

MORTALITY, EDUCATION & INCOME: IN HONOR OF FRANCO PERACCHI

Angus Deaton, January 19th, 2024

Franco Peracchi

- Franco was one of my first students at Princeton in 1983
 - ▣ As was expected in those days, he wrote an excellent thesis and graduated in FOUR years!
 - ▣ By today's standards, he would be submitting around now
- Another indication of the passage of time
 - ▣ When your students retire, you are really old
- Franco worked with me and with Elvezio Ronchetti and me on robust estimation
 - ▣ My role was supplying the “dirty” data from a survey in Sudan
- On the job market, F visited Penn State and was horrified
 - ▣ The nearest prosciutto and figs were hundreds of miles away
 - ▣ The insularity of America was not something he'd previously understood
 - ▣ Instead of College Station, he went to LA and then NY!

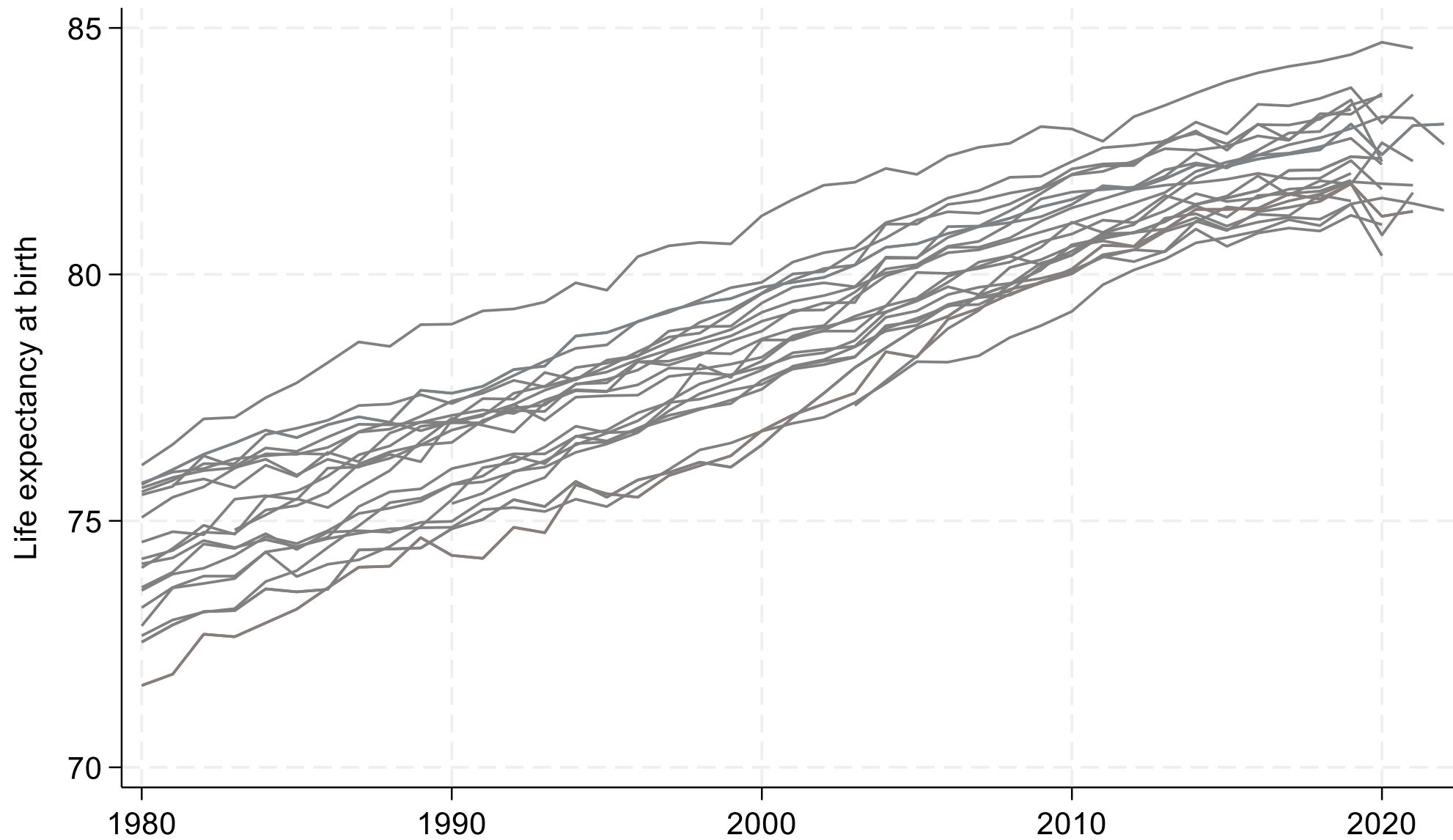
Economics and health

- F became interested in health issues more than 20 years ago
- Important work on pensions, retirement, and mortality
 - ▣ The relationship between health and economic outcomes
 - ▣ Mostly at the microeconomic level
- This is what I want to talk about today, though mostly at a higher level of aggregation
- Much of what I will say comes from joint work with Anne Case
 - ▣ Who was Franco's classmate at Princeton PhD program

