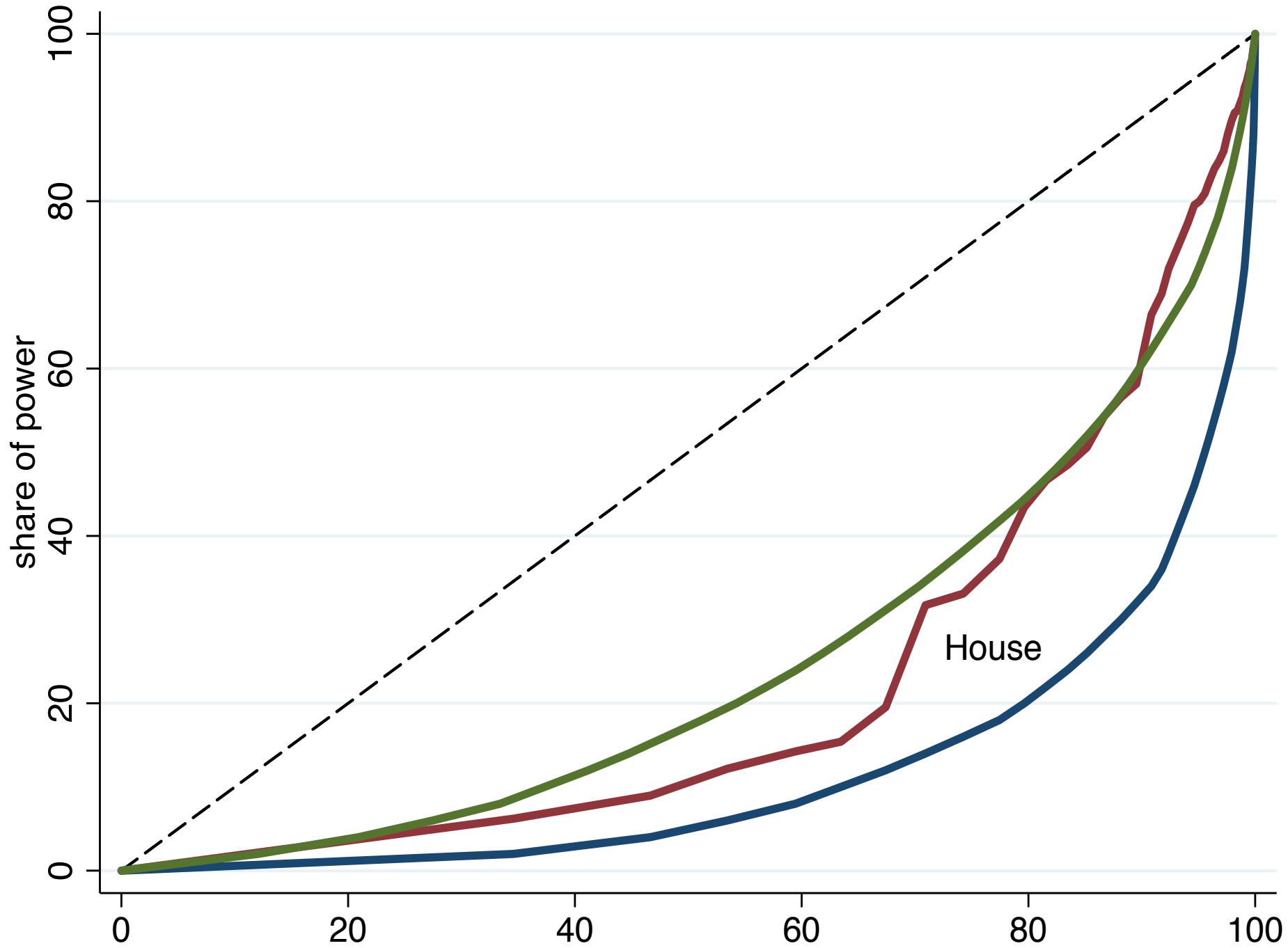
# Political inequalities and death

9

- 25 states have a Republican governor, 25 states have a Democratic governor
- As of April 27, 10,368 deaths in red states, and 39,679 deaths in blue states
  - Almost four times death rate







# Political inequalities

- Political representation of the population in the Senate is sharply unequal
- Gini for Senate votes of the living is 0.75
- Gini for Senate votes of the dead is 0.88
- Gini for House votes of the dead is 0.78
- Senate is Republican controlled: “no blue-state bailouts” (Senate majority leader)
- Lack of empathy across political lines appears to extend to COVID deaths
  - ▣ Relief bills have large corporate tax cuts: lobbyists always active
- Possible that infection fatality rate is higher among Republicans than Democrats
  - ▣ They are older, more male, worse healthcare where they live
  - ▣ If the virus spreads widely, political calculations will change

# Racial and ethnic inequalities

14

- Higher COVID-19 mortality rates among blacks and Hispanics:
- Baseline mortality rates for blacks **higher** than for whites
- Baseline mortality rates for Hispanics **lower** than for whites
- CDC argues that the COVID-19 inequalities are largely spatial
  - ▣ Many whites live in areas without COVID-19
  - ▣ Housing and density likely to be important, as well as occupation (particularly working in healthcare)
  - ▣ Native Americans badly hit: e.g. Navajo, crowded living conditions and often lack of running water

# Distribution of deaths by race for US

15

	NHWhites	NHBlacks	Hispanic
% COVID deaths	52.1	21.2	16.5
% Population	60.4	12.5	18.3
% Reweighted Population	40.4	18.4	26.9

- Excess ratios for Blacks and, to a lesser extent, Hispanics, accounted for by area effects
- New York population is not the same as for the US as a whole
- Weighted populations from counties weighted by numbers of COVID deaths
- This only rules out some kinds of inequalities, like docs treating blacks worse
- Points at spatial and living arrangements, like segregation and density
- As of April 22

# Longer run speculation: many forces

16

- Some reshoring of jobs as globalization slows further
  - ▣ But automation will offset, and may be stimulated further
- Large permanent move towards e-commerce, e-communication, e-socializing, e-meetings
  - ▣ NAS meeting was “best ever”: more attendance, voting more credible
  - ▣ All of this favors the more educated and more automation
- US healthcare is likely to change: **no** if it is seen as a hero, **yes** if it is seen as a villain
  - ▣ Already being changed: NJ allows foreign doctors, NY has consolidated hospitals
  - ▣ Cost of healthcare works like a poll tax, a wrecking ball to low wage labor market
    - Reform and cost reduction would help the less-skilled



# Institutions for equality in the face of risk

17

- Recognition that public institutions are needed to manage risk
  - ▣ That markets and globalization have high returns, but high risk
  - ▣ Private provision of social safety net is a poor idea
  - ▣ Adjust social portfolio away from risk and towards lower income
  - ▣ Public goods are important, and not just a gift to the indolent
- Restoration of social capital
  - ▣ More “we” and less “I”
  - ▣ Queen invoking WW2 (“the first time I talked to you, 80 years ago!”)
- Restoration of trust in science
  - ▣ Tony Fauci is the most trusted man in America
  - ▣ But beware the “tyranny of experts”: need to be democratically challenged
  - ▣ US at one pole, Sweden at the other