



LIVING WAGE FACT SHEET 2

The Living Wage and the Social Determinants of Health

1. *What Are the Social Determinants of Health?*

- The landmark Lalonde Report (*A New Perspective on the Health of Canadians*) of 1974 introduced Canadians to “a new perspective on the health of Canadians.” The report called for increased attention to the “underlying causes” of different kinds of mortality and illness—factors such as environmental conditions, standards of living, and health behaviours.
- The social determinants of health are the “upstream” social, economic, and environmental factors that affect the health of individuals and populations, including income, social support and connectedness, education and literacy, employment and working conditions, environment and housing, early childhood development, access to health care, health behaviours, Aboriginal status, immigration and food security.
- Yet, while the determinants of health perspective are not new, it has not been adopted broadly by employers and businesses, nor by the public more generally. To maintain Canadian leadership on the social determinants of health, then, a better and more widely shared understanding is needed.

2. *Income and health*

- The World Health Organization (WHO) defines health equity as “the absence of unfair and avoidable or remediable differences in health among population groups defined socially, economically, demographically or geographically.”
- According to the WHO Commission on the Social Determinants of Health “the poor health of the poor, the social gradients in health within countries and the marked health inequities between countries are caused by the unequal distribution of power, income, goods and services.”
- While it is true, then, that Canadians on average are among the healthiest people in the world and have experienced continuous improvements in health outcomes, the story is much different for Aboriginal people and all Canadians in lower socio-economic positions.
- While income alone does not explain all variations in population health outcomes, it very often plays a critical role as an enabler or barrier to security on the other social determinants of health.
- The impact of socio-economic position on health holds true even in those societies that provide universal and equal access to a high-quality and free health-care system.
- Income plays an important role in contributing to health outcomes. In general, the lower one stands on the income ladder, the poorer one’s health will be across a number of measures. Having a decent and secure income allows a family to purchase nutritious foods, obtain adequate housing, and engage in healthy activities, among other things, which affects the health of the members of that family. Income also affects health at a neighbourhood level to the extent that fewer resources and services, and more crime, are found in those places where poverty is concentrated.
- Closely related to income, employment and working conditions also have significant effects on health outcomes. Stable employment not only entails a degree of income security but can also contribute to social connectedness. At the same time, working conditions affect health outcomes by influencing levels of stress, rates of workplace accidents and injuries, and the ability of workers to balance work and family responsibilities.

- Infant mortality in Canada's richest neighbourhoods in 1996 was 4 deaths for every 1,000 live births, while for the poorest neighbourhoods the rate was 6.4 deaths for every 1,000 live births. (*Wilkins et al., "Trends in Mortality by Neighbourhood Income in Urban Canada From 1971 to 1996," p. 6*)
- Recent evidence reveals differences in life expectancy that track socio-economic differences in Canada. Remaining life expectancy at age 25, for example, increases with income: Men in the lowest income quintile can expect to live 5.6 fewer years than men in the highest quintile, while for women the difference is 6.8 years. Moreover, while men in the lowest income quintile have a 50.6 per cent chance of living to the age of 75, men in the highest quintile have a 72.4 per cent chance of doing so—a difference of 21.8 per cent. (*The Conference Board of Canada, Healthy People, Healthy Performance, Healthy Profits, 2008*)
- In general, lower mortality rates are associated with the university-educated, the employed, and those with higher incomes, while higher rates are associated with high school-level drop-outs, the unemployed, and those on the lower rungs of the income ladder.
- Recent research by UBC has found that children who grow up poor are more likely to get chronic diseases later in life. People who grow up with low social status in early childhood have a greater risk of getting heart disease, stroke, diabetes and some cancers. And even though the poor person may have climbed up the social ladder, the negative health consequences experienced at an early age can have long lasting effects; they can be predisposed to inflammation in their immune systems, which increases the chance of chronic disease down the road. (*Gregory Miller & Michael Kobor, Proceedings of the National Academy of Sciences, 2009*)
- In the 2009 report on *'Public Health in Canada'* the Chief Public Health Officer pointed out that 'Compared to children living in higher-income families, research has shown children in low-income families tend to be:
 1. Twice as likely to be living in poorly functioning families (i.e. in terms of family stability, supportive relationships and protection);
 2. More likely to live in substandard housing and problem neighbourhoods (i.e. those where negative activities such as drug use/ dealing, burglaries and unrest due to cultural differences are common);
 3. More likely to demonstrate high levels of indirect aggression;
 4. Over two and a half times more likely to have a problem with one or more basic abilities such as vision, hearing, speech or mobility;
 5. More likely to exhibit delayed vocabulary development;
 6. Less likely to participate in organized sport (a measure of cultural and recreational activities within their communities)
- While income alone does not explain all of the variation in outcomes for children (many children in higher income groups also get poor starts in life), the persistence of poverty for many Canadian children is a contributing factor to poor childhood development and thus to poorer adult health and well-being. In addition to influencing health outcomes, early childhood development also influences economic outcomes, since poorly educated and unhealthy children tend to become poorly educated and unhealthy adults who are less able to participate productively in the economy
- The Chief Public Health Officer of Canada notes that in 2004, 9 per cent of all Canadian households reported having been food-insecure at some point in the previous year and that one in ten households with children experience food insecurity. Examining the causes of food insecurity reveals some of the ways that socio-economic determinants of health interact and cluster—lack of income, education, and employment, among other factors, can present challenges for families attempting to access affordable, safe, and nutritious foods.

