

## ONTARIO 360 – RESOLVING HEALTH INEQUALITIES – TRANSITION BRIEFING

A promising strategy for providing equal opportunities to health for all  
Ontarians

### Issue

Despite decades of government effort to eliminate health inequalities between richer and poorer Ontarians, these inequalities have persisted for most health outcomes and widened for others.<sup>1</sup> In other words, opportunities to be healthy in the province of Ontario remain as unequally distributed today as ever.

The overall problem seems to be a misguided investment strategy – a strategy whose failure could have been predicted given our available scientific evidence. The vast majority of our time, money, and other resources have gone towards developing programs that we hope will educate or otherwise guide people with less income to make healthier choices – from those that encourage breastfeeding of infants to those that communicate healthy eating habits.<sup>2</sup> Meanwhile, the incomes, employment security, and other socioeconomic conditions of the poor – what a very large body of science understands as the root causes of our health behaviours<sup>3</sup> – have remained largely unchanged or even worsened in the province.<sup>4</sup> To put it directly, no program that aims to teach parents how to make healthy food choices can compensate for the rising levels of poverty in Ontario that leave parents with little income to buy nutritious foods. No such program can outdo the stresses and time constraints of juggling multiple jobs that leave families with little time and energy to focus on much besides just getting by. Or to put it more directly:

1 Ontario Ministry of Health and Long-Term Care. (2018). Improving the Odds: Championing Health Equity in Ontario. Toronto, ON: Ontario Ministry of Health and Long-Term Care.

2 Baum F, Fisher M. (2014). Why behavioural health promotion endures despite its failure to reduce health inequities. *Sociology of Health & Illness*, 36(2):213-225.

3 Braveman P, Gottlieb L. (2014). The social determinants of health: it's time to consider the causes of the causes. *Public Health Reports*, 129(S2):19-31.

4 Block S. (2017). *Losing Ground: Income Inequality in Ontario, 2000-2015*. Ottawa: Canadian Centre for Policy Alternatives. Government of Ontario (2018). *Poverty Reduction Strategy (Annual Report 2017)*.

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the ultimate solution to health inequalities is realizing broader economic and social equality.

The health gap in Ontario results in millions of dollars in health care costs and in lost human capital.<sup>5</sup> It is also terribly unfair that people's chances for health are tied – from the very beginning of life – to their economic status. The incoming government must shift course and invest its resources in providing economic security for all Ontarians as a way to finally resolve this problem. This can be achieved by policy moves in three areas: (1) labor market conditions, (2) income assistance and, (3) wealth redistribution.

## Overview

The powerful relationship between income and health has been documented for nearly two centuries.<sup>6</sup> We have long known that a person's economic position is the strongest predictor of their health status. Being poorer means being sicker and dying sooner. There are countless mechanisms through which this happens. It happens because when we are poorer, we are more susceptible to harmful health-related behaviours. It happens because when we lack income, we are compromised in our access to basics such as good housing conditions, and nutritious foods. Importantly, having less income also increases our experiences of stress and adversity, which research demonstrates literally get under our skin and harm not only our mental health, but also our physical health. In fact, what research has shown is that economic conditions underlie almost every pathway leading to almost every health outcome.<sup>7</sup>

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5 Rosella LC, Fitzpatrick T, Wodchis WP et al. (2014). High-cost health care users in Ontario, Canada: demographic, socio-economic, and health status characteristics. *BMC Health Services Research*, 14:532.

6 Commission on Social Determinants of Health. (2008). *Closing the Gap in a Generation: Health Equity Through Action on the Social Determinants of Health*. Geneva: World Health Organization.

7 Phelan J, Link B, Tehranifar P. (2010). Social conditions as fundamental causes of health inequalities: theory, evidence, and policy implications. *Journal of Health and Social Behaviour*, 51(S1), 28-40.

Indeed, federal and provincial public health agencies, including Public Health Ontario and Canadian Institute for Health Information have documented troubling longstanding health inequalities in Ontario.<sup>8,9</sup>

### **The need for reform**

In the early 2000s, the Government of Ontario was moved to action by evidence that our society too exhibits income-related health inequalities. Their response mainly consisted of programs and services targeted at producing change in health behaviours amongst low-income individuals. As their follow-up reports suggests, however, rather than achieving strides towards the goal of health equity, health inequalities have widened or stayed the same.<sup>10</sup>

As puzzling a finding as this appears to be, the context of science provides an understanding of why these programs failed to improve the health of those in poverty. At the heart of the issue are two important reflections. First, public health programs that are designed to encourage people to alter their lifestyles and behaviours simply do not address the myriad other associations between economic position and health status. Attempts to address any one problem do little to fundamentally interrupt the overall correlation. Second, because public health programs do not address the root cause of economic insecurity, they are incapable of stemming the tide of new individuals that develop poor health-related behaviours. No sooner has one cohort been exposed to a health promotion program than another cohort is ready and waiting.

