

# Political Determinants of Global Health Equity



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# Health Promotion in an Age of Normative Equity and Rampant Inequality

Ronald Labonté\*



## Abstract

The world was different when the *Ottawa Charter for Health Promotion* was released 30 years ago. Concerns over the environment and what we now call the 'social determinants of health' were prominent in 1986. But the acceleration of ecological crises and economic inequalities since then, in a more complex and multi-polar world, pose dramatically new challenges for those committed to the original vision of the *Charter*. Can the 2015 Sustainable Development Goals (SDGs), agreed to by all the world's governments, offer a new advocacy and programmatic platform for a renewal of health promotion's founding ethos? Critiqued from both the right and the left for, respectively, their aspirational idealism and lack of political analysis, the SDGs are an imperfect but still compelling normative statement of how much of the world thinks the world should look like. Many of the goals and targets provide signals for what we need to achieve, even if there remains a critical lacuna in articulating how this is to be done. The fundamental flaw in the SDGs is the implicit assumption that the same economic system, and its still-present neoliberal governing rules, that have created or accelerated our present era of rampaging inequality and environmental peril can somehow be harnessed to engineer the reverse. This flaw is not irrevocable, however, if health promoters – practitioners, researchers, advocates – focus their efforts on a few key SDGs that, with some additional critique, form a basic blueprint for a system of national and global regulation of capitalism (or even its transformation) that is desperately needed for social and ecological survival into the 22nd century. Whether or not these efforts succeed is a future unknown; but that the efforts are made is a present urgency.

**Keywords:** Health Promotion, Sustainable Development Goals (SDGs), Inequalities, Climate Change, Neoliberalism

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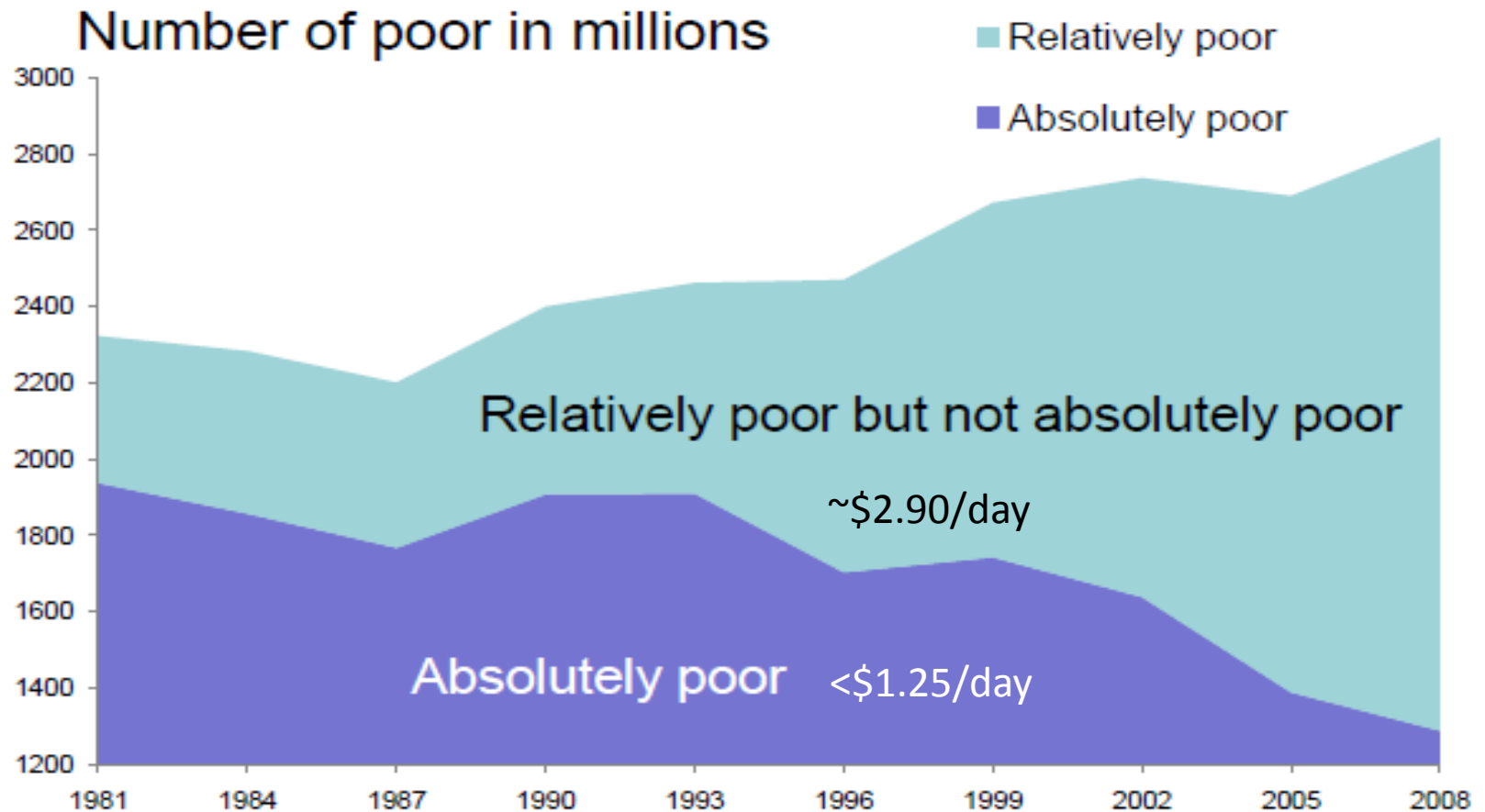
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# Globalization's positive health claims

- ✓ More rapid diffusion of new health technologies
  - Child health revolution
- ✓ Declines in maternal mortality
  - Though not enough
- ✓ Improvements in life expectancy
  - But unequally distributed
- ✓ Increased gender rights
  - Female education as a key determinant of population health
- ✓ Increased sense of global obligation (the MDGs)
  - But shortfalls in many of them after 15 years of effort

# Numbers of absolutely poor and relatively poor



# Do we have the right poverty goal?

- New Sustainable Development Goal is to eliminate extreme poverty by 2030
  - \$1.25/day since adjusted to \$1.90/day
- UNCTAD: \$5/day PPP should be considered the minimum to claim that people are no longer poor
  - By 2030, 90% of South Asia and SSA would still be poor
- Since revised to \$7.40/day
  - By 2030, 4.2 billion people would still be poor

# Growth is not working...

Based on historic growth rates under the business-as-usual economic model:

- Eliminating poverty at \$1.90/day = **100 years**
- Eliminating poverty at \$5.00/day = **200 years**
- Eliminating poverty at \$7.40/day = **>300 years**

(World Economic Review (2015) 4:43-62)





Forbes 2014: Now only 67 people  
Oxfam 2016: Now only 62 people

THE  
**85** RICHEST  
PEOPLE  
OWN THE SAME  
WEALTH AS THE  
**3.5 BILLION**  
POOREST PEOPLE.

Wealth since 2010:

Top 62 + 44%

Bottom 3.5 billion - 41%

LIFT  
LIVES  
FOR  
GOOD



OXFAM



# GOAL 10

A pair of hands is shown holding a small, detailed globe of the Earth. The globe is positioned in the center of the frame, with the hands cupping it from below and sides. The background is a soft-focus green, suggesting foliage. The overall image conveys a sense of environmental stewardship and global unity.

REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

**SUSTAINABLE DEVELOPMENT GOALS**

More at [sustainabledevelopment.un.org/sdgsproposal](https://sustainabledevelopment.un.org/sdgsproposal)



# Reducing income/wealth inequalities

1. Reduce market income inequalities through more equitable distribution between capital and labour
2. Reduce post-market income inequalities through taxes, transfers, universally accessible public services (e.g. education and health care) and/or subsidized essential goods and services (e.g. food and housing)

# Henry Ford

I have to pay  
my workers  
enough to buy  
the cars they  
make for me...



