

V. Poverty & Inequality

as a cause of COVID-19

EE406: Contemporary Economic Issues

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Poverty, inequality, and the COVID-19 crisis

Wisdom of the (s)ages

- “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 xray machine.” Anderson Cooper, 2020

The quick and the dead

- 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
- 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

- 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

- 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

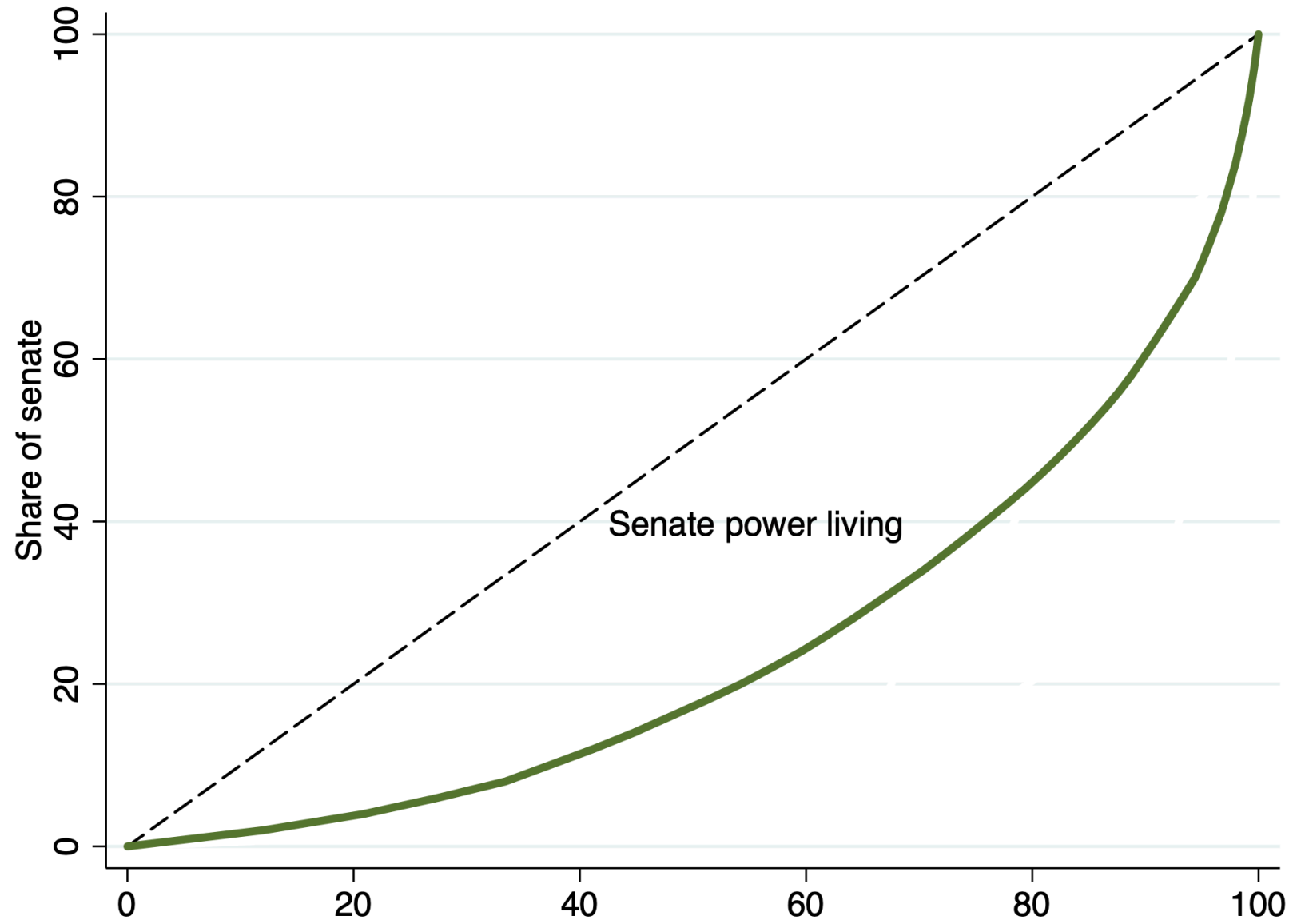
Social distancing

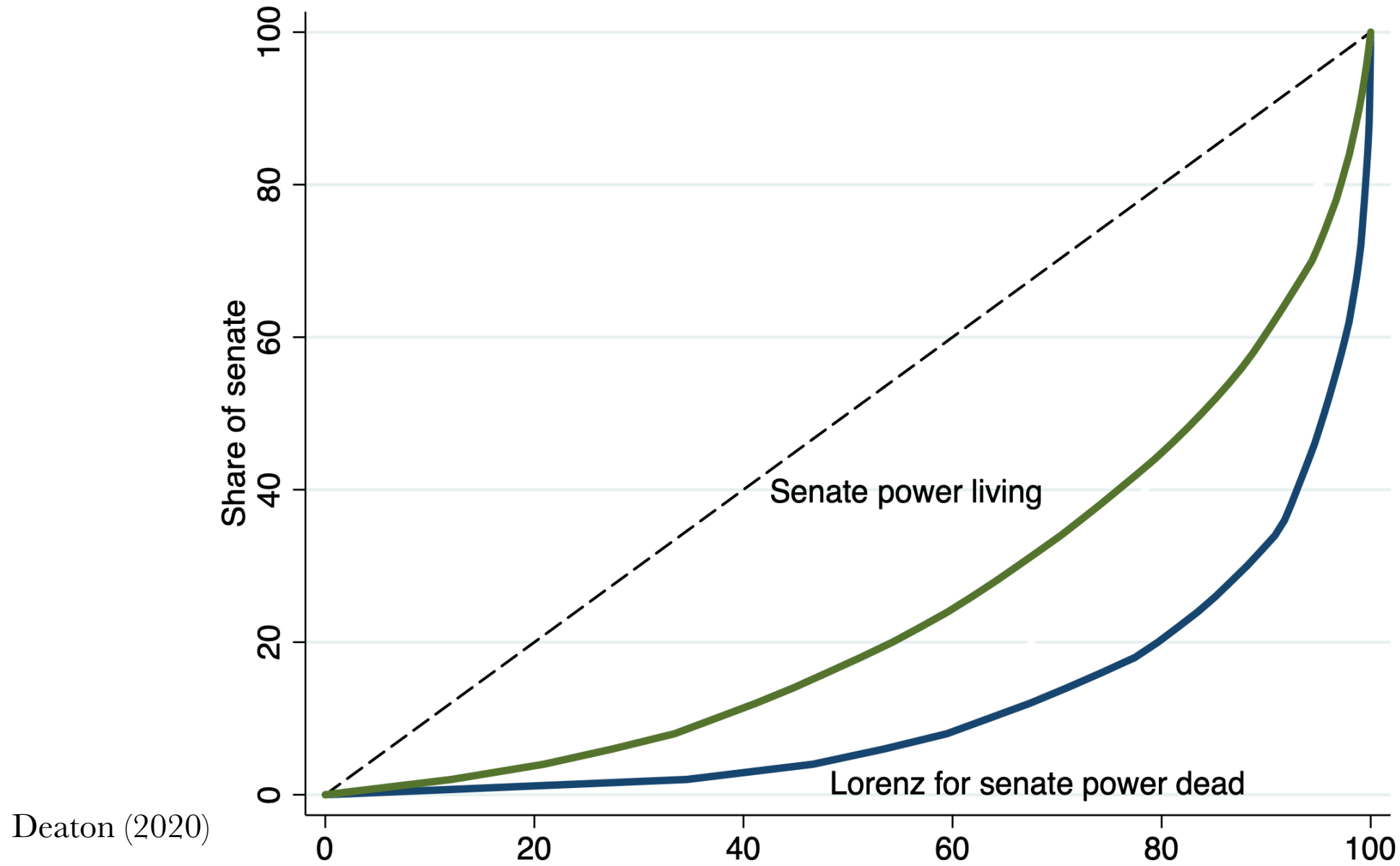
- Social distancing further widens gap between those with and without a BA
- Without a BA, either essential or non-essential
 - Former risk their lives (health personnel, bus or subway workers, elderly care attendants, food retail, delivery)
 - Latter risk their livelihoods (non-food retail, services, 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