Moreover, during the same period, lower income Ontarians experienced rising levels of economic insecurity. Incomes stagnated, with real median wages hovering at or around \$20 per hour since 1997.<sup>11</sup> Income inequality widened such that the poorest half of Ontarians saw their share of total earnings shrink

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<sup>8</sup> Public Health Ontario. (2013). Summary Measures of Socioeconomic Inequalities in Health. Toronto, ON: Public Health Ontario.

<sup>9</sup> Canadian Institute for Health Information. (2016). Trends in Income-Related Health Inequalities in Canada. Ottawa, ON: Canadian Institute for Health Information.

<sup>10</sup> Ontario Ministry of Health and Long-Term Care. (2018). Improving the Odds: Championing Health Equity in Ontario. Toronto, ON: Ontario Ministry of Health and Long-Term Care.

<sup>11</sup> Hennesy T, Tiessen K, Yalnizyan A. (2013). Making Every Job a Good Job: A Benchmark for Setting Ontario's Minimum Wage. Ottawa, ON: Canadian Centre for Policy Alternatives.

from 22% in 2000 down to 19% in 2015.<sup>12</sup> Precarious forms of employment have become more prevalent, with nearly one third of working Ontarians now holding a job that deviates from the standard model of full-time, permanent employment.<sup>13</sup> At the same time, the cost of basic goods and services such as food and housing has risen tremendously. Data from 2014 compiled by the Ontario Non-Profit Housing Association, for example, suggests that the maximum rent that a fulltime worker earning minimum wage could afford is \$572, yet the average market rent for a one-bedroom apartment is \$1,067.

It is clear that traditional public health approaches to resolving health inequalities are not going to work. In order to eliminate health inequalities, Ontario must improve the economic security of Ontarians.

## How to move forward

We recommend the following policy strategies for eliminating health inequalities, and thereby reducing health care costs, improving human capital in Ontario, and creating a just society that provides equal opportunities for all to be healthy.

1. **Labor Market Reforms.** It is clear that job insecurity and low wages must be addressed. While government effort to provide Ontarians with a living wage will be helpful in this regard, in fact current economic realities demand much bolder policies. In the United States, a 'job guarantee' program has been proposed to help address these problems.<sup>14</sup> Such a program would end involuntary unemployment through government funding of jobs that pay a living wage and offer basic benefits to employees. It would also introduce labor market competition, thereby promoting higher wages, better benefits, and more favourable working conditions for low-wage workers. A short-term action could involve a pilot program, similar to the current Guaranteed Annual Income pilot, to test behavioural effects, fiscal

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<sup>12</sup> Block S. (2017). Losing Ground: Income Inequality in Ontario, 2000-2015. Ottawa: Canadian Centre for Policy Alternatives.

<sup>13</sup> Mitchell CM, Murray JC. (2017). The Changing Workplaces Review – Final Report. Toronto, ON: Ontario Ministry of Labour.

<sup>14</sup> Paul M, Darity W, Hamilton D et al. (2017). Returning to the Promise of Full Employment: A Federal Job Guarantee in the United States. Oakland, CA: Insight Center for Community Economic Development.

costs, and interaction with other labour market dynamics associated with a job guarantee program.

2. Income Assistance Reforms. Over the past several decades, Ontario's social safety net has dwindled and does not enable individuals to meet the demands of today's cost of living. Social assistance rates have declined in real terms.<sup>15</sup> Exacerbating this, fewer and fewer jobless workers are eligible for federal unemployment benefits.<sup>16</sup> While a job guarantee would go a long way in redressing the problem of economic inequality, a broader safety net should be available to individuals out of the labour force or in between jobs who also require income assistance. In the short-term, the incoming government should enhance Ontario's income assistance program and subject it to regularized review to ensure these programs keep up with the cost of living.
3. Wealth Redistribution Reforms. A striking finding in the economics literature is that intergenerational transfers of wealth – gifts or inheritances from parents and other family members that, for example, are used to pay for education and put down payments on homes – are a major source of economic inequality. Across generations, the poor fall further and further behind the rich because their families have no wealth to transfer to them. In fact, wealth inequality may be even more problematic than income inequality. This does not even account for unequal non-financial endowments such as family connections or social networks.

Another proposal from the United States suggests that governments ought to invest in progressive bond programs, such that every baby born receives an amount (corresponding to need) that accumulates as they grow up and results in a stock of wealth in adulthood.<sup>17</sup> This would work towards ensuring that different financial endowments are minimized and that individuals are able to pursue their own goals and priorities according to merit rather than due to unequal opportunity.

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<sup>15</sup> Tiessen K. (2016). Ontario's Social Assistance Poverty Gap. Ottawa, ON: Canadian Centre for Policy Alternatives.

<sup>16</sup> Davis M. (2012). Workers Left Outside the EI Umbrella: Explanations and a Simple Solution. Toronto, ON: Mowat Centre.

<sup>17</sup> Hamilton D, Darity W, Price AE et al. (2015). Umbrellas Don't Make it Rain: Why Studying and Working Hard Isn't Enough for Black Americans. Durham, NC: Duke Center for Social Equity.

The policy solutions we have proposed are bold, but necessary. The problem of health inequalities is only growing and is costing Ontario dearly. The good news is that we have solutions, and we hope the next government will advance them.

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