# Oliver Wendell Holmes

Taxes are the  
price we pay for  
a civilized world

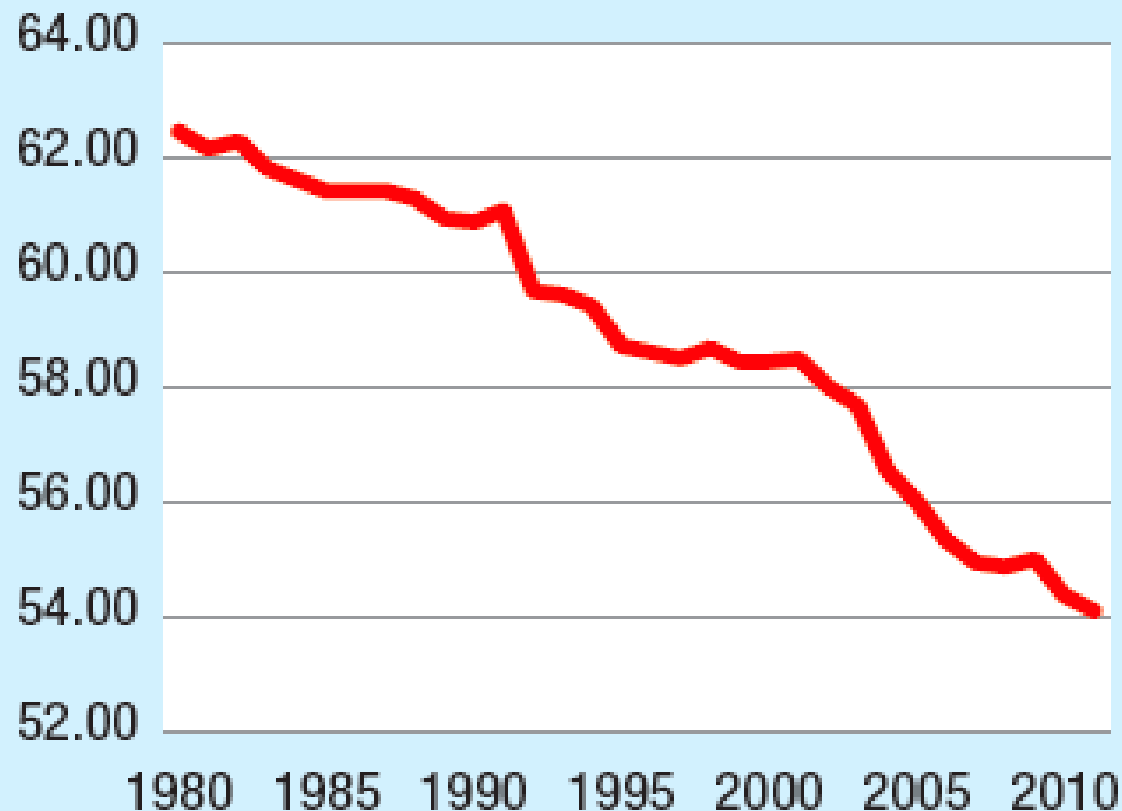


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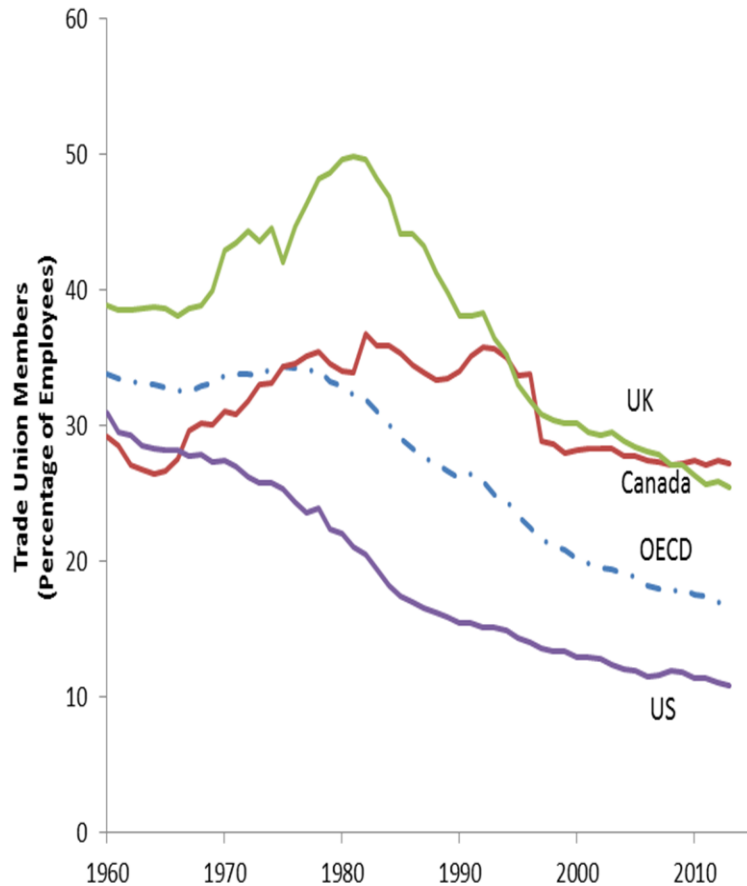


**Figure 4**  
**Share of world labour income in world gross output, 1980–2010**  
(Percentage)



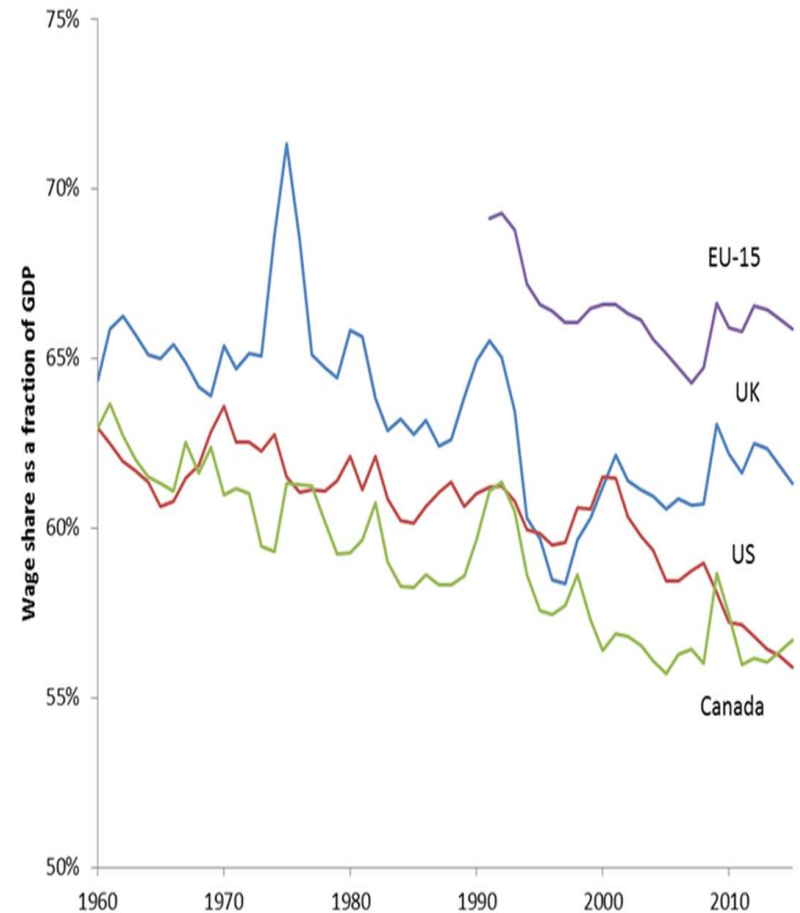
UNCTAD, *Growth And Poverty Eradication: Why Addressing Inequality Matters*, Nov 2013