- 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

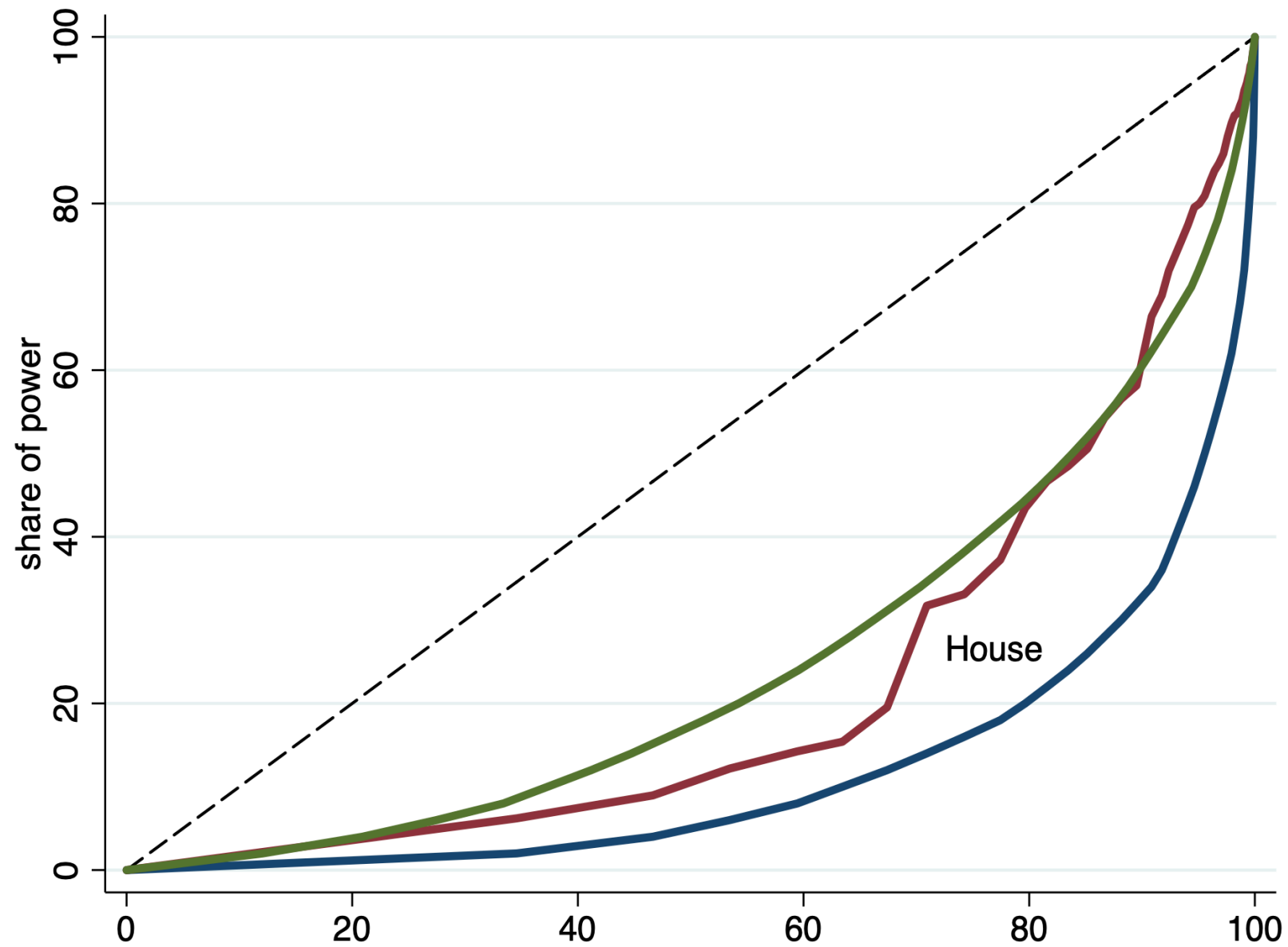
Deaton (2020)





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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

- 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

	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

Deaton (2020)

- 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

Institutions for equality in the face of risk

- 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

References

Deaton, A. (2020). Inequalities and the Covid-19 Crisis. *Institute of Fiscal Studies*.