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The paper “Do minimum wages improve early life health? Evidence from developing countries,” co-authored by Farhan Majid, Ph.D., was published in the journal *Social Science & Medicine* in June 2016. Majid is the L.E. and Virginia Simmons Fellow in Health and Technology Policy at the Baker Institute.

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HEALTH POLICY research

Rice University's Baker Institute for Public Policy-Baylor College of Medicine
Joint Program in Health Policy Research

Will increases in minimum wages improve child health?

“Not necessarily,” says Farhan Majid, Ph.D., the L.E. and Virginia Simmons Fellow in Health and Technology Policy at the Baker Institute. Majid is the lead author of a study that is the first of its kind to examine the impact of legislated minimum wages on children's health in low- and middle-income countries (LMICs).

On July 1, Los Angeles, Washington, D.C., and other parts of the U.S. increased minimum wages, amid rising pressure for an increase in the federal minimum wage — which hasn't changed in 10 years. It is well known that poverty and income inequality can have disastrous health consequences. However, knowledge about the effectiveness of minimum wages in improving population health is limited. Studying minimum wage increases in a global context can shed light on the health implications of recent proposed increases in minimum wages in the U.S.

To conduct their analysis, the researchers used the height-for-age Z-score (HAZ). This number indicates how a child's height compares to the mean height of children his/her age and is an important indicator of early childhood nutrition and hunger. Majid and his colleagues obtained the HAZ scores of almost 140,000 urban children up to five years old born over a 14-year period in 49 LMICs in Africa, Asia and Latin America. The researchers then combined that data with information on government-mandated minimum wages over that same period.

After accounting for other variables, the researchers found — perhaps counter intuitively — that an increase in minimum wages was associated with a decrease in HAZ

scores in lower income countries. This modest adverse effect was most pronounced in South Asia nations, where a 1 percent increase in minimum wages led to a .8 percent decrease in HAZ scores. The researchers also found that this effect was greater among children in the poorest families and those whose parents perform manual labor.

Why would an increase in the minimum wage result in a negative health effect? Majid theorizes that increasing the minimum wage may lead to higher unemployment: If wages increase, businesses may be more likely to fire workers, including women of childbearing age who, in turn, may be less likely to utilize health services around the period of child birth — a time widely understood to be critical in shaping child nutrition and stunting levels.

The study also found that some groups did benefit from an increase in the minimum wage, including children born in Latin America and those whose parents work in skilled jobs.

The mixed findings are broadly consistent with a 2014 Congressional Budget Office report on the mixed effects of minimum wages on employment and family income in the U.S. “We need to better understand the mechanisms at play,” Majid said. “What is it about some regions and communities that makes minimum wage legislation effective in improving early life health, and what causes unintended adverse effects in other communities?”

In follow-up work, Majid is conducting a similar study on the mortality effects of minimum wages as well as a subnational study in Indonesia on the effectiveness of minimum wages in improving global health.

HEALTH POLICY research presents a summary of findings on current health policy issues. It is provided by **Vivian Ho, Ph.D.**, James A. Baker III Institute Chair in Health Economics and director of the Center for Health and Biosciences at Rice University's Baker Institute for Public Policy, in collaboration with **Laura Petersen, M.D., MPH**, chief of the Section of Health Services Research in the Department of Medicine at Baylor College of Medicine.

This publication aims to make research results accessible to regional and national health policymakers. The views expressed herein are those of the study authors and do not necessarily represent those of the Baker Institute or of Baylor College of Medicine.

The Baker Institute and Baylor College of Medicine's Section of Health Services Research work with scholars from across Rice University and Baylor College of Medicine to address issues of health care — access, financing, organization, delivery and outcomes. Special emphasis is given to issues of health care quality and cost.

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