## Declining Union Membership, OECD



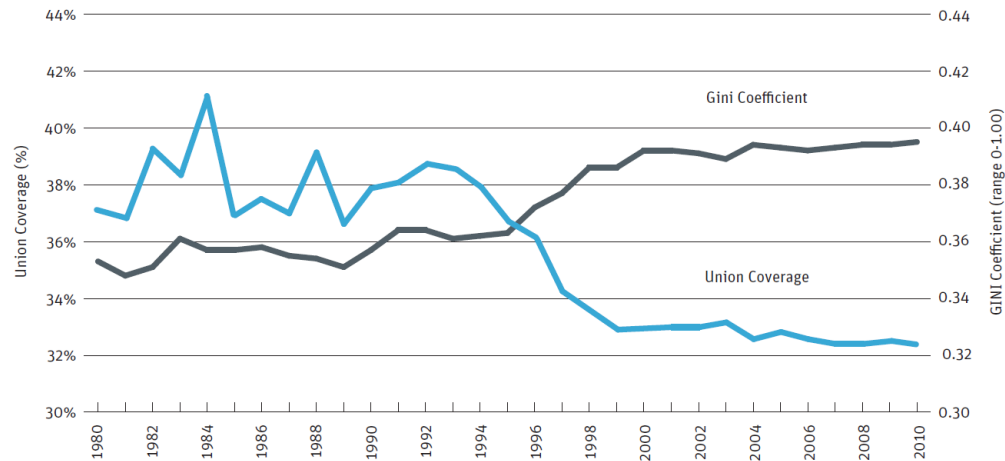
Source: OECD Trade Union Density. OECD StatExtracts. Available at: [http://stats.oecd.org/Index.aspx?DataSetCode=UN\\_DEN](http://stats.oecd.org/Index.aspx?DataSetCode=UN_DEN). Accessed on 18.9.2014

## Declining GDP Share to Labour, OECD



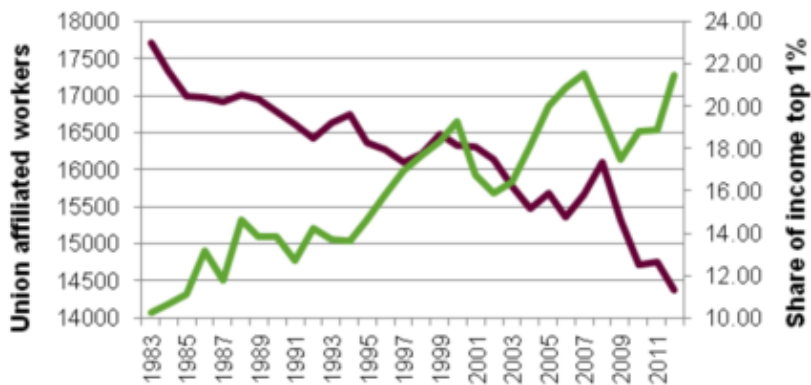
Source: European Commission AMECO Database. Retrieved 17.9.2014, Available at: [http://ec.europa.eu/economy\\_finance/db\\_indicators/ameco/zipped\\_en.htm](http://ec.europa.eu/economy_finance/db_indicators/ameco/zipped_en.htm). Accessed on 18.9.2014

**FIGURE 1** Union Coverage and Gini Coefficient in Canada, 1980–2010



**Source** Gini Coefficient - CANSIM Series v21151657 Canada; After-Tax income; All family units. The Gini Coefficient data has been multiplied by 100. Union Coverage - Visser, J., Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts database (ICTWSS) [www.uva-aias.net/208](http://www.uva-aias.net/208). 1984 and 1988 data are reported by Andrew Jackson (2004), p. 135. 2010 data from Statistics Canada Table 282-0078.

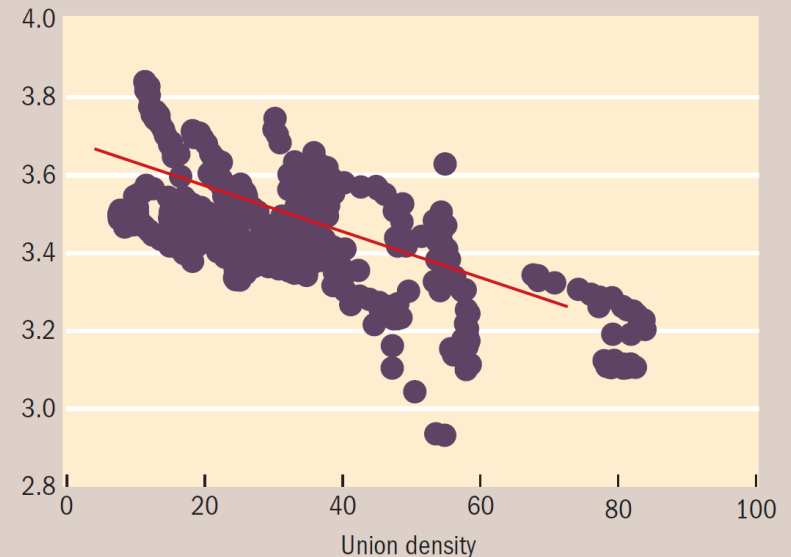
## Unionization rates and rising income share of the 1%, USA



Sources: Bureau of Labor Statistics (2013) 'Union affiliation data from the Current Population'; Saez & Piketty (2003) 'Income Inequality in the United States, 1913–1998', *Quarterly Journal of Economics*, 118(1), 1–39 (Tables and Figures Updated to 2012, September 2013).

Lower unionization in advanced economies is correlated with an increase in top 10 percent income share.

(log of top 10 percent gross income share, 1980–2010)



# Defining neoliberalism:

...a belief that free markets, sovereign individuals, free trade, strong property rights and minimal government interference is the best recipe for enhancing human well-being.

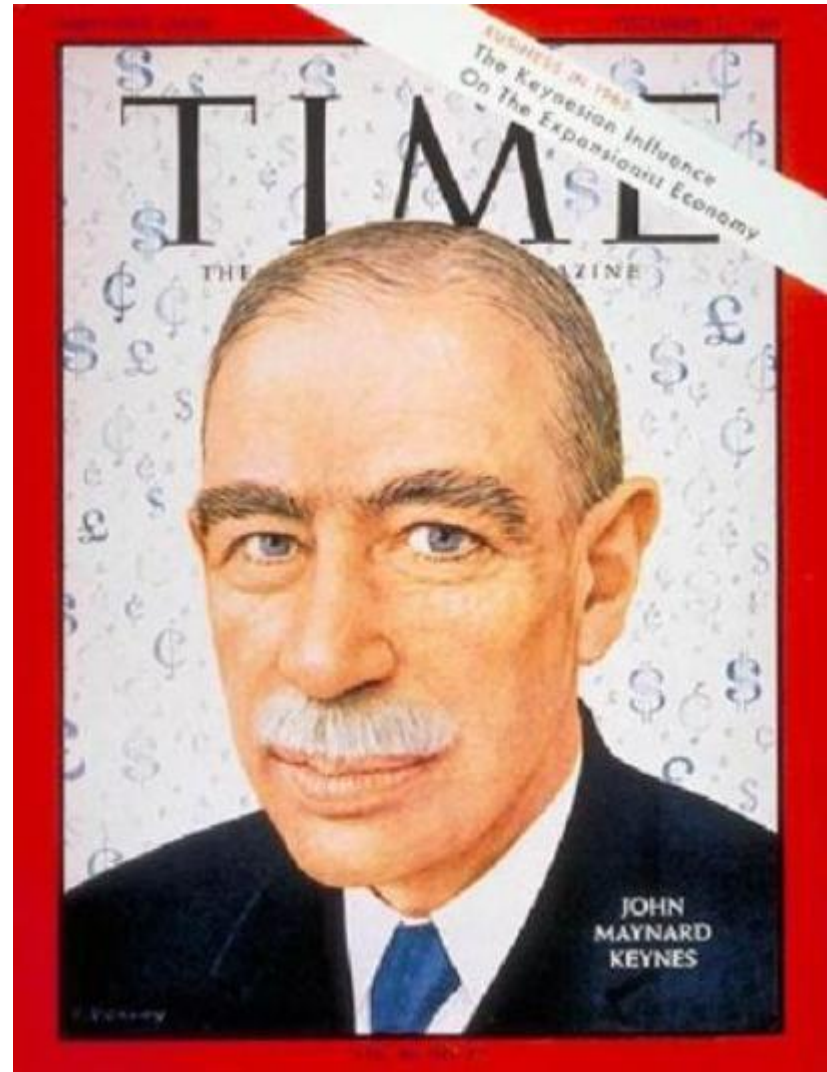
## **Friedrich Hayek**

Economy is too complex  
for governments to  
regulate so let markets  
regulate themselves