3. *Economic consequences of poor health outcomes*

- Because low-income families are more vulnerable to poor health they are more costly users of health care services — not because they use health services more frequently but because they are sicker when they do require care. Therefore, their hospital stays are longer and may involve more costly treatment procedures
- Attention continues to be focused more on reacting to chronic diseases when they emerge than on a full array of preventive measures.
- Chronic diseases—in combination with demographic shifts—will account for a sizable proportion of healthcare expenditure increases. Chronic diseases account for approximately 67 per cent of all direct health-care costs and 60 per cent of total indirect costs, which include loss of productivity

- and foregone income. While measures could be taken to prevent or delay the onset of many chronic diseases, and thus lessen the burden on the system, attention continues to be focused more on reacting to these diseases when they emerge than on a full array of preventive measures.
- A recent report that focused on identifying the cost of poverty in the US concluded that the total cost of poverty was estimated to be \$1.5 trillion in 2005 US dollars. In European research, health inequities-related losses are estimated to be €1 trillion per year in the EU, or 9.4 percent of GDP. (*Health Inequities in British Columbia: Discussion Paper- Health Officers Council of BC 2008*)
 - The BC Healthy Living Alliance has estimated that three major risk factors associated with poverty and health inequity (tobacco use, physical inactivity and overweight/obesity) cost the BC economy approximately \$3.8 billion annually. If we extrapolate a high level estimate of the proportion of health care costs in BC attributable to inequities by calculating 20% of the total annual health care spending in BC (\$13 billion) we also get a very high number (\$2.6 billion annually).
 - On the basis of an estimation of health care resources used by Canadian households, one estimate is that approximately 20% of the total health care spending may be attributable to income disparities. (*Health Inequities in British Columbia: Discussion Paper- Health Officers Council of BC., 2008*)
 - These factors pose a significant challenge to the financial sustainability of the health-care delivery system. While governments have managed to find adequate resources to sustain the system to this point, many have done so by reducing spending in other areas, such as education and social services. Moreover, such a strategy perpetuates a costly reactive approach to health care rather than a nimble and cost-effective preventive approach to improving
 - It has been noted that the level of expenditure on health care is not necessarily a dominant factor in determining the health of a population. This observation is well supported by comparing Cuba and the United States on life expectancy and health care spending. Cuba, with an average life expectancy of 77.1 years, is ranked 28th in the world, just behind the US (78.0 years). However, the annual per capita spending on health care in Cuba is among the lowest in the world; at \$186 it is a small fraction of the \$4500 per person spent in the US.

