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The Great Escape: Health, Wealth, and the Origins of Inequality

by Angus Deaton

(New Jersey: Princeton University Press, 2013)

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El gran escape. Salud, riqueza y los orígenes de la desigualdad
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Health economics, as we understand it today, is a relatively new discipline that has attracted academic attention in the past 30 or 40 years. Once substantial reforms to the public sector began in the 1980s, economic ideas started informing the health sector. Clearly intent on reducing the provision of various types of public services, neoliberal policymakers throughout the world began to apply their brand of economic analysis to the field of health, in an effort to increase private-sector participation. Since the 1980s, the number of countries that use economic analysis tools to improve health outcomes and assess new technologies has grown, and more pharmaceutical companies are routinely making cost-benefit assessments to enhance their competitiveness in the drug market.

Traditionally, health economics has been studied mainly as a microeconomic discipline, where the unit of analysis is the individual, household, or company. If we examine the curriculums of health-economics studies in universities around the world, we will find that they focus on supply and demand for health services, market structure, economic evaluation and efficiency, equity and, sometimes, when so-called market failures appear, on the role of the public sector.

Health economists tend to agree that their discipline lacks a macroeconomic approach, that is, a method that focuses on large aggregates of an economy and on economic progress in general. Surprisingly, health economics has ignored, by commission or omission, humanity's most salient questions, such as why some countries are poor and others rich, why some segments of the population have greater or lesser access to resources, and how these inequalities have affected people's health and welfare.

Although matters of economic progress, poverty, and inequality are not new and, in fact, the classical economists (including Smith, Malthus, Ricardo, Mill, and Marx) were concerned about these issues, economic development only appeared as an academic discipline after World War II. The dimension of health, however, has almost always been glaringly absent in this type of economic analysis. Today there is a renewed and growing interest in the issue of inequality, as demonstrated by the recent success within and outside academia of works by the likes of Anthony Atkinson, Thomas Piketty, and the author who concerns us here, Angus Deaton.

It seems that the work done by economists on the subject has had little impact on reducing inequality, and, out of frustration, they end up abandoning their studies. More recently, interest in inequality has been rekindled, and become almost fashionable; yet, currently, this renewed interest usually omits a fundamental element of progress and well-being: health.

Before delving into Deaton's book, *The Great Escape: Health, Wealth, and the Origins of Inequality*, I would like to digress briefly with an anecdote that will help introduce the main topic of the book.

Some years ago, as an 18-year-old woman, I took a trip with classmates to do community work in Oaxaca Valley, one of the poorest areas of Mexico. Our general objective was to help one of the country's most deprived communities. We focused on teaching basic health measures, such as using latrines (already built, but abandoned), stressing the importance of regular hand-washing before eating and after using the toilet (technically known as fecal-oral disease transmission prevention), and sharing some simple food preservation techniques. Now, as then, we conceived these sanitary measures as a routine part of daily living among the inhabitants of the world who enjoy the privilege of having escaped poverty. Our trip to the Oaxacan community coincided with an unfortunate event: During our one-week stay, a young father of seven children—all under the age of 8—died of a prolonged but unknown illness. Beyond the tragedy of

his death, sadly and surprisingly, the man never once was able to see a doctor, not just during his illness but throughout his life. His widow and seven orphans were left with neither a diagnosis nor an explanation of his demise, beyond the religious ones. The young Oaxacan man and his family were doubly victimized: at once victims of disease and low income that prevented them from escaping death, orphanhood, and poverty. This personal anecdote of almost two decades ago helped me to understand the critical and vital importance of the relationship between well-being, health, wealth and inequality.

Back then, although I wavered between studying medicine or economics, both with the intention of helping the poor, the trip to Oaxaca made a decisive impression on me. I drifted towards economics, as Mark Blaug suggested in a 2001 *Journal of Economic Perspectives* article, because of a philosophical inclination and because of “the belief that society rests essentially on economic foundations” (p. 147) —poverty and inequality being two of the greatest challenges of modern societies.

In this regard, the recently published Spanish translation of Angus Deaton’s *The Great Escape: Health, Wealth, and the Origins of Inequality*, which I had the privilege to present and comment on at the Fondo de Cultura Económica, is a great contribution to the topics that frame my previously-related personal experience. I feel privileged also by the opportunity I had recently to speak to Deaton, the 2015 Nobel Laureate in Economics.