‘the nastiest  
of men for  
the nastiest  
of motives  
will somehow  
work for the  
benefit of all’

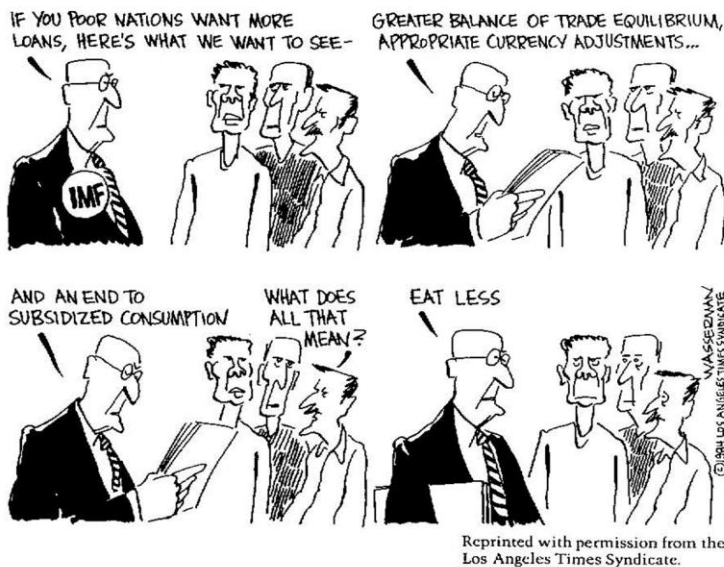


Actual quote from Keynes' collaborators:  
Robinson, E., & Guillebaud, C. *Monopoly: Cambridge economic  
handbooks*. London: Cambridge University Press; 1941.

# Neoliberalism 1.0: Roll Back (Structural Adjustment Programs)

## Washington Consensus:

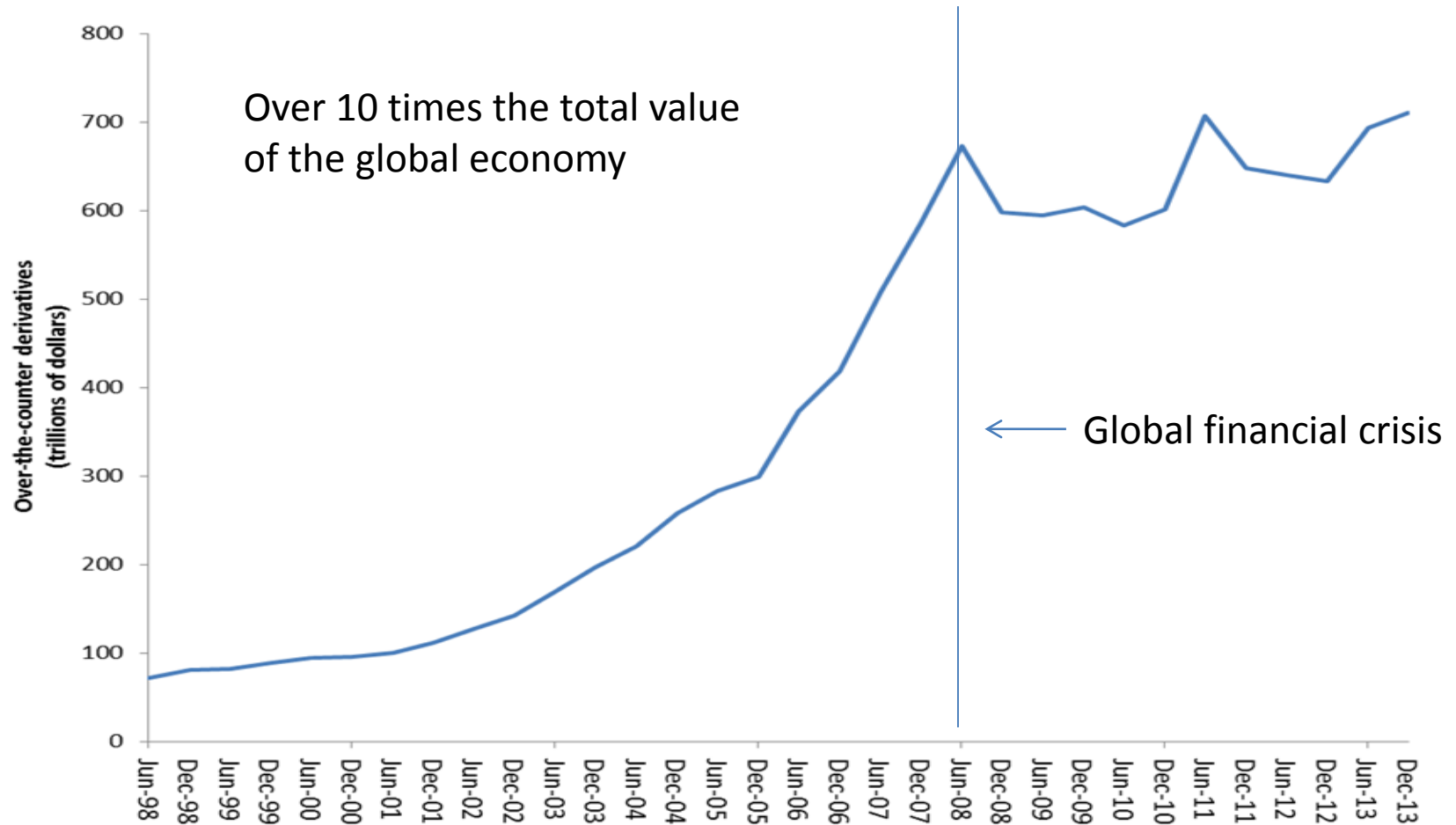
- privatization of state assets
- deregulation of economic markets
- lower corporate and individual taxes
- more user pay for public services
- government deficit reduction
- trade and financial liberalization



# **Neoliberalism 2.0: Roll Out (Financialization of the Economy)**

- Easier to make money from money than lending to the 'real economy'
- Repeal of bank regulation separating commercial from investment banking
- De-regulation of hedging in commodities
- Increase in bank leveraging
- New digital technologies allowing millisecond trades and derivate instruments

# Rise of derivatives (trillions of \$)



Source: Bank for International Settlements Derivatives Statistics, updated 14 Sept 2014. Available at: <http://www.bis.org/statistics/derstats.htm>. Accessed on 18.9.2014







**Enter austerity, stage right, to reduce public debts mostly incurred by bailing out private bank debts**

# **Neoliberalism 3.0: Austerity (Structural Adjustment Goes Global)**

- Reduce or eliminate public deficits, public debt
- Reduce social protection spending, public sector employment
- Increase VAT taxes
- Increase user pay in public programs (co-payments)
- Privatize state assets, increase public-private partnerships
- Eliminate fuel and food subsidies



