

Do public health programs make societies more equal? Cross-country evidence on subjective wellbeing inequality

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Abstract

The current body of research on inequality is motivated towards going beyond the income-centric measure of it. Many researchers have highlighted the inadequacy of income as a measure of inequality and suggested the distribution of subjective wellbeing (SWB) as a better and more relevant tool especially for policy making (Goff et al., 2018). SWB inequality can tell more stories and comprehensively capture relevant life domains that matter to humans and to the society. Most economists have accepted the view that subjective wellbeing (e.g., life satisfaction and happiness) is a valid representation of a person's utility and a useful tool in crafting public policies (Graham, 2008).

The aim of my research is to unpack the relationship between the universal health coverage (UHC) program and subjective wellbeing (SWB) inequality and identify whether the health program can make societies more equal. Health is one of the main factors responsible for making people happy and achieving satisfaction in life. It is the most correlated variable in the SWB equation (Graham, 2008). Healthier individuals tend to be more productive and gain more opportunities in bettering their lives. It is consequently necessary to understand how the UHC program is linked with SWB and its distribution.

I use SWB inequality—measured by standard deviation (Okulicz-Kozaryn and Mazelis, 2017), as my comprehensive measure of inequality in understanding the distribution between developed and developing countries and identifying the factors that contribute to the SWB gap. I claim that the distribution of SWB in a society/country can offer more valuable insights compared to other measures (e.g., income) to achieve a healthier, more balanced, and sustainable economy and society.

Upon critically evaluating the inequality literature, I contribute by focusing on health—measured/represented by the UHC program—as a chief determinant of subjective wellbeing and unpack its relationship with SWB inequality. The relationship between the two concepts is sparsely discussed in the literature. Second, I provide cross-country analysis covering 75 countries from 1990 to 2014 and identify the main drivers or factors that may influence SWB inequality. I employ the Oaxaca-Blinder decomposition method to identify whether the variation is explained by the endowment effect (i.e., explained component) or coefficient effect (i.e., unexplained component) or both. In addition, I use the recentered influence function (RIF) method that estimates the unconditional quantile regression (Firpo et al., 2018; Appleton et al., 2014).

Moreover, I propose that when it comes to addressing the issue of inequality in a society, the first stage of evaluation should be an identification exercise. This implies that before thinking of possible solutions in resolving inequality, it is fundamentally essential to understand whether the existing inequality is really a social concern or not. If the inequality that is present in the society is mostly caused by personal choice or preference (i.e., increasing a person's/society's happiness or satisfaction)—income and other objective measures are unable to capture, then it would not warrant strategies in solving the inequality; unless proven otherwise, solutions and policies must be provided. I hypothesise that there are certain types of inequality that may not actually be considered as a social concern. This is evidenced by the lack of consensus amongst researchers, particularly the studies indicating a non-statistically significant relationship between inequality and happiness (Ferrer-i-Carbonell and Ramos, 2014; Zagorski et al., 2014; Berg and Veenhoven, 2010; Senik, 2009; Graham and Felton, 2006; Veenhoven, 2005; Senik, 2004; Helliwell, 2003). In relation to my previous point, I suggest using the distribution of SWB in the identification stage as a baseline measure of inequality. After it has been evaluated to be a social or an economic problem, then the use of other measures of inequality such as inequality of outcome—measured by income

or consumption—inequality of opportunity, and others can be performed for further evaluation.

In unpacking the relationship between the UHC program and SWB inequality, I find evidence that the public health program is associated with lowering the inequality or making the society more equal in the context of life satisfaction. More precisely, the UHC programs are more likely to have inequality-reduction effect when countries are more equal as seen in most developed countries but diminishes its effect when there is extreme inequality in the society. Lastly, based on the O-B method and O-B with RIF, the evidence suggests that there is a significant SWB inequality between the developed and developing countries. The UHC program is not identified as a significant driver of inequality, but education, GDP per capita, effectiveness of the government, and sex ratio are factors that contribute to the unfairness depending on the level of the distribution. A system of social security policies is necessary to attain social cohesion and inclusive growth. The results of my study can help guide policy makers attain social and economic progress in the space of inequality and efficiently address the social concerns if deemed problematic.

Key Words

public health; subjective wellbeing inequality; universal health coverage

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