

# Changing track

Putting people before corporations



**HEALTH  
POVERTY  
ACTION**



# Changing track

## Putting people before corporations

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Health for All in a just world.**

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# Summary

Whatever our differences, as human beings we all want the same things – a decent roof over our heads, a warm bed, healthy food to nourish us and access to health services when we need them. Having our basic needs met gives us the freedom to achieve our potential, to live and love, protected in our families and communities. We all have the right to these things, whoever we are, and wherever in the world we live. They are our human rights.

But governments across the world are denying people these rights. Across sub-Saharan Africa just under half of all women have no access to adequate antenatal care.<sup>1</sup> In the UK, four million people have difficulty feeding their families<sup>2</sup> and one in every two-hundred people are homeless. And worsening mental health and an increase in suicides and old age mortality have been attributed to austerity policies following the 2008 financial crisis.<sup>3</sup>

Ten years on from the global financial crises which exposed the dramatic failures of neoliberal policies, governments are still choosing to put companies above people and public services. New research for this briefing shows that governments are enabling the diversion of over \$1 trillion (or a million million) worth of resources to companies<sup>4</sup> each year. This includes:

- money that governments are giving away to companies – through subsidies to banks, fossil fuel and agriculture companies, tax breaks and reductions in the rate of company tax leading to excessive company profits;
- money governments allow companies to take by enabling tax avoidance.

In the UK one in four low-income households are struggling to put food on the table. But in 2012-13, the British government handed out £93 billion, the equivalent of £3,500 from every British household to British companies in grants, subsidies and tax breaks.<sup>5</sup>

Half the world lacks access to essential health services, the largest proportion of these people live in sub-Saharan Africa.<sup>6</sup> At the same time companies (often from outside the continent) are being allowed to take an estimated \$35 billion in tax revenue from citizens in Africa each year.<sup>7</sup>

## Where the \$1 trillion comes from:

**\$33 billion**  
Agricultural subsidies



**\$122 billion**  
Excessive corporate profits



**\$500 billion**  
Corporate tax dodging



**\$11 billion (at least)**  
Illegal fishing



**\$374 billion**  
Fossil fuel subsidies

This diversion of resources is a key factor contributing to the violation of the rights of people across the world. \$1 trillion is equivalent to funding the whole NHS six times over or tripling the money spent on healthcare for half the world's population.

This is also about more than money. Our natural world provides the basis for health and lives. To be healthy, we need to breathe clean air, drink clean water, and have fertile land to feed our families. Corporate threats to our natural world are putting us all at risk. Governments are allowing companies to pollute our rivers and oceans, cause climate breakdown and engage in illegal logging and fishing. Companies are being enabled to profit from the global commons – our shared natural world – whilst contributing to its destruction.

## This is global

Human rights violations do not respect national borders. People are denied rights in all countries in the world, with people in Africa and Asia often facing the greatest denials of their rights on the largest scale. At the same time governments in Europe and North America can be said to bear the largest responsibility for this. They allow their companies to dodge taxes owed in some of the world poorest countries, give unfair subsidies to companies and are among the largest contributors to climate change.

Over the last forty years many of the neoliberal policy choices pursued by many governments included privatising key industries, reducing spending on public services and liberalising trade. They reduced regulations for companies and prioritised corporate profit<sup>8</sup>, often arguing that it would 'trickle down' to benefit everyone. Yet as the extent of global poverty and inequality today shows – a world where the eight richest men own as much as half the world's population<sup>9</sup> – it hasn't.<sup>10</sup>

## The Alternatives

It need not be this way. Poverty and poor health are created by a series of choices made by those in power, who determine who and what they prioritise.

\$1 trillion could:

- Triple the money spent on healthcare for half the world's population<sup>11</sup>
- Fund the NHS six times over<sup>12</sup>
- Provide a seven fold increase in the global 'aid' budget<sup>13</sup>
- Give a social safety net for 700 million people in 57 lower income countries (6 times over)<sup>14,15</sup>
- Cancel all government debt of impoverished countries<sup>16</sup>

By demanding different choices, we can take steps to end poverty, protect our natural world and enable people everywhere to live healthy and fulfilling lives. We need to demand that governments and international institutions fundamentally change the goals of our economy towards fulfilling human rights, enriching lives and protecting our shared home. They must:

**REDEFINE** their priorities: focus on what matters – health and wellbeing, rather than a narrow obsession with economic growth.

