



Poverty Reduction Policies Promoting Population Health: Where does Latin America Stand?

Poverty Reduction Policies: Mediating Effects on Health

Poverty impacts health in a variety of direct and indirect ways, including by limiting access to necessary components of good health such as safe housing, nutritious food, and critical health services.

- Evidence shows that substandard housing is associated with increased risk for a range of illnesses and health complications, including tuberculosis due to overcrowding, asthma as a result of moldy housing and pest infestations, and developmental problems associated with exposure to lead paint, which adversely affects millions of children each year. ¹
- Studies have found that grocery stores in lower-income neighborhoods are more expensive and stock less fresh produce than those in wealthier neighborhoods, making it even more difficult for people residing in these neighborhoods to follow recommended dietary guidelines. ²
- Poverty limits access to critical medications. One study found that 40% of people fail to fill prescriptions due to lack of money and a lack of comprehensive health care coverage. ³ Similarly, low-income children with asthma have been found to be less likely to receive inhaled corticosteroid prescriptions than higher-income children, independent of asthma severity. ⁴

Decent jobs and wages for adults provide the most likely path for families to exit poverty. When working adults can earn enough to lift themselves and their families out of poverty, the worst impacts of poverty on health can be avoided.

- Substantial research demonstrates the poverty alleviation benefits and minimal disemployment effects of providing an adequate minimum wage. ⁵

Earned income is critical, but policy must also address the need for income support during periods of unemployment.

- Evidence shows a connection between unemployment and poorer health outcomes. An important part of this relationship is linked to the associated financial strains, which income protection mechanisms such as unemployment insurance can mitigate. ⁶

Until earnings are able to lift all families out of poverty, increasing family income through direct financial assistance has been shown to be a successful approach to reducing poverty's impacts on health.

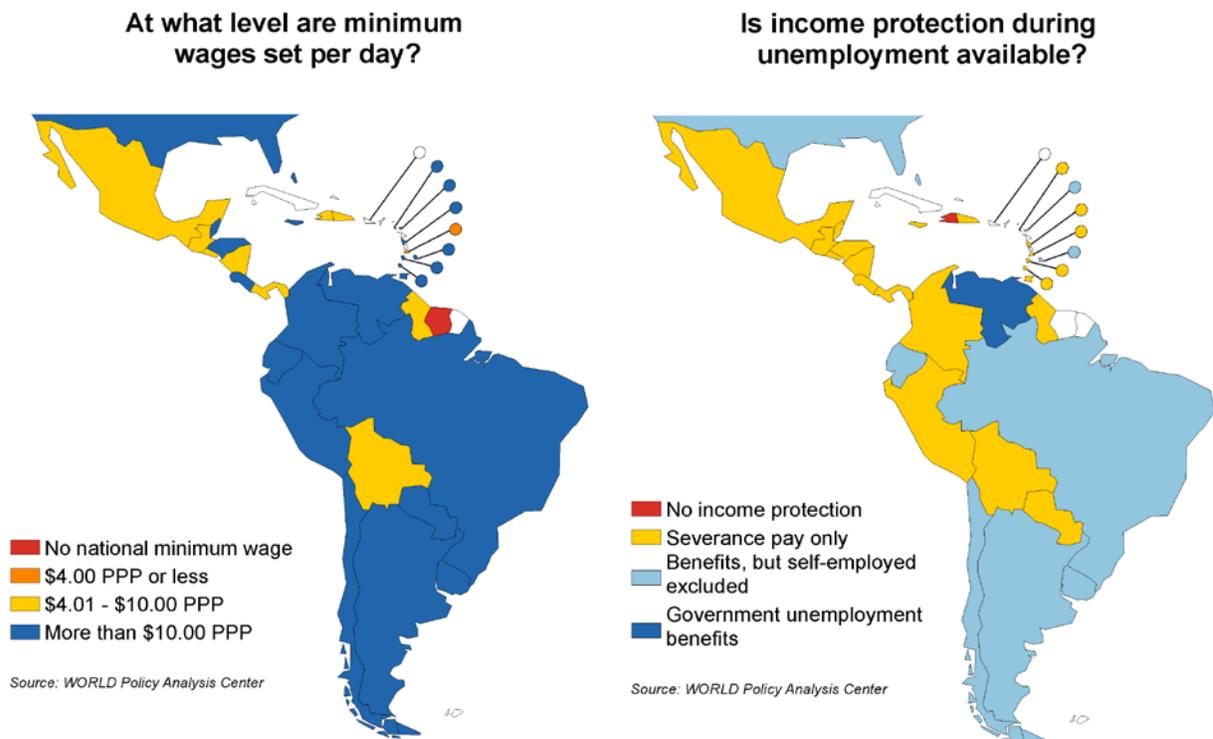
- Studies conducted in Latin America show that cash transfers improved indicators of physical health and cognitive development, including stunting, underweight, overweight, language development, and memory. ⁷

Areas of Strength

- Minimum wages in 21 countries, or two-thirds of the region, are high enough so that an adult earning minimum wage, with one dependent, earns above \$5.00 PPP per person per day.
- Virtually all countries in the region for which data are available, 30 of 31, guarantee income protection for households during unemployment.