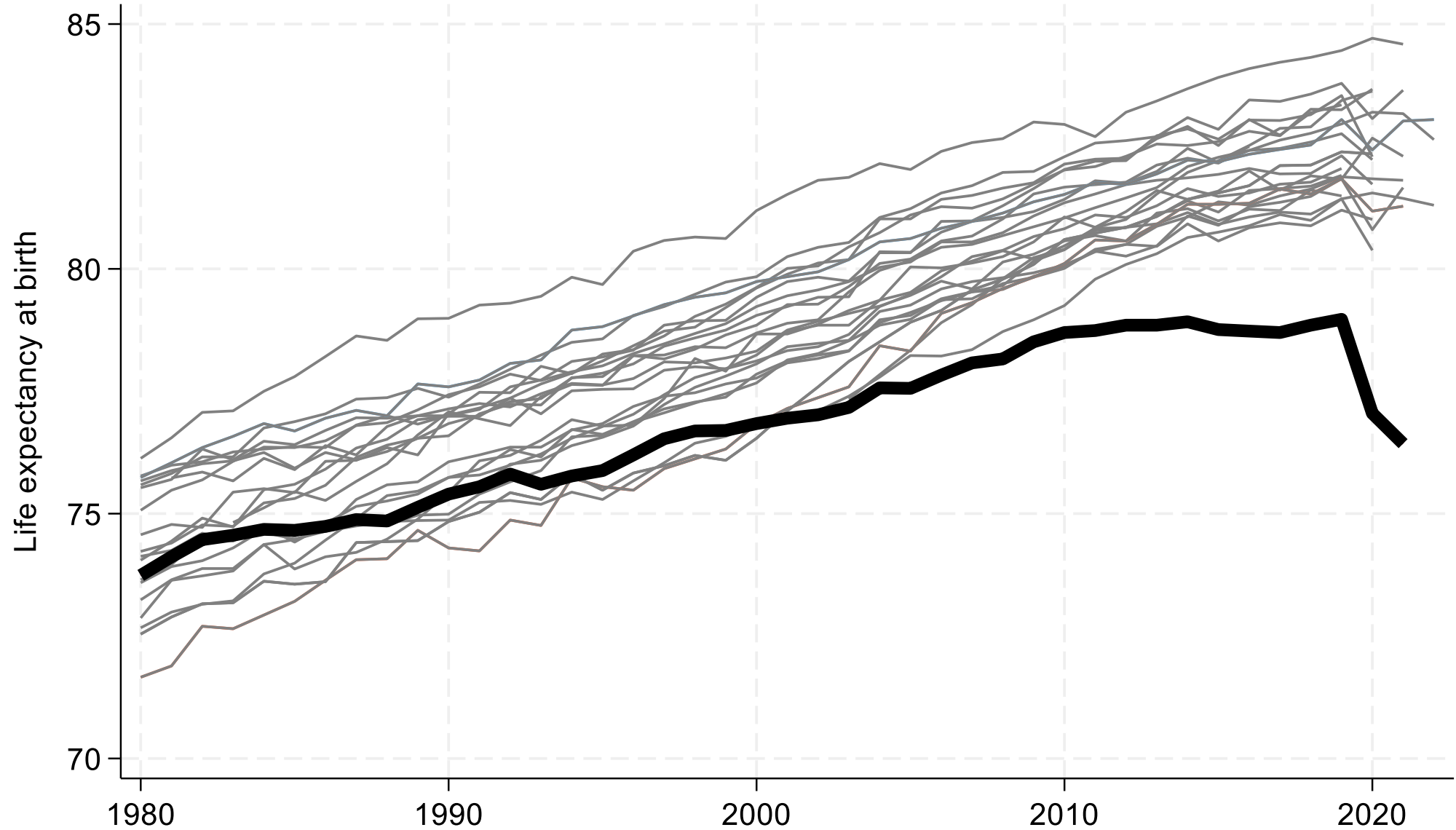
International comparisons

- There is an old idea that “healthier is wealthier”
 - Supposed to hold both across countries, over time, and across individuals
 - Example: Preston curve linking LE to income across the world
- Current discussions show this doesn’t always work
- Triumphalism about American economic performance relative to Britain and most of Europe
 - *The Economist*: “America’s economic performance is a marvel to behold”
 - US is richer than Europe and has recently grown much faster
 - PPP GDP per capita in Germany is 83 percent of US, Britain and France a little lower than Germany
 - IRELAND! pc GDP in 2022 was 76 percent HIGHER than the US
 - This tells us more about the failings of GDP than of legitimate international comparisons
 - Consumption pc better than GDP. Britain and Germany about 60% of US, France 50%, Ireland 45 percent
 - So much for GDP!
- All of the ratios have fallen since 2007; growth more rapid in the US
- Hence the “marvel to behold”

