



Economic Inequality: A Growing Threat to Public Health

In the United States, wealth equals health. The more income and assets you have, the greater your access to resources and opportunities for good versus ill health. Conversely, those with fewer economic resources are more likely to face barriers to health. While how much money you make or have in the bank should not dictate how long you live, it often does.



The Occupy/99% movement is bringing the unfair and unhealthy distribution of wealth into the forefront of the public eye. But the chasm between the very rich and the rest of the population that has catalyzed people to take to the streets did not happen overnight. Policymakers have made choices over the past four decades that have led to income and wealth being increasingly concentrated in the hands of a few.

Widening Income Gaps

In the United States: Income inequality in this country is currently at its highest since the Great Depression. From 1979 to 2007, the gap in average income between the top 1% and the bottom 20% more than tripled, with those at the top earning 75 times more than those at the bottom in 2007. Income gains have been highly concentrated at the very top, as shown by the 281% increase among the top 1%.

Average After-Tax Income by Income Group in United States
(in 2007 dollars)

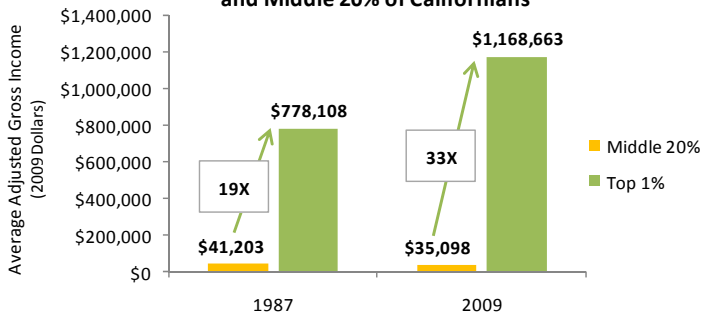
Income Category	1979	2007	Change 1979-2007
Bottom 20%	\$15,300	\$17,700	16%
Middle 20%	\$44,100	\$55,300	25%
Top 20%	\$101,700	\$198,300	95%
Top 1%	\$346,600	\$1,319,700	281%

Ratio of Top 1% vs. Middle 20%	8	24
Ratio of Top 1% vs. Bottom 20%	23	75

Over tripling of income gaps

Source: Sherman, A. and Stone, C., Center on Budget and Policy Priorities using data from Congressional Budget Office, 2010.

Widening Income Gap between the Top 1% and Middle 20% of Californians

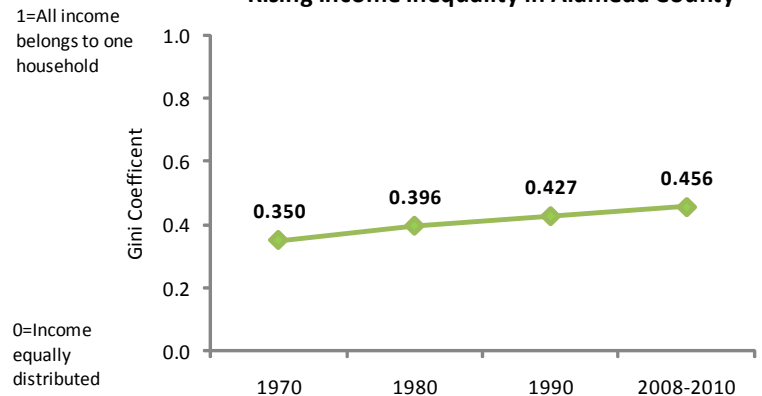


Source: The California Budget Project using Franchise Tax Board data, *A Generation of Widening Inequality*, 2011.

In California: In 2009, the average income of the top 1% of California taxpayers (almost \$1.2 million) was 33 times greater than the average income of the middle 20% (just over \$35,000) – almost doubling the income gap of 1987. A majority (71%) of the income gains from 1987 to 2009 went to the wealthiest 10% of Californians.

