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Is Wealthier Really Healthier?

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When Harvard economist Lant Pritchett examined the income gap between rich and poor countries in a 1997 study, he found “divergence, big time.” Eight years later, his conclusion still stands: After decades of advice and billions in aid, many countries—particularly in Africa—are poor as ever, setting off alarm bells among those in the global development field.

But is the picture really so bleak? According to World Bank senior economist Charles Kenny, the global gap between the haves and have-nots is shrinking, not widening. Although some poor countries are falling behind in terms of income, they are rapidly catching up in quality-of-life measures such as health, education, and consumption. The title of Kenny’s recent article for the monthly journal *World Development* sums it up best: “Why are we worried about income? Nearly everything that matters is converging.”

The debate over whether income is a good indicator of development is not new. Nobel Prize-winning economist Amartya Sen has long argued that measuring progress must look beyond mere income, an approach that underpins the United Nations’ Human Development Index and Millennium Development Goals (MDGs). On the other hand, a convincing body of evidence shows a strong connection between income and other social outcomes, so much so that, in 1993, Pritchett and then World Bank chief economist Lawrence Summers declared that “wealthier is healthier.”

Kenny maintains that the relationship between income and quality-of-life measures changes over time, and that a gap in one doesn’t necessarily mean a gap in the other. “Even without any increase in [gross domestic product], significant improvements in quality of life can be—and frequently have been—accomplished,” he writes. Kenny’s statistics show broad and rapid progress in a range of global indicators, despite persistent income disparity. During the second half of the 20th century, for example, average life expectancy rose from 51 to 69 years, and the literacy rate jumped from 52 percent to 81 percent.

It’s not just that the averages are getting better. Kenny demonstrates that the differences are shrinking, too, which means the poor are actually catching up. Nor are all these global gains attributable to Asia’s economic boom. Even countries with no income growth have seen improvements in their quality of life.

Kenny's findings throw some much-needed cold water on recent pessimism about the state of development. Yes, poverty is still a scourge, and problems such as the spread of AIDS are getting worse. But development in the poorest countries is simply not the unambiguous failure that critics on both the right and left claim.

This situation is especially true if we take the long view. Put simply, the last century has seen the greatest advances in human history, especially among the poor. Literacy in Africa was almost nonexistent just a few generations ago, but now nearly two thirds of the continent can read. Ninety years ago, India's life expectancy was just 24 years, and literacy was at 9 percent. By 1999, those figures had jumped to 63 years and 57 percent.

How is this progress possible? To begin, societies are becoming much more efficient at turning income into other benefits. For example, it takes just one tenth the relative income to have the same life expectancy today as it did in 1870. Technological advances such as vaccines play a big part, as well. In fact, the central role of technology and its diffusion across countries suggests that globalization may be the most important—and underappreciated—driver of development.

It would be a mistake, however, to interpret Kenny's findings to mean that per capita incomes don't need boosting. Sure, it looks as though globalization lifts all boats, but the countries that rose fastest in the shortest periods of time during the past few decades were those with very high economic growth rates. That's because expanding economies provide both the resources and the incentives for even faster progress.

This reality is important in the ongoing battle within the development community over how to allocate resources. In recent years, advocates for direct spending on social services have won out, and those emphasizing economic growth have been on the defensive. Increasing impatience with the pace of development, compounded by high expectations such as the ambitious MDGs, necessitates a more complete approach.

It is indeed wonderful news that global living standards are converging, even if incomes are not. But this development does not change the basic fact that promoting economic growth is still the most effective way to help the poor. In the end, wealth is still good for your health.

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