



New study estimates that increased life expectancy accounted for 40 per cent of growth in Canadian living standards since 2000

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It is increasingly recognized that non-income factors, such as health, employment prospects, and equality, make important contributions to living standards. Economic evaluations of policy often struggle with how much weight to place on these various factors when assessing policy options.

The Ottawa-based **Centre for the Study of Living Standards (CSLS)** released a new study commissioned by The Conference Board of Canada entitled *Inclusive Growth: A New Approach to Economic Evaluation of Health Policy*, which estimates the contributions of reductions in mortality from specific causes of death to improvements in the standard of living of Canadians. The **CSLS** has also released an extended report associated with this study, *Measuring the Appropriate Outcomes for Better Decision-Making: A Framework to Guide the Analysis of Health Policy*, which includes more detailed results.

The study assesses living standards using the Organization for Economic Co-operation and Development's (OECD's) "inclusive growth" measure of living standards. This measure of living standards considers income, life expectancy, the unemployment rate, and inequality. The relative importance of each of these factors is determined using a data-based approach grounded in economic theory.

Based on the OECD's inclusive growth index, living standards in Canada have risen by 3.52 per cent annually on average between 2000 and 2011. This growth in living standards can be broken down into 61 per cent due to rising incomes, 41 per cent due to rising life expectancy, 1 per cent due to changes in inequality, and -4 per cent due to a higher unemployment rate.

Life expectancy at birth in Canada increased by 2.5 years from 79.2 years in 2000 to 81.7 years in 2011. This increase in life expectancy is estimated to have had the same effect on living standards as per capita income rising by \$4,796 annually (2010 dollars). Using a decomposition method, the study links the growth in living standards due to rising life expectancy to falling age-specific mortality rates from specific causes of death. For example, the two causes of death associated with the greatest increases in life expectancy through declining mortality rates were:

- Major cardiovascular disease, which accounted for 58 per cent of the increase in life expectancy and 24 per cent of growth in living standards, equivalent to an increase in income of \$2,793.
- Cancer, which accounted for 24 per cent of the increase in life expectancy and 10 per cent of growth in living standards, equivalent to an increase in income of \$1,168.

Similar estimates are available in the reports for 113 causes of death.

The reports are available at:

<http://www.csls.ca/reports/csls2016-03.pdf>

and <http://www.conferenceboard.ca/e-library/abstract.aspx?did=7687>

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The Centre for the Study of Living Standards (CSLS) is a national, independent, Ottawa-based not-for-profit research organization. Its primary objective is to contribute to a better understanding of trends and determinants of productivity, living standards and economic wellbeing in Canada through research.