LIFE EXPECTANCY AT BIRTH: 22 RICH COUNTRIES

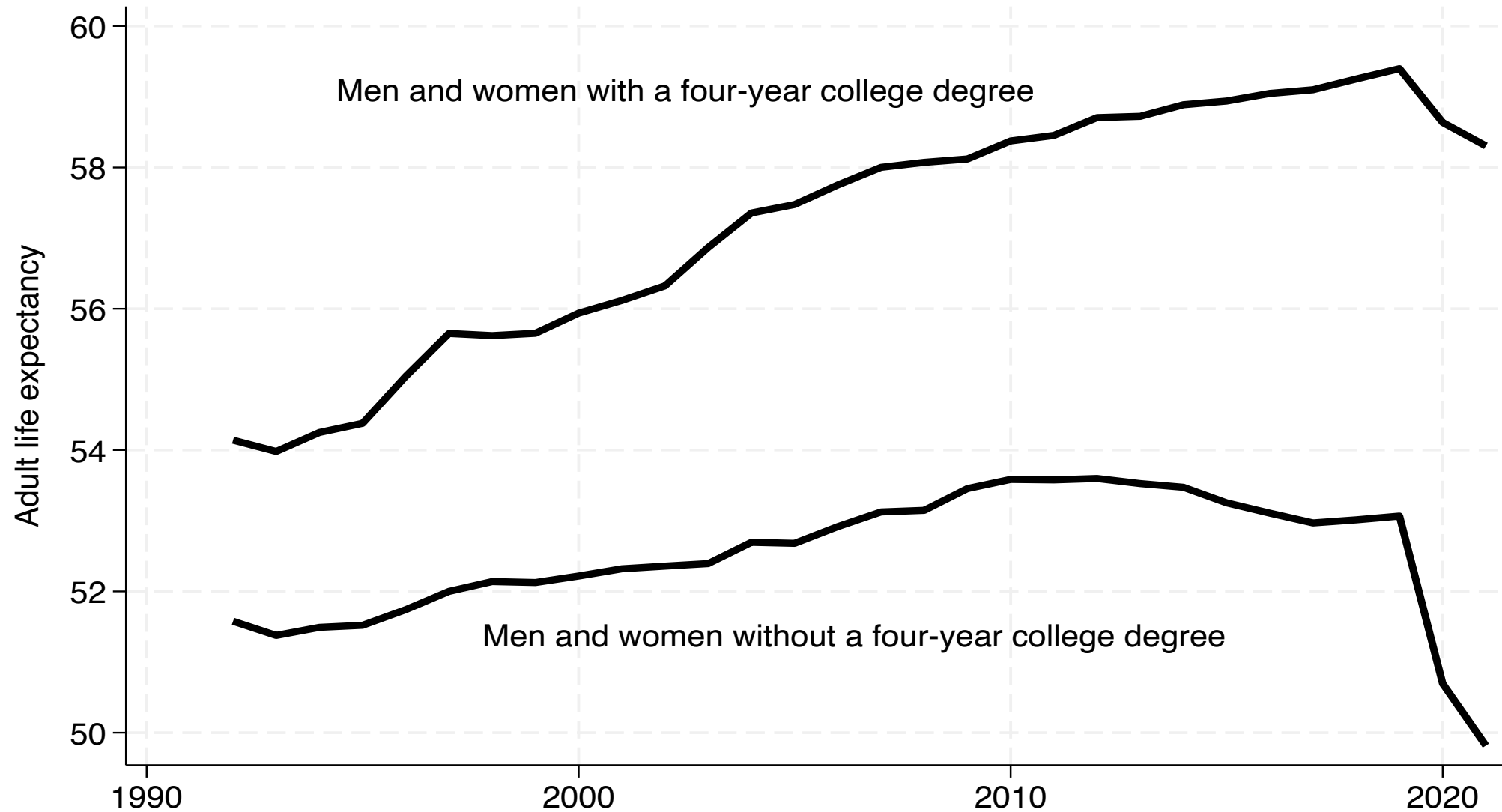


LIFE EXPECTANCY AT BIRTH: US AND 22 OTHER RICH COUNTRIES



This has been the subject of three National Academy of Sciences reports

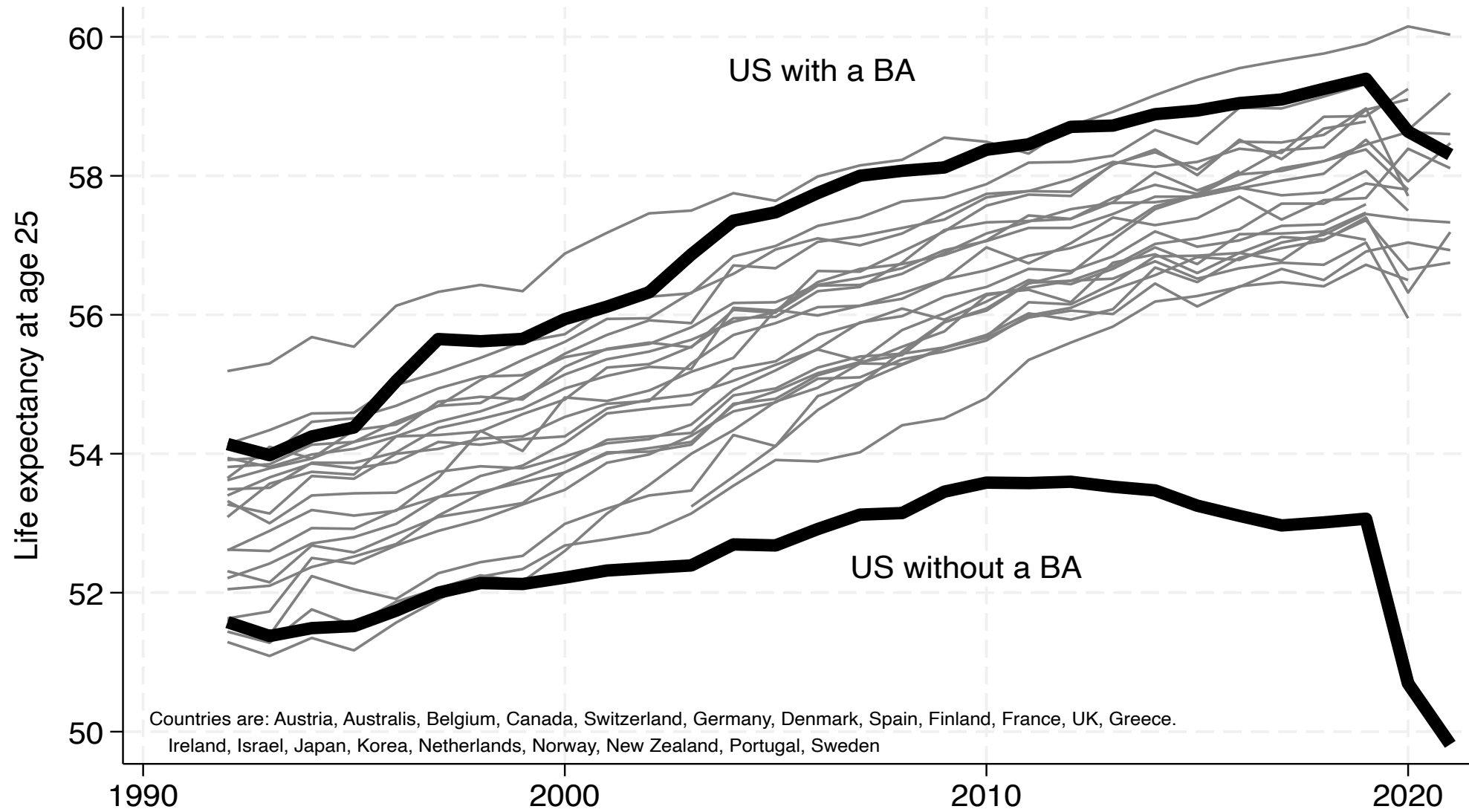
Adult life expectancy – expected years beyond age 25



National Academy of Sciences reports – no analysis of education divides

The only precedent for LE moving in opposite directions: eastern Europe post USSR

ADULT LIFE EXPECTANCY: US AND 22 OTHER RICH COUNTRIES



Age adjusted mortality per 100,000 people, ages 25–84

	1992				2019				Change 1992 to 2019				Change 2019 to 2021		
	BA	No BA	Diff		BA	No BA	Diff		BA	No BA	Diff		BA	No BA	Diff
Cause of Death:	BA	No BA	Diff		BA	No BA	Diff		BA	No BA	Diff		BA	No BA	Diff
D of Despair	26	43	17		29	95	66		3	52	49		3	37	33
Cancer	263	297	34		136	212	77		-127	-85	43		-5	-1	4
CVD	331	418	87		125	247	122		-206	-171	35		4	27	22
COVID-19	0	0	0		0	0	0		0	0	0		57	164	107