In Alameda County: Over the past four decades, income has been increasingly concentrated among fewer individuals in Alameda County. This is suggested by the Gini coefficient, which is a measure of how equally income is distributed across a population based on a score that ranges from 0 (maximum equality, all income is equally shared) to 1 (maximum inequality, all income goes to one household).

Rising Income Inequality in Alameda County



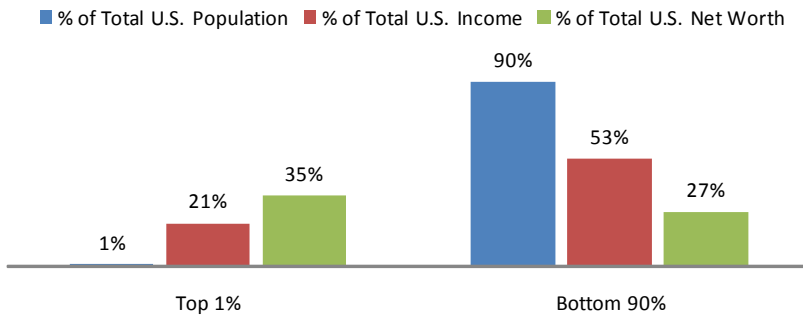
Source: Alameda County Public Health Department CAPE Unit, using data from Census 1970-1990 and American Community Survey 2008-2010

Even Greater Divides in Wealth

What is wealth? Beyond how much money you make, wealth is a measure of how much you have. Wealth, or net worth, is the total value of one’s assets (such as savings, homes, stocks, and other investments) less one’s debts (such as mortgages, credit cards, student loans, and outstanding bills). Wealth (or poverty) can have

long-standing impacts since it is passed from generation to generation. Furthermore, in the United States, economic mobility is low.¹

Distribution of U.S. Population, Income, and Wealth in 2009

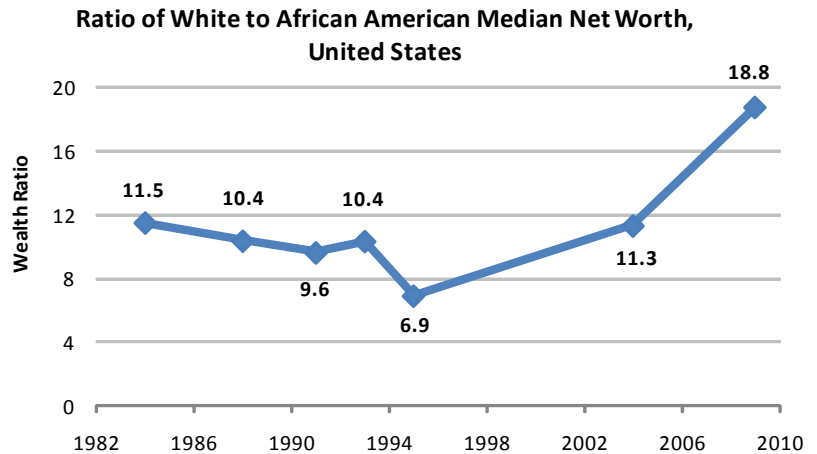


Source: Allegretto, S., *The State of Working America's Wealth*, 2011; Wolff, E., for Economic Policy Institute using US Federal Reserve Board Survey of Consumer Finances and Federal Reserve Flow of Funds, 2010.

Extreme wealth concentration: Wealth is even more concentrated than income in this country. In 2009, while the top 1% of households controlled 35% of all net worth, the bottom 90% of households owned 27%. So, the top 1% had more wealth than the bottom 90% combined.

Racial wealth divide: The top-heavy growth over the past four decades has deepened the racial economic divide which exists in this country due to historical and contemporary barriers to wealth creation in communities of color. Blacks and Latinos are over-represented among the lower income strata that received the least income gains and under-represented among the top income groups that enjoyed the greatest income gains.²

Racial gaps in wealth soared to record highs in 2009. The median net worth of White households was about 19 times that of Black households and 18 times that of Latino households.³ This means for every 1 dollar of wealth owned by the typical White family, the typical Black family had 5 cents and the typical Latino family had 6 cents.