**POLICY  
CHANGES**



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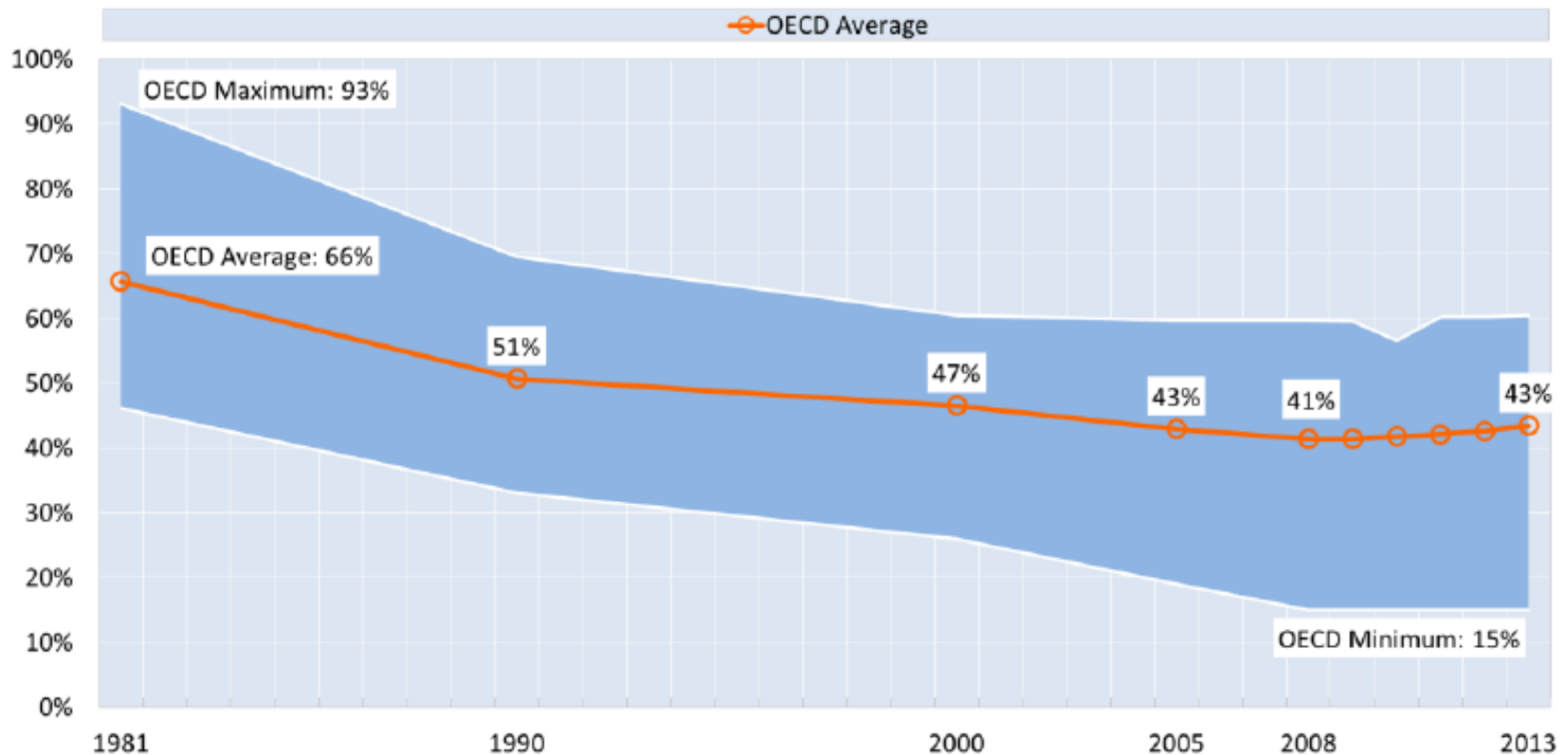
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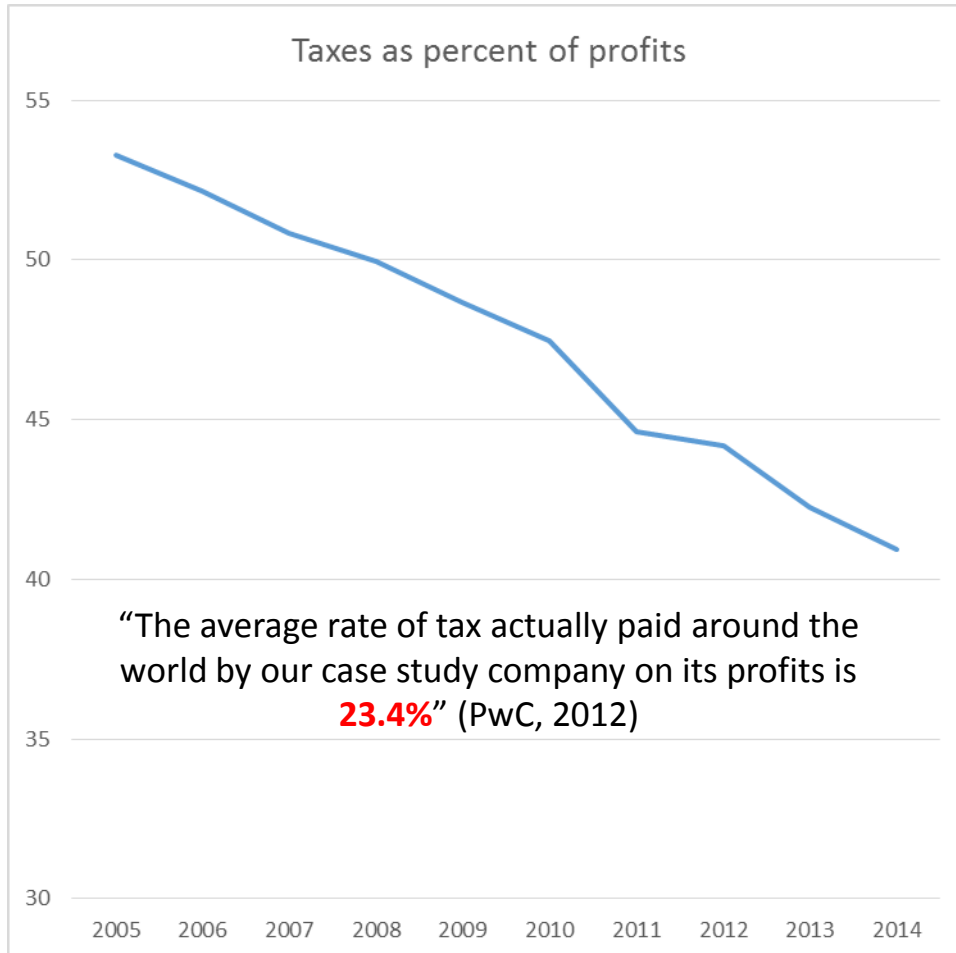
# Tax reductions across the rich world

## 5 Until the crisis, top income tax rates were falling rapidly

Top statutory personal income tax rates in the OECD area, maximum, minimum and average, 1981 to 2013



# Steep drop in corporate tax rates



Source: WDI

<http://data.worldbank.org/indicator/IC.TA.X.TOTL.CP.ZS/countries?display=graph>

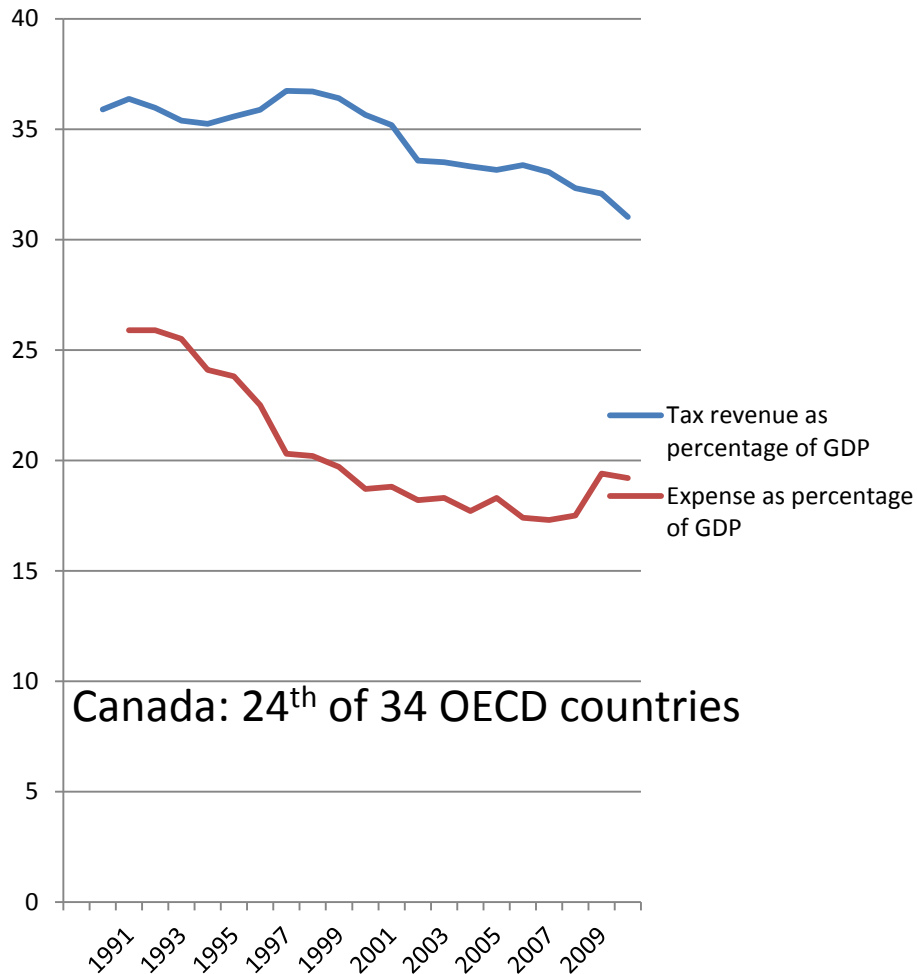
## CORPORATE PROFITS RISE, TAXES FALL

(in billions of 2010 dollars)