Areas Needing Action

- While most countries guarantee income protection during unemployment, in 30 of 31 countries there is no coverage for those in the informal economy; this is a serious gap given the prevalence of informal employment in the region.
- In nearly three-quarters of the region, 23 countries, minimum wage workers do not receive government-provided financial assistance during periods of unemployment.
- In 18 out of 33 countries, or more than half the region, families do not receive government-provided direct financial assistance.



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Maps show policies in place as of March 2012. Findings reflect information contained in Social Security Programs Throughout the World (SSPTW) reports available by that time. If you are aware of relevant policy or legislation updates, please contact Nicolas de Guzman at ndeguzman@ph.ucla.

	<i>Latin America and the Caribbean</i>	<i>Rest of the World</i>	<i>Countries for which data are available</i>
At what level are minimum wages set per day?			
No national minimum wage	1 (3%)	21 (14%)	
\$4.00 PPP or less	1 (3%)	39 (27%)	
\$4.01 - \$10.00 PPP	9 (28%)	34 (23%)	177
More than \$10.00 PPP	21(66%)	43 (30%)	
Collective bargaining	0 (0%)	8 (6%)	
Is income protection during unemployment available?			
No income protection	1 (3%)	18 (12%)	
Severance pay only	21 (68%)	61 (40%)	182
Benefits, but self-employed excluded	8 (26%)	45 (30%)	
Government unemployment benefits	1 (3%)	27 (18%)	
How much financial assistance would an unemployed minimum wage worker receive per day?			

No government assistance	23 (74%)	82 (59%)	
\$2.00 PPP or less	1 (3%)	6 (4%)	
\$2.01 - \$4.00 PPP	0 (0%)	5 (4%)	169
\$4.01 - \$10.00 PPP	2 (6%)	17 (12%)	
More than \$10.00 PPP	5 (16%)	28 (20%)	
<i>Do families receive income support?</i>			
No known family cash benefits	18 (55%)	62 (42%)	
Provided only in certain circumstances	4 (12%)	9 (6%)	182
Provided subject only to a means test	9 (27%)	26 (17%)	
Provided without a means test	2 (6%)	52 (35%)	

About WORLD: The WORLD Policy Analysis Center aims to improve the quantity and quality of globally comparative data on policies affecting human health, development, well-being, and equity. With this data, WORLD informs policy debates, facilitates comparative studies of policy progress, feasibility, and effectiveness, and advances efforts to hold decision-makers accountable.

¹ Kreiger J. and Higgins D. (2002). Housing and Health: Time Again for Public Health Action. *Public Health Matters*, 92(5): 758-768.

² Chung C. and Myers S.L. (1999). Do the poor pay more for food? An analysis of grocery store availability and food price disparities. *Journal of Consumer Affairs*, 33(2): 276-296.; Morland K., Wing S., Diez Roux A., and Poole C. (2002). *American Journal of Preventive Medicine*, 22(1): 23-29.; A. Tomkins, "Malnutrition, Morbidity, and Mortality in Children and Their Mothers," *Proceedings of the Nutrition Society* 59 (2000): 135– 146.

³ Williamson D.L. and Fast J.E. (1998). Poverty and medical treatment: when public policy compromises accessibility. *Canadian Journal of Public Health*, 89(2): 120-124.

⁴ Kozyrskyj A.L., Mustard C.A. and Simons E.R. (2001) Socioeconomic Status, Drug Insurance Benefits, and New Prescriptions for Inhaled Corticosteroids in School Children with Asthma. *Archives of Pediatrics and Adolescent Medicine*, 155: 1219-1224.

⁵ Saget C. Poverty reduction and decent work in developing countries: do minimum wages help? *International Labour Rev.* 2001;140(3):237-69.; 9.; Devereux S. Can minimum wages contribute to poverty reduction in poor countries?. *J Int Dev.* 2005;17:899–912.

⁶ Bambra C, Eikemo TA. Welfare state regimes, unemployment and health: a comparative study of the relationship between unemployment and self-reported health in 23 European countries. *J Epidemiol Community Health.* 2009;63:92-8.; Bartley M. Unemployment and ill health: understanding the relationship. *J Epidemiology Community Health.* 1994;48:333–7.; Bartley M, Ferrie J, Montgomery SM. Health and labour market disadvantage: unemployment, non-employment, and job insecurity. In: Marmot M, Wilkinson RG, editors. *Social determinants of health.* Oxford: Oxford University Press; 2006. p. 78–96.; 21.; Kessler RC, Turner JB, House JS. Intervening processes in the relationship between unemployment and health. *Psychol Med* 1987;17:949–61.

⁷ 65. C. Paxson and N. Schady, Does Money Matter? The Effects of Cash Transfers on Child Health and Development in Rural Ecuador, World Bank Policy Research Working Paper no. 4226 (May 2007); E. V. Edmonds and N. Schady, "Poverty Alleviation and Child Labor" (National Bureau of Economic Research Working Paper no. 15345, September 2009); N. Schady and M. C. Araujo, Cash Transfers, Conditions, School Enrollment, and Child Work: Evidence from a Randomized Experiment in Ecuador, World Bank Policy Research Working Paper no. 3930 (June 2006); L. C. H. Fernald, P. J. Gertler, and L. M. Neufeld, "Role of Cash in Conditional Cash Transfer Programmes for Child Health, Growth, and Development: An Analysis of Mexico's Oportunidades," *Lancet* 371, no. 9615 (2008): 828–837