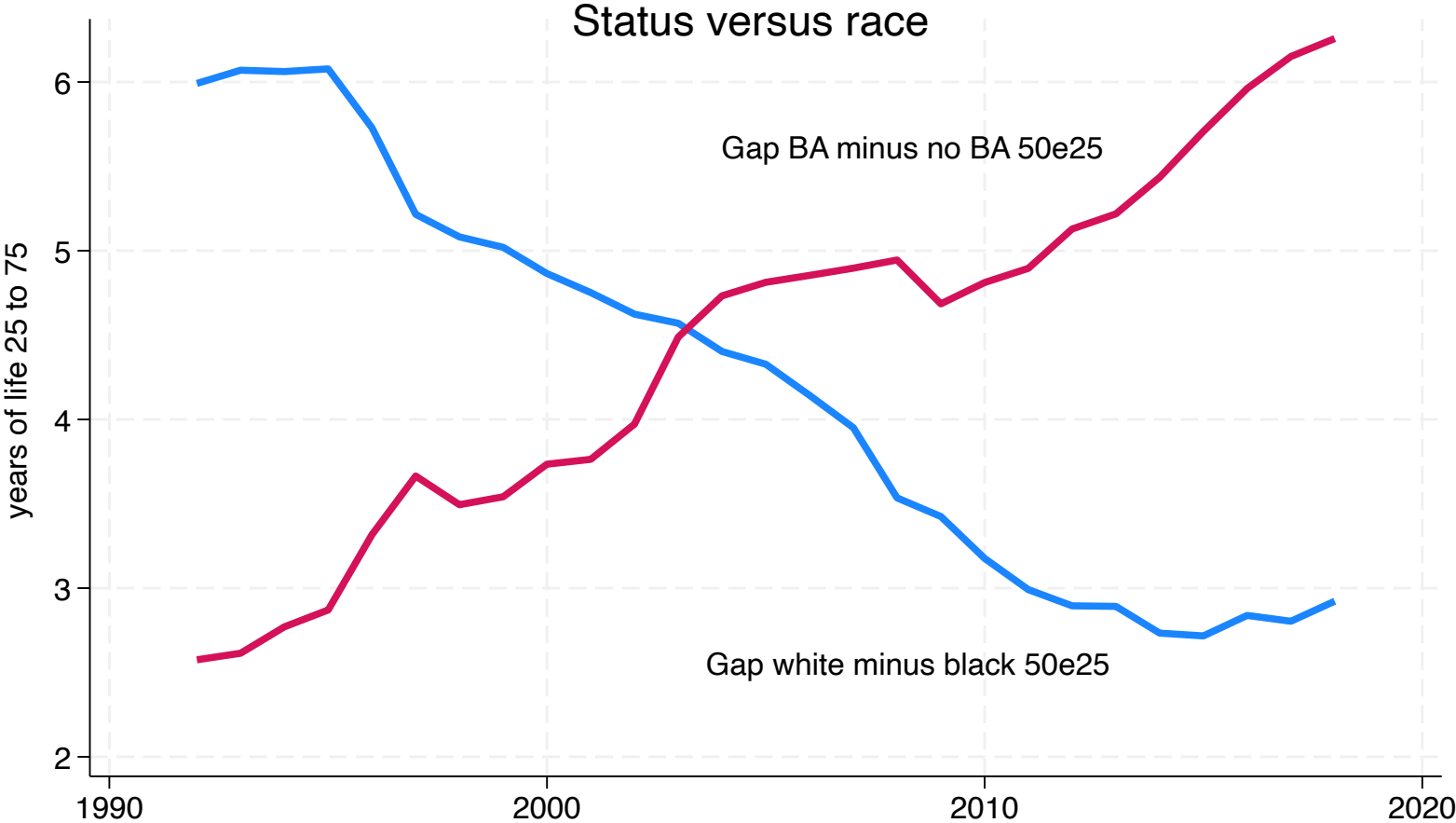
Thoughts

- Perhaps this has something to do with why Americans are gloomy about their prospects in spite of economy
- 40 percent of Americans aged ≥ 25 have a four-year college degree
- Educational gaps exist for other qualifications, some college, high school only, less than high school
 - ▣ But the big jump is between those with and without a four-year college degree
- Which mirrors the political divide between Democrats, who are now the party of the educated elite + (most) minorities, and Republicans who are remaking themselves into a populist party for those without a college degree