4. Quotes

- “Reductions in access to and increases in user fees for social services and recreation are particularly hard on lower income families with children- many of whom cannot afford to purchase these services.” “Nearly half of low-income families cite high costs as reasons for not participating in physical activities.” (*Healthy futures for BC families by BC Healthy Living Alliance, 2009*)
- “Health Officers' Council respectfully submits that child poverty is a population health concern of significant magnitude in British Columbia. Poverty in childhood not only leads to immediate and lifelong health concerns, but also impacts lifelong achievement. Children do not choose to live in poverty. Safeguarding the health of our children and population through strategic investment in child development is both a moral obligation and a critical tool for sustaining our health care system. Currently in BC, one in four children lives in poverty, and evidence indicates that the depth of poverty is also increasing. British Columbia has had the highest rate of child poverty of any province in Canada for 3 years in a row [it is now 6 years in 2009].” (*Health Officers Council – July 4, 2007 – submission to BC Conversation on Health.*)
- “Child poverty is a major population health concern in British Columbia. Childhood poverty not only leads to immediate, but also lasting health consequences.” (*Letter to the Editor, James Lu, Medical Health Officer for Richmond and Chair, Health Officers Council of BC, December 3, 2007*)
- “While most Canadians enjoy good to excellent health, as a result of social, economic and environmental factors, some Canadians are less healthy than others. There are many things we can do — both individually and collectively — to create the conditions that are the foundation of good health. I would like this Report to start a discussion among all Canadians on how we can move forward to build on Canada’s successes in addressing health inequalities.” *Federal Chief Public Health Officer – Dr. David Butler-Jones – report to Parliament June 18, 2008*
- “Income is perhaps the most important social determinant of health. Level of income shapes overall living conditions, affects psychological functioning, and influences health-related

behaviours such as quality of diet, extent of physical activity, tobacco use, and excessive alcohol use. In Canada, income determines the quality of other social determinants of health such as food security, housing, and other basic prerequisites of health.” *Social Determinants of Health: The Canadian Facts- Juha Mikkonen and Dennis Raphael, May 2010.*

5. What are the benefits of paying a living wage and a having healthier workforce?

Paying a living wage is one of the most effective ways to reverse these negative consequences noted above.

- Canadian researchers have reported that family income plays a significant role in influencing child development. Of 27 factors identified as having an impact on child development, up to 80% were seen to improve as family income increases. *Report on the State of Public Health in Canada 2009, Chief Public Health Officer.*

Moreover improving the health of the workforce also has obvious positive economic outcomes such as:

- **Productivity-** In general terms, employers can expect better productivity and performance from employees who are healthier, and employers can assist employees in becoming and staying healthy by addressing the upstream factors that affect health outcomes. Action on the socio-economic determinants of health can lead to reduced absenteeism, reduced distraction, improved employee skills, and a variety of other changes that contribute to improved productivity for the organization as a whole.
- **Reduced Absenteeism.** Employers that take action to positively affect the determinants of their employees’ health are likely to see reductions in absenteeism.
- **Reduced Distractions, Improved Performance** Employees who face challenges with respect to housing, food, existing health conditions, and child- and elder-care responsibilities, among other things, can be distracted from their work responsibilities as they try to address these challenges. Employers that offer assistance to these employees not only contribute to improvements on the determinants of their employees’ health—for example, by reducing the stress associated with juggling these responsibilities—but also facilitate conditions that may contribute to improved performance, and thus to greater productivity.
- **Reduced Costs** Evidence shows that employer action on some of the socio-economic determinants of health can result in cost reductions associated with benefits claims as well as reduced turnover costs due to higher employee retention rates. A healthier workforce will be less likely to make benefits claims and will save money for employers.
- **Reduced Benefits Costs** Having healthy employees leads to savings for employers on the cost of benefits claims and plan premiums. Action on many of the determinants of health can help to improve employee health and thus lead to those savings.
- **Improved employee retention/reduced turnover costs** Action on some determinants of employees’ health can result in improved retention of employees and generate savings in costs of recruiting and training new employees. In addition, investment in programs that benefit employees sends an important signal that an employer is sincerely concerned with employee well-being, which can contribute to employee retention.
- Providing non-wage benefits also increase the health of the workforce. For example, internationally firms have reduced absenteeism by investing in strategic child care programs that help employees with children cope more effectively with the stress of balancing work and family life. A study of employees whose work hours fall outside the 9-to-5 norm, conducted by Circadian Technologies, found that companies that offered after-hours child care could reduce absenteeism by 20 per cent and recover the cost of an on-site centre in five years. Employers that offer child care support find that their employees are more attentive and engaged at work, and therefore more productive, and contribute to more stable environments for early childhood development. Moreover, by improving child care options for parents, employers contribute to more stable environments for early childhood development—one of the socio-economic determinants of

health. (All from The Conference Board of Canada, *Healthy People, Healthy Performance, Healthy Profits*, 2008)