Year	Corporate Profits	Tax Paid	Real Tax Rate
2000	\$1,638.7	\$249.9	15.2%
2008	\$1,830.0	\$230.1	12.6%

US Data

# Oh, Canada...



## Decline in federal marginal rates

43% (1988) to 29% (2010)

## Decline in federal corporate rates

49% (1994) to 15% (2011)

## Decline in combined federal and provincial government spending

From 50% of GDP (1991) to 42% (2011)

Foregone federal revenue since 2006 due to tax cuts: **\$220 billion**

Sources: OECD, CCPA, *The Alternative Budget*, 2014, Tax Justice Network Canada

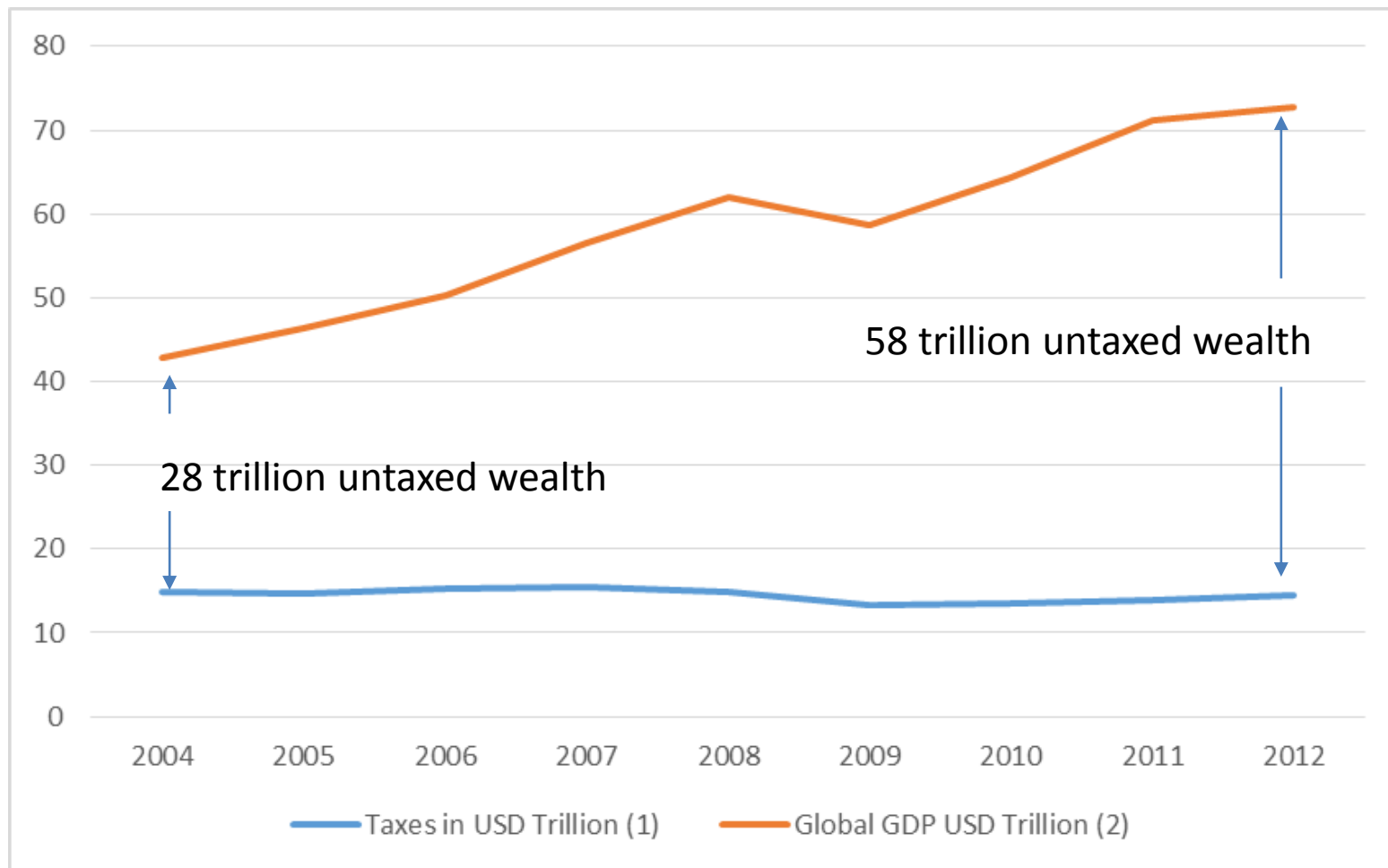
Sources: OECD <http://www.oecd.org/ctp/tax-policy/table2totaltaxrevenueasofgdp1965-2012en.htm>; World Bank <http://data.worldbank.org/indicator/GC.XPN.TOTL.GD.ZS>  
(expenses include social protection spending)

# A simple matter of taxation?

- US study: **raising marginal rate from 35% to 68%** would have no impact on factors driving economic growth, but would **reduce poverty, inequality and stimulate growth through public spending**
- IMF study: more cautious, cap the marginal rate at **60%**
- Economic Optimality: **90%** marginal rate tax on incomes > \$300,000 (yes some loss in GDP/wealth, but **greater overall well-being and happiness**)
  - VOX, CEPR's Policy Portal (<http://www.voxeu.org>) Nov 15/2014



## Monetized value of Gross Economic Product and taxation revenue, 2004-2012



Sources:

- (1) <http://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS/countries/1W?display=graph>
- (2) <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD/countries/1W?display=graph>