Source: Pew Research Center tabulations of 2008 Survey of Income and Program Participation and various U.S. Census Bureau P70 Current Population reports, 2011.

The bursting of the housing bubble in 2006 and subsequent recession of 2007-2009 led to much greater losses of wealth (in percentage terms) among Black and Latino households compared to White households. This is because a much larger proportion of Black and Latino wealth was tied up in their homes. In addition, Blacks and Latinos were much more likely to be targeted for high-cost subprime loans (regardless of income level) and thus far more likely to lose their homes to foreclosure. Total loss of wealth for people of color due to subprime loans taken from 2000 to 2008 is estimated at between \$164 billion and \$213 billion – which can be considered the greatest loss of wealth for people of color in modern U.S. history.⁴ Finally, unemployment hit Blacks and Latinos harder than Whites during and since the recession.³



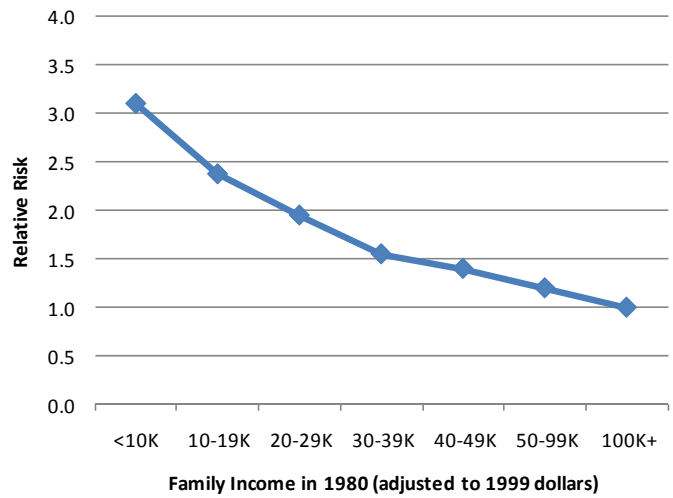
Unequal Wealth = Unequal Health

Individual wealth matters for health: In the United States, there is a strong relationship between wealth and health. People at the bottom of the income distribution in this country are over 3 times more likely to die before the age of 65 than those at the top. But this is not just a rich versus poor phenomenon – the risk of premature death increases with each step down in income earnings. This pattern is called a “social gradient” in health.

Income impacts health in multiple ways:

- 1) Income provides access to a variety of resources that meet basic human needs and directly impact health, such as adequate nutrition, good medical care, and quality housing.
- 2) Higher income can increase chances of living in a neighborhood that promotes good health (more details below). Low-income people (particularly low-income people of color) are more likely to have to live in high-poverty neighborhoods which present multiple health risks.⁵
- 3) In everyday struggles with low wages and rising costs of living, lack of income forces families to make unhealthy tradeoffs, like choosing between paying for food, health care, or housing.⁶
- 4) Being exposed to multiple stressors and without adequate support networks to cope with stress, low-income people are more likely to experience mental health problems and less likely to be able to access services to address them.⁷ In addition, chronic stress produces constant wear and tear on the body (or allostatic load) that can cause a broad range of diseases.⁸
- 5) Low-income status can lead to marginalization and exclusion of people from mainstream social, economic, and political life.⁹ Wealth enhances people’s ability to exert political influence and advocate for policies that support their health and well-being.¹⁰

Relative Risk of Premature Death by Family Income, United States



Source: Adler, N., Stewart, J., et al., using 9-year mortality data from the National Longitudinal Mortality Survey, 2007.