In his book, Deaton deftly integrates the dimension of health into the study of economics, which, as I previously mentioned, is a relationship that is usually ignored by most economists. The author provides an insightful reflection on some of the classical topics of economic development that have occupied and preoccupied economists and thinkers for a long time, such as how and why progress occurred and the interaction between progress and inequality. Deaton’s main objective here is to provide evidence of the strong relationship between wealth and health in the world, something that he achieves masterfully. Along with many other development economists, Deaton understands progress not solely as material progress but also as improvement in other facets of life, such as education, health, and democratic participation in society. In this book the author discusses how to evaluate life satisfaction, well-being, and happiness, as well as the implication and difficulties of measuring these indicators. Deaton is highly critical of indicators that purport to measure happiness, given the subjectivity and difficulty involved.

Clearly, money matters when progress and well-being are being discussed. Yet, just as important, or perhaps more so, is the question of how to enjoy good health, increase the probability of living longer, and find opportunities to achieve greater prosperity. In just 150 years, from 1800 until 1945, life expectancy in England went from 40 to 80 years, a massive jump never before seen in human history; many parts of the world have experienced similar trends in recent decades. Mortality rates and life expectancy are crucial when focusing on progress and inequality. In Deaton's words, those who are lucky enough to have been born in the right country invariably have the possibility to live longer and healthier lives. Yet, those left behind, who did not experience the "great escape," live shorter lives and face adverse health conditions that are ill-suited for achieving prosperity.

Deaton argues that much human progress has been accompanied by enormous inequality. In just a few pages, the author undertakes a skillful and fascinating review of human progress, a panoramic sweep that he divides into three main periods: from prehistory until 1750, from 1750 until 1945, and from 1945 until the start of the twenty-first century. In the prehistoric period that ends with the Industrial Revolution around 1750, Deaton explores the lives of hunter-gatherers, explains how humans adapted to adverse and risky conditions, and how it is only recently that we live sedentary lives as farmers or urban dwellers. During times of nomadic life, and before agriculture, the probability of food and water being contaminated by human waste was very low, but this changed, and not for the better Deaton argues, with the introduction of agriculture and sedentary life.

With the onset of the Industrial Revolution, the Enlightenment, and social organization in mainly urban spaces, cholera and various diseases heavily influenced life expectancy. One of Deaton's more interesting charts compares life expectancy before and after 1750 among the English aristocracy and the rest of the population. Before 1750, life expectancy between the two groups was similar; after 1750, the first big gap appeared: Life expectancy grew among aristocrats to the point where they held a twenty-year advantage over the rest of the population. For Deaton, this is clear evidence of the relationship between material progress and inequality, with significant implications on life and death. Thus, higher income begets better health. Conversely, poverty causes the so-called "illnesses of the poor". Only those who can afford it can enjoy better health.

Within the context of a growing urban population, Deaton highlights the far-reaching role that public policy plays in social life, and particularly in health, concluding that throughout the world the main reason for the decrease in infant mortality and the increase in life expectancy is public-health policy. Through Deaton's overview of public health, we learn about the history of sanitation and clean water supply, variolation (as opposed to vaccination), and other important measures taken by authorities to greatly improve life expectancy in the world. In fact, against the backdrop of tremendous strides in lowering infant-mortality rates through progressive public-health policy, I strongly suggest that we reconsider the implications of contemporary trends and debates against child vaccination.

In the final stage, from 1945 until the beginning of the twenty-first century, Deaton argues that ongoing globalization is bringing growing prosperity combined with growing inequality. While some succeed in bringing off their great escape and live better lives, others are left behind, dying of easily treatable illnesses or trapped in a vicious circle of lack of health, limited work opportunities, low incomes, and malnourishment, combining to produce further deterioration in health outcomes.

One of the main theses of the book is that the material progress that commenced in the eighteenth century with the Industrial Revolution and the Enlightenment brought with it the largest inequality gap in human history. Deaton points to humanity's undeniable progress over the course of 250 years, as indicated by the substantial drop in mortality rates and increase in life expectancy yet admits that progress has been simultaneously accompanied by inequality. Deaton shows how progress produces inequality and how inequality can sometimes bring about further progress. For Deaton, the "greatest escape in history" is the enormous reduction in global poverty since 1980 as a result of high economic growth rates, mainly in China and India, which have transformed the lives of over a billion people.

In the book's closing section, Deaton puts aside positive economics and takes up normative economics, *i.e.*, leaves behind what *is* and discusses what *should be*. The author calls upon those of us lucky enough to live good lives to consider our moral obligation in reducing poverty and bad health around the world. Yet, Deaton criticizes international aid *per se* because of its adverse effects, particularly in weak institutional states. This is one of Deaton's most

controversial opinions and is certain to provoke lively discussion in the area of economic development studies.

The Great Escape is a must read for those interested in the enduring topics of development, poverty, and inequality, —as seen from the all-important perspective of human health and well-being. This highly readable text takes on a subject that by its nature is multidisciplinary. Readers wanting to have a holistic, engaging and profound exploration of inequality will profit highly from Deaton's book.