

# The Economic Benefits of Canada’s Public Health Care System

As the G7 meets in Kananaskis, Alberta, we are sending an urgent message to world leaders—including Canada’s—to place universal, public health care at the centre of their economic strategies moving forward. It’s an investment in people and a stronger economy. The following open letter has been signed by over 270 economists and health policy experts.

Canadians are rightly proud of our “medicare” system. The ideal of universal access to high quality health care on the basis of need, not ability to pay, is a defining national value. Canadians understand this value and overwhelmingly support it. Less understood, however, are the economic benefits that Canada enjoys as a result of universal public health care.

Given global economic uncertainties and trade pressures, particularly arising from the U.S., it is more important than ever to understand the economic value of sound public health care policies in Canada. Medicare is not just a cost item on government budgets. It is also a pillar of Canada’s economy, an engine of innovation, and a critical source of decent employment. Those economic benefits, of course, are complementary to the fundamental goal: improving the health of Canadians.

Canada’s economy is enhanced by universal public health care in many ways:

- **Employment and economic growth:** Health care is one of Canada’s largest and most dynamic industries. Approximately 3 million Canadians work in the broad health care sector, earning an average of over \$50,000 per year. The sector created 500,000 jobs in the last decade—more than almost any other industry (including construction, manufacturing, or natural resources)—and adds over \$200 billion per year to Canada’s GDP, with real output growing 50% faster than the overall economy.
- **Supply chains and indirect jobs:** The health care system relies on and supports a supply chain consisting of hundreds of input industries: from materials and equipment to construction and specialized services. Meanwhile, household spending by Canada’s 3 million health sector workers supports hundreds of thousands of downstream jobs in consumer goods and services.
- **Innovation and research:** Health care is a driver of innovation. Over \$7 billion per year is invested in health research and development in Canada, making it one of the most innovation-intensive sectors in the economy. This research pushes the frontier of knowledge in many fields, and underpins successful commercialization of procedures, medicines, and medical equipment.
- **Labour market advantages:** Universal, public health coverage is an economic advantage for employers and workers. Canada’s Medicare system ensures access to care that improves the health and productivity of all Canadian workers. It keeps employer health costs well below those in the U.S., which can exceed C\$25,000 per worker per year. It also ensures Canadian workers are free to move to new jobs in line with their skills and interests, instead of being tied to an existing job to maintain health coverage.
- **Fiscal savings:** Universal, public health generates administrative efficiencies and enhances purchasing power for procuring health technologies. The administration costs of Canada’s Medicare system are 80% lower per person than in the mostly-private U.S. system. Health technologies also cost less in Canada. As a result of these efficiencies, Canada spends 6% of GDP less on health care than the U.S., which is equivalent to an annual saving of \$180 billion. Yet, Canada’s system delivers superior outcomes by many indicators, including longevity, infant mortality, and infectious disease.
- **Social equality and inclusion:** When health care is provided irrespective of income, all segments of society can access this essential service. This contributes to greater life chances, and less disfunction and polarization across society. Economists call this ‘social capital’: the economic benefits of inclusion, trust, and cohesion. Quality universal health care is vital for building social capital and reducing inequality.

Of course, Canada’s health care system is far from perfect. The ideals of universal accessibility have been damaged by chronic underfunding and short-staffing, unacceptable waiting times for some services, and systemic inequalities (especially for Indigenous communities and new Canadians). The system can be improved—and made more affordable—through better coordination and coverage of essential health services, like home care, mental health care, and pharmaceutical care. These problems need to be solved, and quickly, to preserve public trust in the principles of public care.

Urgently addressing these challenges, and fulfilling the long-standing vision of quality universal health care, should be a top priority for governments at all levels. This will build a better society, and a stronger economy. As we confront unprecedented challenges to our economic sovereignty, strengthening this powerful engine of growth and well-being should play a central role in Canada’s coming economic reorientation. As economists and health policy experts, we affirm our support for continued and expanded public health funding, and reforms to improve quality and coverage, in order to maximize the economic and human benefits of universal public health care.

Co-Sponsors of the Public Letter:

**Marc-André Gagnon**, Full Professor,  
School of Public Policy and Administration,  
Carleton University

**Alika Lafontaine**, Anesthesiologist and Past President  
(2022-2023), Grande Prairie Regional Hospital;  
Canadian Medical Association

**Danielle Martin**, Family Physician and Professor,  
Women’s College Hospital; University of Toronto

**Steve Morgan**, Professor, University of British Columbia

**Jim Stanford**, Economist and Director,  
Centre for Future Work

“Public health care is a powerful driver of economic growth. It’s a nation-building investment that supports millions of jobs, fuels world-class innovation, and creates a healthier, more productive population. Healthy people build a healthy economy and it’s time we treat public health care as essential to Canada’s future.”

**Linda Silas**

President of the Canadian Federation of Nurses Unions  
and one of the over 270 signatories.



Scan the QR code to see the full list of over 270 signatories, and statistical sources.

[centreforfuturework.ca/open-letter-calling-attention-to-the-importance-of-public-health-care-to-canadas-economy](https://centreforfuturework.ca/open-letter-calling-attention-to-the-importance-of-public-health-care-to-canadas-economy)



Balayez le code QR pour consulter la liste complète de plus de 270 signataires, ainsi que les sources statistiques.

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