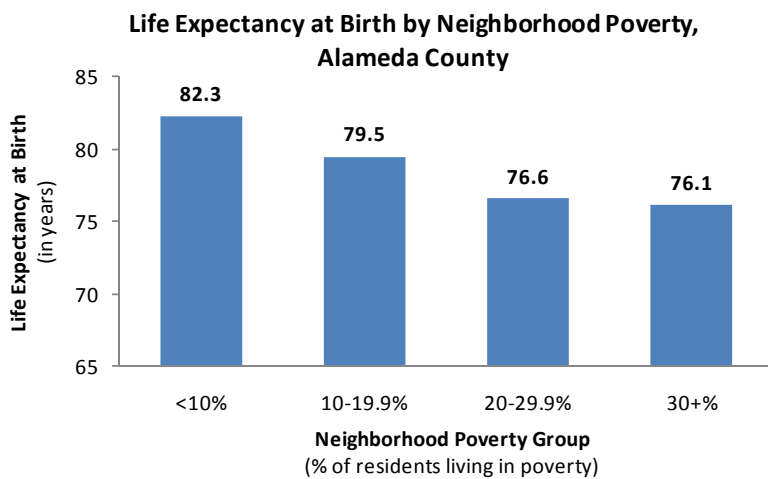
Neighborhood wealth matters for health: Neighborhood conditions have a profound impact on one’s health and life expectancy. Where you live greatly determines your access to resources that enable you to be healthy – such as clean air, safe streets, nutritious foods, quality housing, good jobs, and excellent schools. Where you live also impacts your exposure to environmental risks that harm health, like toxic air pollution, crime and violence, substandard housing, and liquor stores.



Neighborhood poverty (or percentage of residents living in poverty) is a key factor that determines the kind of neighborhood conditions in which people live. High-poverty neighborhoods often suffer from high levels of disinvestment and disempowerment; excessive exposure to pollution, blight, crime, and violence; and limited opportunities for employment, education, recreation, and civic engagement – all of which take toll on individual and community health.¹¹

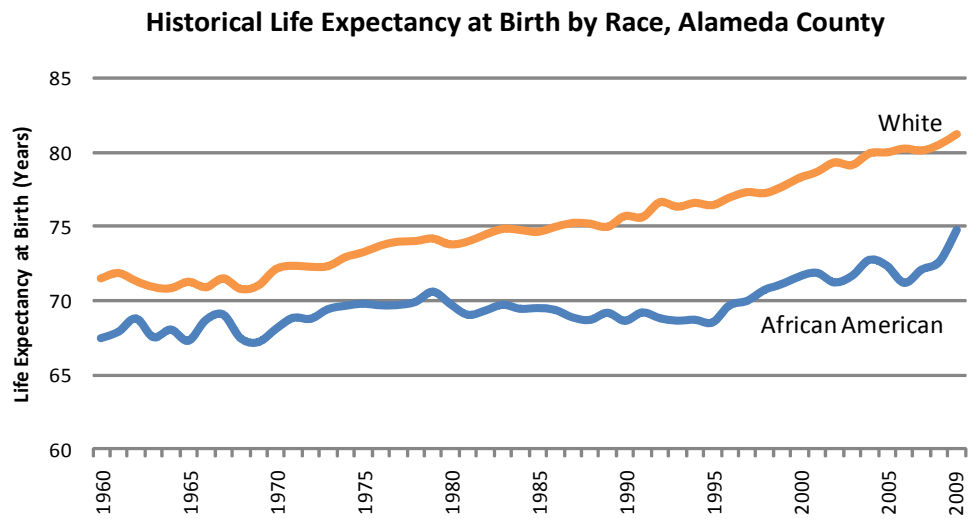


In Alameda County, there is a strong social gradient in health based on neighborhood poverty levels. People living in the lowest poverty neighborhoods (where less than 10% of residents live in poverty) are expected to live, on average, 6 years longer than people living in the highest poverty neighborhoods (where 30% or more residents live in poverty).