6. What are the benefits of early child investment in terms of reducing crime in later life?

- The timing of investment is critical. Efforts to influence development are far more effective in early life than in later years. “A dollar invested in early childhood yields three times as much as for school-aged children and eight times as much for adult education.” *McCain M. Mustard J. Shanker S. Early Years Study 2: Putting Science into Action, Council for Early Child Development, Toronto 2007.*
- A comprehensive analysis undertaken of crime prevention programs in Washington state has shown that “Early childhood education for low income 3- and 4-year-olds --- provide[s] very attractive returns on [public] investment.” A subsequent study by the same authority re-iterated this conclusion and showed total benefits minus costs per participant of \$12,196 compared with marginal program costs of \$593 per participant. *S. Lieb R. Mayfield J Miller M. Pennucci A. Benefits and costs of prevention and early intervention programs for youth. Olympia: Washington State Institute for Public Policy, 2004. <http://www.wsipp.wa.gov/rptfiles/04-07-3901.pdf>*
- Directly or indirectly, high school non-completion has enormous fiscal implications in terms of expenditures on health, social services and programs, education, employment, criminality and lower economic productivity. “Currently, approximately 20% of Canadians aged 20 years and over have never completed high school.” For Canada as a whole, the aggregate tangible and intangible losses are calculated to be \$24,400 per annum per dropout, or \$43 billion for the country as a whole. *Statistics Canada, 2006 Census of Population, (Ottawa 2006), Catalogue no. 97-560XCB2006007, cited in “No ‘drop’ in the bucket: the high costs of dropping out”. Lessons in Learning, Canadian Council on Learning. February 4, 2009. <http://www.ccl-cca.ca/CCL/Reports/LessonsInLearning/LinL20090204CostofDroppingout.htm>*
- A report detailing “A Comprehensive Policy Framework for Early Human Capital Investment in BC” was released in Vancouver in August 2009. In that document, the argument is made that improved early childhood development will improve school readiness and in turn improve the performance of children in the school system. The factors involved include “--- all the key domains of children’s early development that have life-long impacts: physical well-being, social competence, emotional maturity, language and cognitive development, and communications and general knowledge in the majority language and culture.” *Kershaw P. Anderson L. Warburton B. Hertzman C. 15 by 15: A comprehensive policy framework for early human capital investment in BC. Human Early Learning Partnership, University of British Columbia. August 2009.*
- For a youth at age 18 the benefits of preventing the costs of dropping out of high school, avoiding the costs of heavy drug use and particularly avoiding the costs resulting to the individual and society from becoming a career criminal amount to a discounted present value of between \$2.6 and \$5.3 million (U.S.). *ECONOMIC ASPECTS OF THE DEVELOPMENT AND PREVENTION OF CRIMINALITY AMONG CHILDREN AND YOUTH A Sequel to the Kids ‘N Crime Report David E. Park Research Associate, Justice Institute of British Columbia Economist Emeritus, The Vancouver Board of Trade SEPTEMBER, 2010*
- The relationship between education and crime is most obvious when considering rates of incarceration. High school leavers are disproportionately represented among prison populations. For example, in British Columbia, non-graduates represent 34% of the overall population, but they make up 74% of the prison population. Moreover a country with moderately higher cognitive skills in its school age population as measured by international standards is likely to have a superior growth rate of Gross Domestic Product. In essence, this country would enjoy significantly higher productivity. In addition to the economic improvement outlined above, this achievement likely would substantially reduce the incidence of crime. Analysis of early childhood development studies as discussed in this report shows that the development induced would contribute significantly to lower incidence of crime in later life. *ECONOMIC ASPECTS OF THE DEVELOPMENT AND PREVENTION OF CRIMINALITY AMONG CHILDREN AND YOUTH A Sequel to the Kids ‘N Crime Report David E. Park Research Associate, Justice Institute of British Columbia Economist Emeritus, The Vancouver Board of Trade SEPTEMBER, 2010*