Class versus race

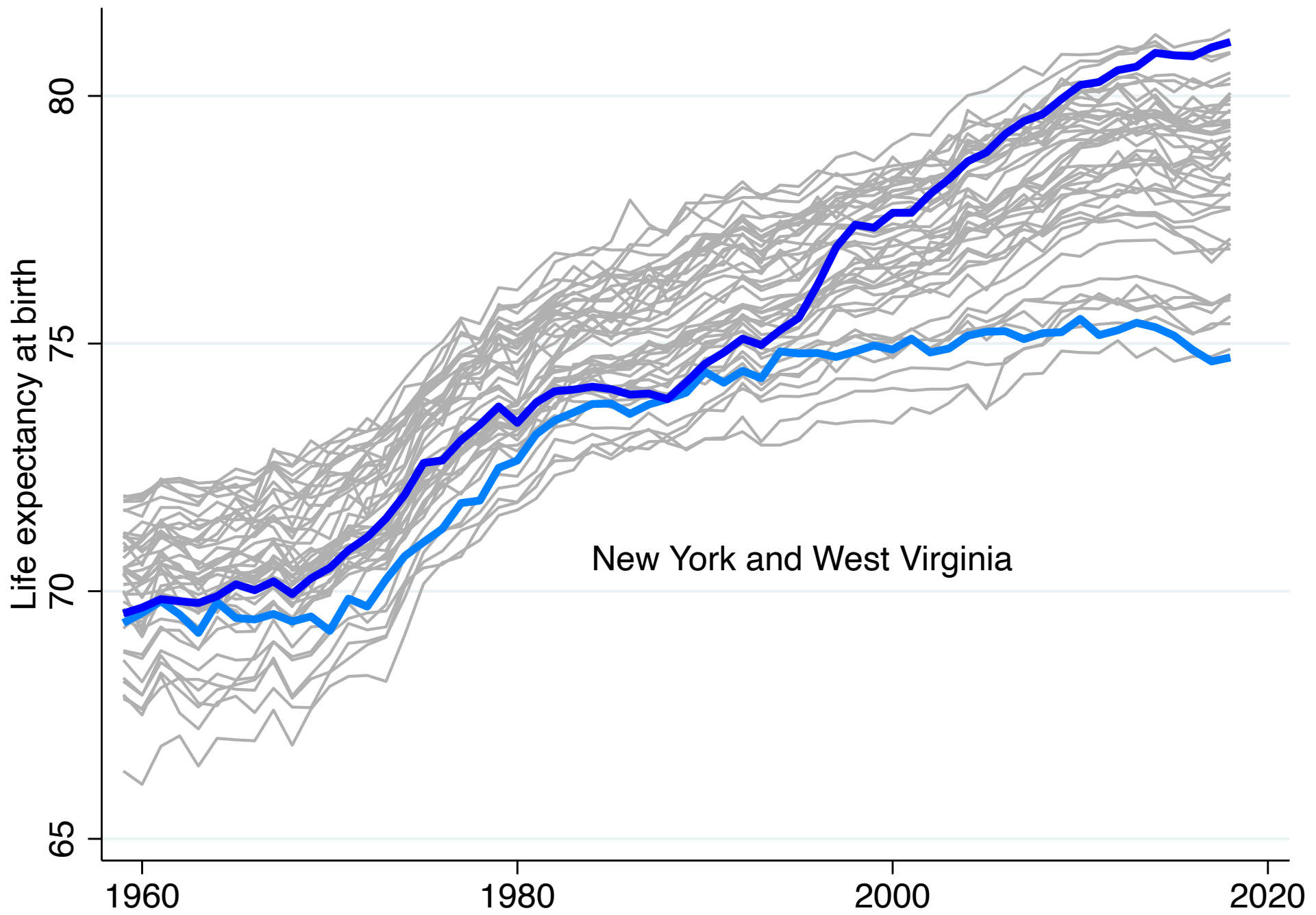
- The same divide is now happening between Blacks with and without a BA
- In 1992, little difference in adult LE between Blacks with and without a college degree
 - ▣ Both had adult LE that was lower than whites without a BA
- By 2019, Blacks with a BA are close but lower than whites with a BA, and much higher than Blacks without a BA
- Class is becoming more important relative to race
 - ▣ Beginning to be mirrored in voting too, with working class minorities moving to the right