Residents of high-poverty neighborhoods (greater than 20% poverty) are disproportionately people of color. In Alameda County, about 1 in 3 African Americans, 1 in 4 Hispanics, and 1 in 7 Asians – compared to 1 in 10 Whites – live in high-poverty neighborhoods.¹² The concentration of people of color in high-poverty neighborhoods that have fewer resources and opportunities for good health is a major driver of disparate health outcomes by race.

The gap in life expectancy between African Americans and Whites in Alameda County has been widening. In 2009, African Americans lived (on average) almost 7 years less than Whites. The geographic concentrations of race, poverty, and poor health reflect a legacy of racial discrimination and segregation as well as present-day policies and practices that perpetuate unjust and unequal patterns.



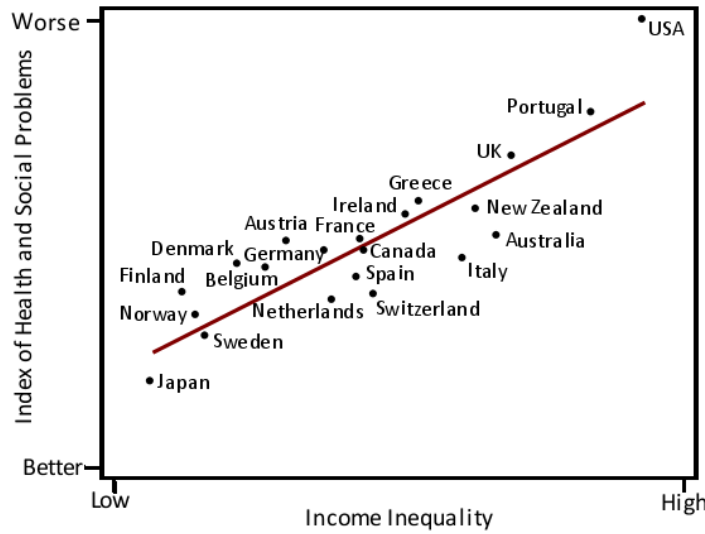
Source: Alameda County Public Health Department CAPE Unit, using data from Alameda County vital statistics files, 1960-2009.

Economic equality matters for everyone's health: What matters besides absolute levels of income or poverty is how evenly income is distributed within the population. Higher income inequality is associated with a host of health and social ills for everyone in the population, ranging from infant mortality to teen births and mental illness, to imprisonment and homicides, to shorter life expectancy. When you compare the richest countries in the world, there are striking differences in health based on the level of income inequality within countries – rates of obesity are 2 times higher in more unequal countries than in the most equal, mental illness is 3 times higher, imprisonment is 8 times higher, and teen births are 10 times higher.¹³

Health and Social Problems Are Worse in More Unequal Countries

Index of:

- Life expectancy
- Math and literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness incl. drug and alcohol addiction
- Social mobility



Source: Wilkinson, R. and Pickett, K., *The Spirit Level*, 2009.


Among rich countries, the United States has the greatest economic inequality – and the worst health and social outcomes. While the United States spends over 2 times more on health care per person than other industrialized countries, it ranks 49th in terms of life expectancy.^{13,14,15}

Many of the countries that rank higher in terms of life expectancy have policies that support families, protect workers, and provide a

safety net for vulnerable members of society. These policies typically address income/wealth inequality by: (1) reducing the overall gap so everyone has enough resources to prosper, or (2) loosening the connection between health and wealth by making certain resources available to everyone, not dependent on individual income or assets.¹⁴

The vast majority of the population – not just the poor – is harmed by economic inequality. In countries with greater inequality, health and social outcomes are worse across the entire population. In addition, a higher level of public expenditures (e.g., public money on prisons, police, and health care) may be required to deal with higher rates of health and social ills. Since 1980, with economic inequality climbing in the United States, public expenditures on prisons have increased 6 times as fast as public expenditures on education. Greater economic equality could shift public expenditures in more health-producing ways and improve the health and well-being of all people.^{13,16}

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