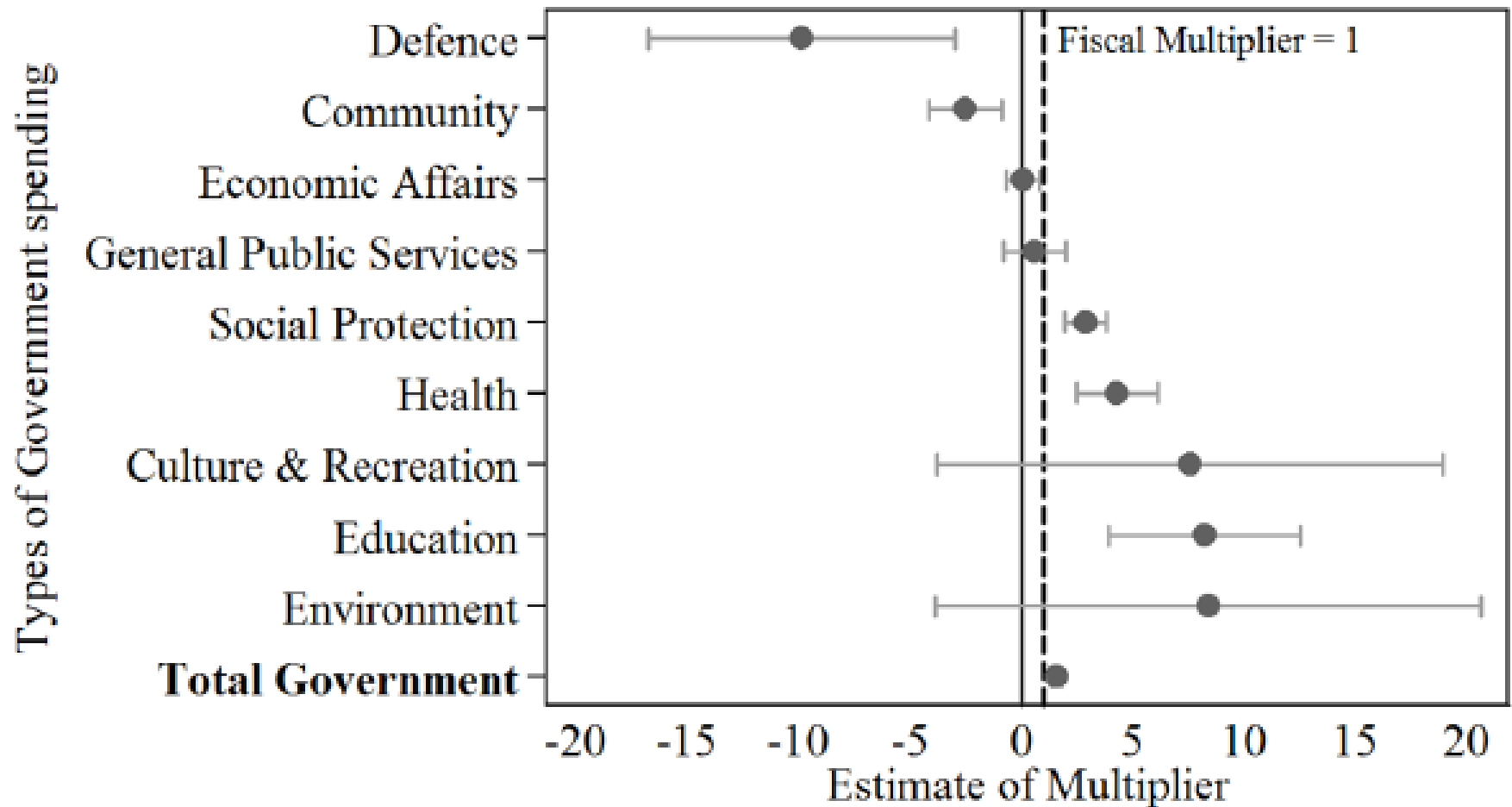
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**A TAX OF 1.5% ON BILLIONAIRES  
SINCE THE FINANCIAL CRISIS COULD HAVE  
SAVED 23 MILLION LIVES**



# Estimated Fiscal Multipliers

15 EU Countries, 1995-2010



Source: Reeves et al 2013 Globalization and Health

# So what to do?

- **Increase progressive taxation within countries**
  - Not easy with wealthy opposition/capital flight
- **Enact policies to eliminate BEPS (Base Erosion and Profit-Shifting)**
  - Ability of transnationals to shift profits to countries with low tax regimes (e.g. Apple and Ireland's 4% corporate tax rate)

# So what to do?

- **Significantly increase developing country tax authority**
  - In Africa taxes as percent of GDP average ~ 20%
    - Canada = 32%; EU 15 = 45 – 50%
  - African resource royalties at 0% (16 countries)
  - African leaders: less aid for specific development targets, more assistance to develop better domestic tax systems

# So what to do?

- **Improve/develop global systems of taxation (FTT):**
  - .05% on all global currency trades (5 cents on every \$100)  
**\$8.63 trillion** a year
  - 63 countries have signalled support for an FTT
  - 11 of 27 Eurozone countries: **\$40 - 47 billion** annually (2016), final decision likely before end of year
  - US Democrat politicians now favour an FTT...

# So what to do?

- **Close tax havens**

- Governments lose \$100 – 300 billion a year to tax havens (Crivelli et al, IMF Working Paper, 2015)
- Developing countries lose \$70 – 120 billion a year (UNCTAD World Investment Report 2015)
- IMF estimates even higher: > \$200 billion a year
- \$6 - > \$7 trillion in tax havens (more wealth than bottom half of humanity) (DeLong & DeLong 2015)
- Top 500 US corporations > \$2.1 trillion in tax havens



# So what to do?

- **Denounce austerity for what it is**
  - A policy choice benefitting economic elites and devoid of empirical basis
- **Recapture public discourse:**
  - Not a problem of deficit, but of fair taxation
  - Not a condition of financial scarcity, but of inequality
- **Challenge the ‘new constitutionalism’ of trade and investment treaties**
  - entrenching investor rights over public policy (CETA, TPPA, TTIP, TiSA...)

COMMENTARY

Open Access



# The Trans-Pacific Partnership Agreement and health: few gains, some losses, many risks

Ronald Labonté, Ashley Schram and Arne Ruckert\*

## Abstract

**Background:** In early October 2015, 12 nations signed the Trans-Pacific Partnership Agreement (TPPA), promoted as a model '21<sup>st</sup> century' trade and investment agreement that other countries would eventually join. There are growing concerns amongst the public health community about the potential health implications of such WTO+ trade and investment agreements, but little existing knowledge on their potential health impacts.

**Methods and results:** We conducted a health impact review which allows for a summary estimation of the most significant health impacts of a set of policies, in our case the TPPA. Our analysis shows that there are a number of potentially serious health risks, with the following key pathways linking trade to health: access to medicines, reduced regulatory space, investor-state dispute settlement (ISDS), and environmental protection and labor rights. We also note that economic gains that could translate into health benefits will likely be inequitably distributed.

**Conclusion:** Our analysis demonstrates the need for the public health community to be knowledgeable about trade issues and more engaged in trade negotiations. In the context of the COP21 climate change Agreement, and the UN Sustainable Development Goals, this may be an opportune time for TPPA countries to reject it as drafted, and rethink what should be the purpose of such agreements in light of (still) escalating global wealth inequalities and fragile environmental resources—the two most foundational elements to global health equity.

**Keywords:** Health policy, Social determinants of health, Trade and investment policy, Population health

# Prosperity

PLEASE FIND  
ALTERNATIVE  
ROUTE

without  
growth?

The transition to a  
sustainable economy

The truth is that there is as yet no credible, socially just, ecologically sustainable scenario of continually growing incomes for a world of nine billion people.

UK Sustainable Development Commission, *Prosperity without Growth?* 2009

# A Just and Sustainable Future?

- **Progressive tax reforms** (post-distribution) and fairer pay policies (pre-distribution) with strengthened (not weakened) labour rights
- **Redistribution of work** to reduce overwork of some, under/no-work of others and net decrease of average work-time for reasonable pay, with enhanced social protection spending
- **Clear break into non-fossil-fuel economy** (global financing, trade/investment treaty exemptions for green technologies, carbon taxation)

Report

# The fossil fuel bailout:

G20 subsidies for oil, gas and coal exploration

Elizabeth Bast, Shakuntala Makhijani,  
Sam Pickard and Shelagh Whitley

November 2014

# The Washington Post

Richest nations fail to agree on deadline to phase out fossil fuel subsidies (July 1, 2016)

# theguardian

Environmental records shattered as climate change 'plays out before us' (August 2, 2016)