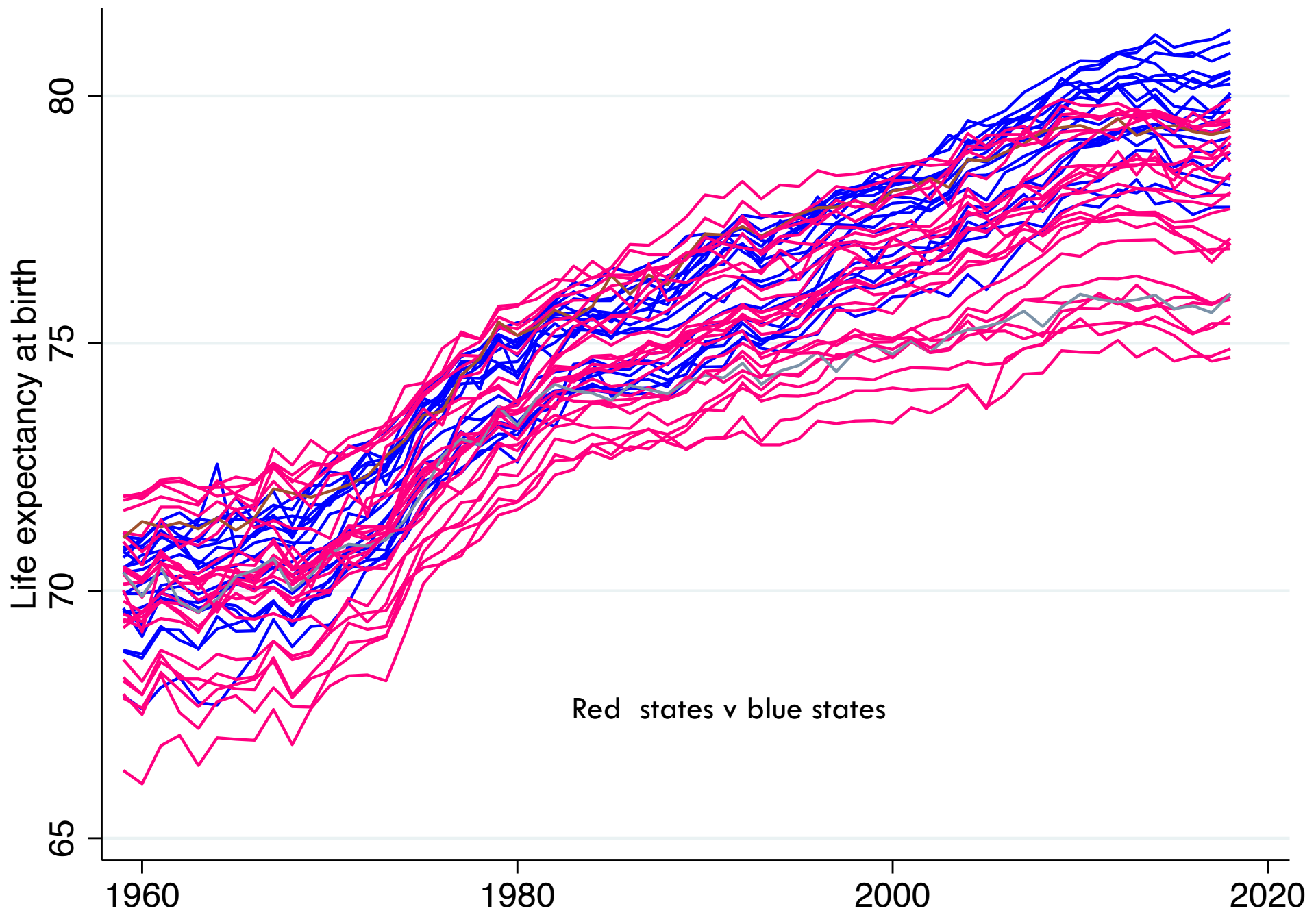
Class versus race

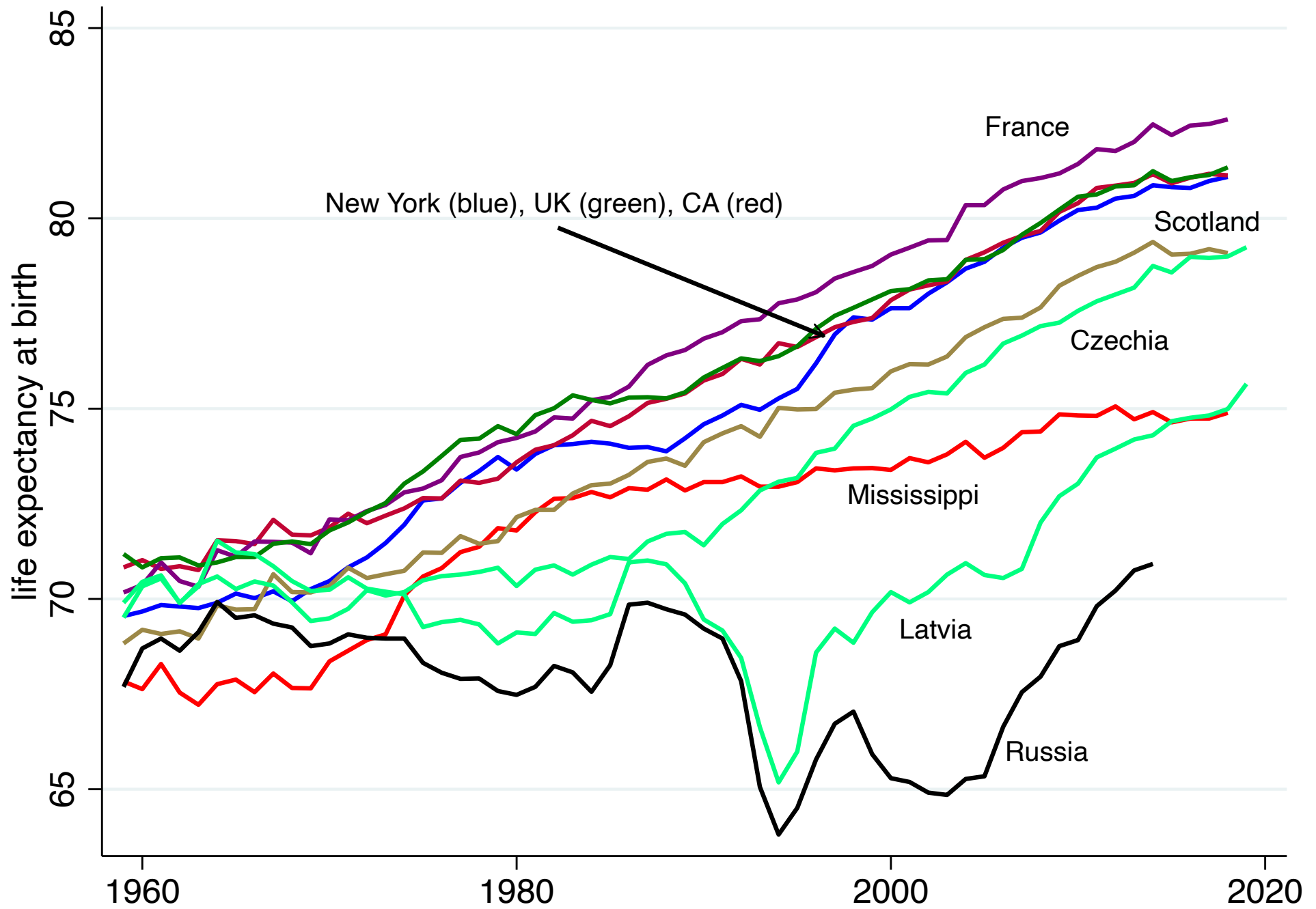


Why is this happening?

