



Impact of Income Inequality on Health: Does Environment Quality Matter?

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This paper examines the link between health indicators, environmental variables and income inequality. In the economic literature, the impact of income distribution on health status is largely studied. Theoretically, all the mechanisms developed in the literature underline a negative impact of income inequality on health status. However, empirical studies find different results and the conclusions are far from a consensus. In this paper we investigate how environment degradation could be considered as a channel through which income distribution affects population's health. Our econometric analysis shows that income inequality affects negatively environmental quality and environment degradation worsens population's health. This negative effect of income inequality on environment quality is mitigated by good institutions. We also show that income inequality affects negatively health status. Another interesting result is that in presence of environmental variable, the level and the statistical significance of the coefficient of income inequality variable decrease. This confirms that environment quality is an important channel through which income inequality affects population's health. These results hold for air pollution indicators (CO₂ and SO₂) and water pollution indicator (BOD). It is also robust for rich and developing countries. Countries with high income inequality may implement distributive policy in order to avoid its negative impact on health.

Keywords: Health Status, Income Inequality, Environmental Quality, Instrumental Variables Method, Political.

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