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Health, Human Capital and Economic Growth

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Human capital contributes to current wellbeing through its effect on economic growth and to future sustainable wellbeing through its effect on comprehensive wealth. Health impacts the accumulation of human capital and the effectiveness of human capital. Those effects of health manifest itself through presenteeism (present at work while in poor health), absenteeism (absent from work due to poor health) and through the ability to attain education. The effects also show up through changes in labour force participation and employment rates of a population (CSLS, 2011). However, there is very little empirical estimate as to exact size of the effect of health on output and human capital. An exception is O'Mahoney and Samek (2016) who estimated the effect of health on human capital for the U.K.

The paper fills this gap and examines the effect of health on human capital and economic growth. It will estimates the changes in output and human capital that can be attributed to changes in the health of the Canadian population. The major changes in the health that will be captured in this paper include an increase in life expectancy, changes in the average self-reported health of the population; the changes in the incidence of diabetes, obesity, high blood pressure, and changes in the incidence of depression.

The paper is an important step towards understanding the contribution of health to current wellbeing and sustainable wellbeing. It extends the Jorgenson-Fraumeni framework to incorporate the effect of health on education, earnings, hours worked and employment rates (Jorgenson and Fraumeni, 1989). It also extends O'Mahoney and Samek (2016) to provide time series estimates and to examine the effect of health on employment rates and on education and training. These additional effects have been found to be more important for output and human capital than absenteeism and presenteeism.

The main data sources for this paper will come from various household surveys: Census of Population, Labour Force Survey, Canadian, Community Health Survey, and Canadian Health Survey. The Census of Population and Labour Force Survey provide labour market information and schooling information for the Canadian population. The Community Health Survey and the Canadian Health Survey are cross-sectional surveys that collect information related to health status, health care utilization and health determinants for the Canadian population.

References

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