- One econometric possibility is selection
 - ▣ Both groups get less healthy
 - ▣ Average is unaffected
 - ▣ Work on this by us and others suggests it can't explain much
 - Though there is some (mostly malevolent) disagreement from the right
- Same reason that less educated people are angry and vote for Trump
 - ▣ They have not done well over the last half century
 - ▣ In wages, wealth, jobs, communities, marriages, pain, morbidity, loneliness
 - ▣ Widening inequality, not so much by income, but by education levels
 - ▣ And this is the crucial story
- It is this educational divide that threatens to bring us down



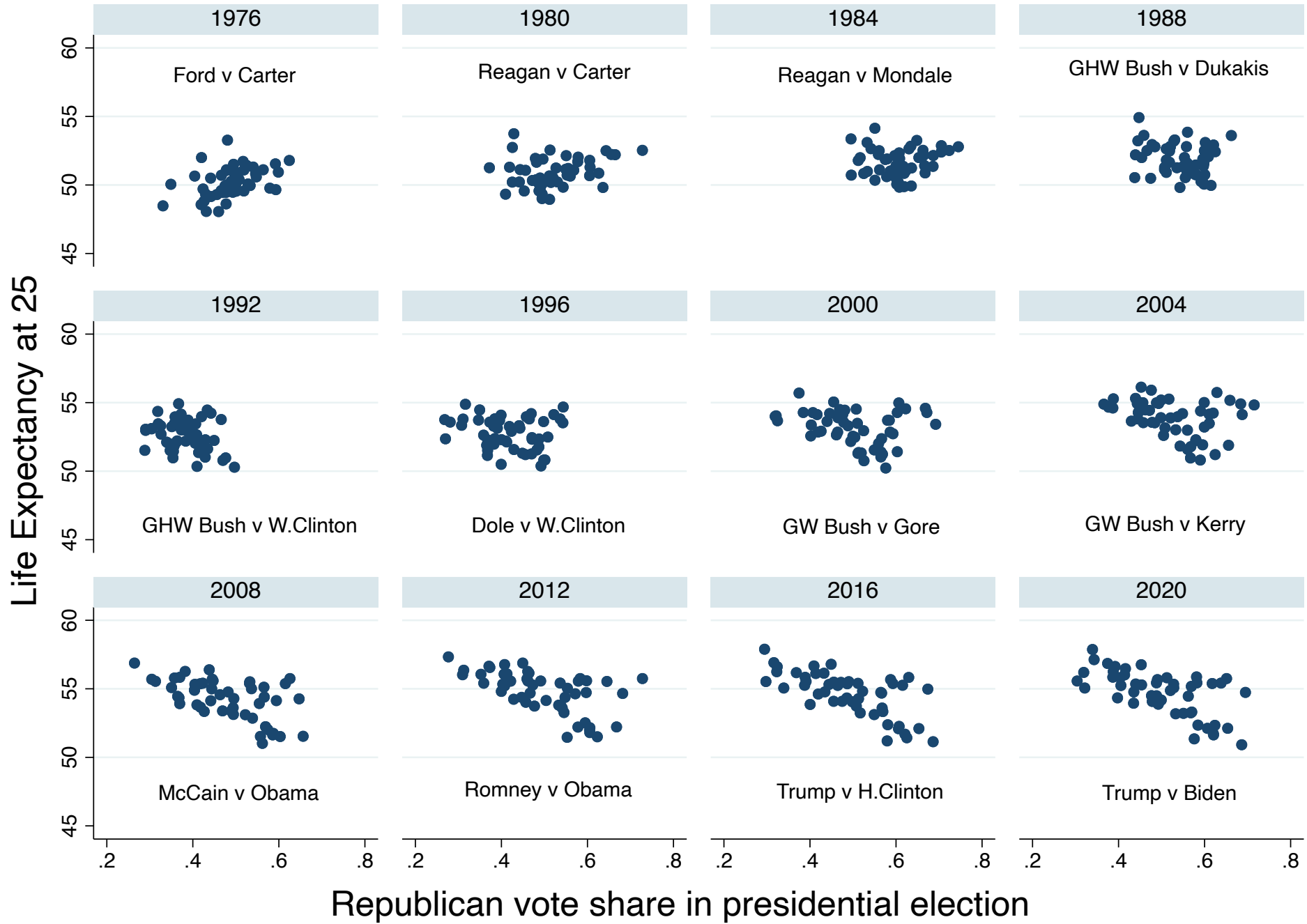




Politics

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- Changing patterns: Republican states used to be healthier, but that is no longer true
- Most unequal states used to be Dem, but a lot of those in the South are now Rep, and that switch is clearly important
- If Dems are an alliance between educated elite and minorities, that takes them into high inequality places
 - ▣ Republicans now represent more equal places
- Ties in with Montez' and Grumbach's work, and Rep state legislators passing business friendly legislation sponsored by ALEC and Koch etc.



Key points

- Wellbeing depends on many things, including consumption, but also health (as well as community, family, morbidity as well as mortality)
- US triumphalism evaporates once health is taken into account
- Much focus on income inequality, but at least or more important is inequality in outcomes by education, particularly college or not
 - ▣ Politics has reshaped around this, not poor v rich, but less v more educated
- Anne and I regard this as elite failure of governance, in which less educate Americans were ignored
 - ▣ On trade, on aid, on immigration
- The consequences of which we see around us