**G-20 annual fossil fuel subsidies:**

***\$444 billion (direct)***

**Global annual subsidies:**

***\$2.9 trillion (direct)***

**Canadian annual subsidies:**

***\$2.74 billion (direct)***

***\$35 billion (indirect)***



**OILCHANGE**  
INTERNATIONAL





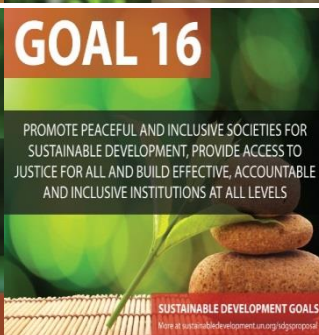
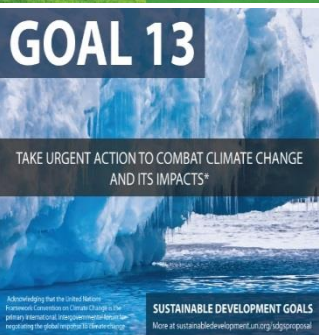
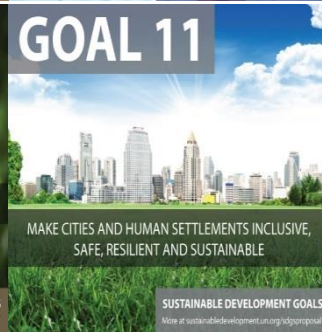
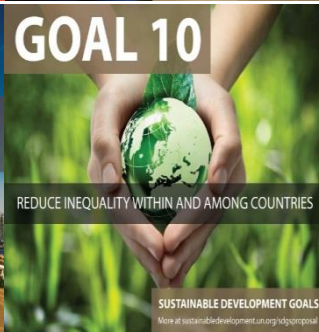
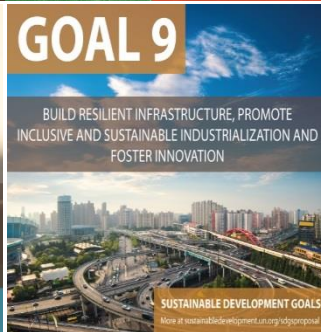
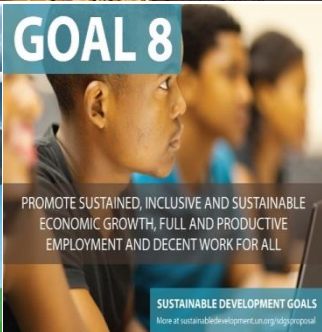
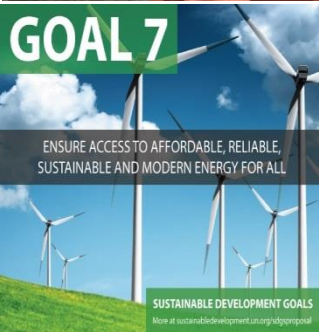
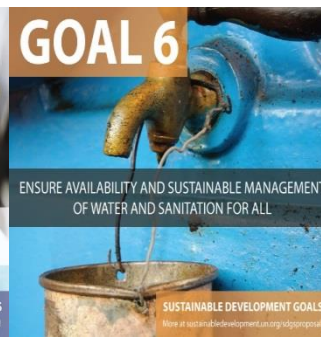
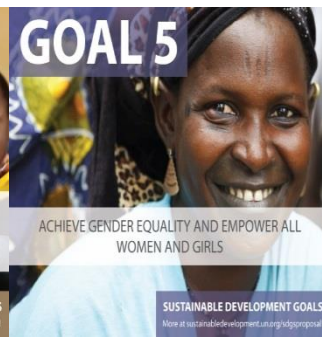
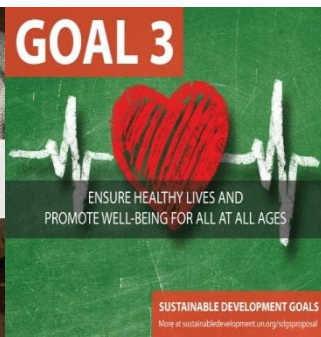
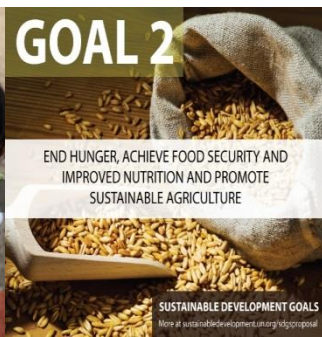
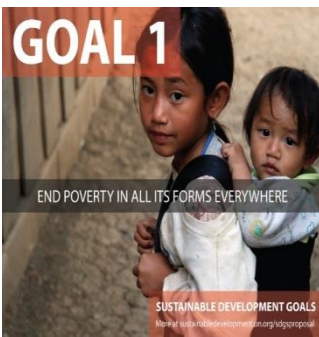
This July was the *hottest month since records began*  
NASA calculated that July 2016 was 0.1 degrees warmer  
than the previous record of July 2011 and July 2015

- 90% of fossil fuels must remain in the ground to avoid catastrophic climate change
- Almost all coal reserves in USA, Australia
- 2/3rds of coal reserves in India and China
- 85% of Canadian tar sands

Source: McGlade and Ekins, *Nature*, 517, Jan 8 2015



# The Sustainable Development Goals

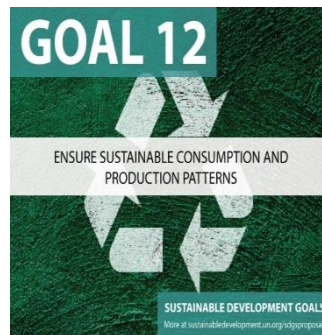
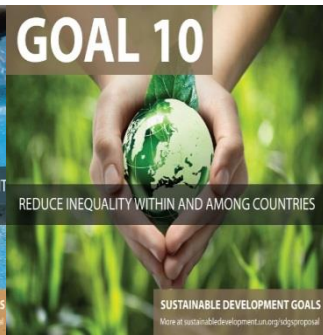
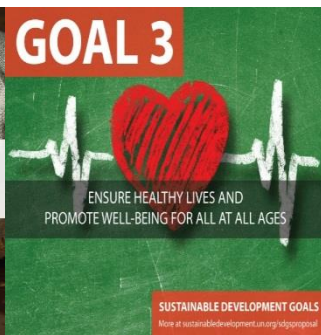
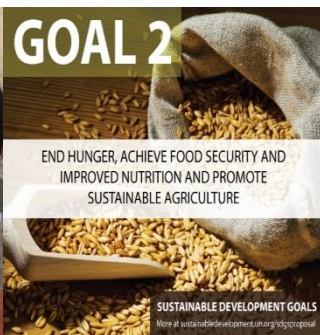
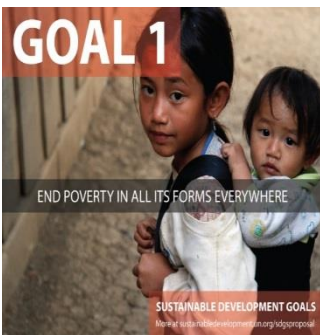


**POST2015**

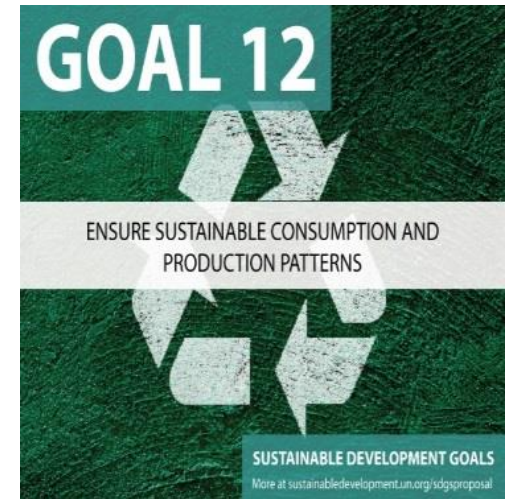
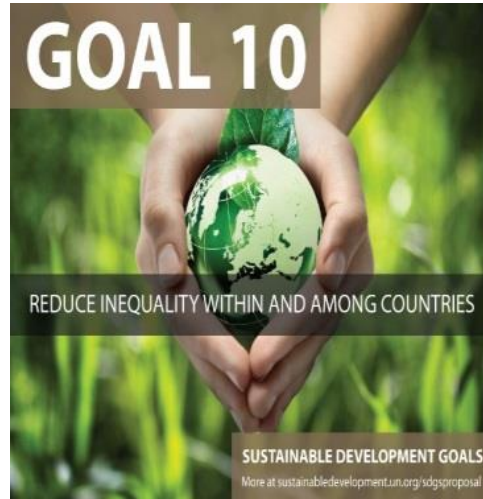
Project On Sustainability Transformation beyond 2015



# Sustainable Development Goals: The Long Priority List



# Sustainable Development Goals: The Short Priority List





THANK YOU