**REPAIR** the damage: stop companies violating human rights.

**REDISTRIBUTE** wealth: enable citizens to claim their wealth, rather than channel it to companies.

**REALISE** human rights: fulfilling this new agenda would help realise the economic and social rights of everyone in the world.

## How are human rights being violated?

**Holding States to account for their extraterritorial obligations is fundamental to our ability to fight extreme poverty globally.**

**MAGDALENA SEPÚLVEDA**  
**UN Special Rapporteur on extreme poverty and human rights**

Member states that ratify international human rights treaties have a *legal* obligation to respect, protect and fulfil rights. The many member states that have ratified international human rights treaties have a legal obligation to respect, protect and fulfil their population's rights. Every person thus is a rights holder whilst the state is the legal 'duty bearer.' This means the state must not only respect, but also not interfere with any human right, that is, it must prevent others from interfering with these rights and actively work towards their full realisation.

Despite the existence of human rights obligations to respect, protect and fulfill a range of economic and social rights including health, education, social security and an adequate standard of living, big companies and governments are violating people's human rights throughout the world. Corporate violations of economic and social rights include abusing the rights of workers and damaging the environment and people's health.<sup>17</sup> Sometimes states not only enable but also collude in this<sup>18</sup> failure to protect rights.

Further, by choosing to prioritise companies over citizens – for example deciding to give large tax breaks to foreign companies over providing healthcare for their own citizens – governments are also violating human rights by failing in their obligation to fulfil them.

The provision of public services is an important part of fulfilling economic and social rights. And whilst (with the exception of primary education) human rights law does not require the relevant services to be provided free of charge, it does require that they are affordable and accessible to all.

The link between poverty, poor health and human rights is clear. **If governments met their obligation to realise all economic and social human rights, this would signal an end to poverty and poor health and create better lives for all.**

### Global violations, global responsibilities

Today, human rights violations are no longer confined within national borders. Often it is transnational companies headquartered in rich countries that violate the rights of citizens of poor countries.<sup>19</sup> States and international institutions can also contribute to the violation of human rights of citizens across the world by failing to regulate their companies or by implementing policies (for example enabling tax dodging or through harmful tax treaties) that reduce the revenue that other states have to fulfil rights.

The World Trade Organization (WTO) and trade and investment agreements in particular, are striking for the way in which they often prioritise rich countries and transnational companies over people's rights.<sup>20</sup> They deny people access to essential medicines and public services and allow companies to sue governments for implementing policies that strengthen rights. This has led some to argue that the current economic order itself, built as it is on neoliberal policies that are often damaging to people's health and wellbeing, violates human rights.<sup>21</sup>

## Examples of rights that are currently denied

These impact people across the world, but in all categories it is people in Africa who have their rights denied most often.



### The right to food

At least<sup>22</sup> 795 million people still face hunger today – with children the worst affected. One in four (or 27.8%) of children in poor countries are stunted (low height for age), and one in ten (or 9.5%) of children are wasted (low weight for height).<sup>23</sup> However, the true extent of global hunger is likely to be much higher. The number of people estimated to be undernourished based on calories need to sustain ‘normal’ or ‘intense’ levels of activity is somewhere between 1.5 and 2.5 billion.<sup>24</sup>



### The right to sanitation

Nearly a third of people in the world are denied access to improved sanitation, another essential component of realising the right to health.<sup>29</sup> About 30% of people in Asia and the Pacific are forced to drink water contaminated by human faeces.<sup>30</sup>



### The right to health

At least half of the world’s population are denied access to essential health services with the largest proportion of these people living in sub-Saharan Africa.<sup>25</sup> And every year almost 100 million other people are dragged into extreme poverty to pay for it<sup>26</sup> – the equivalent of three people every second.<sup>27</sup> In the US 28 million people remain uninsured, which means they could face huge and unaffordable bills for healthcare they need.<sup>28</sup>



### The right to social security

Social security helps prevent poverty and inequality, providing support to people who are denied access to work or decent food. Yet only 27% of the world’s population has adequate social security coverage and more than half are denied any coverage at all.<sup>31</sup> Only 28% of people with severe disabilities worldwide receive a disability benefit.<sup>32</sup> And two thirds of the world’s children are not covered by social security, most of whom live in Africa and Asia. Some states are reversing policies which promoted privatisation of social security systems that have not delivered the expected results. Argentina, Bolivia, Hungary, Kazakhstan and Poland, for example, are returning to public solidarity-based pension and disability systems.<sup>33</sup>



### The right to housing

Around the world, approximately 1.6 billion people are denied adequate shelter.<sup>34</sup> In urban areas in the Global South around one in three people live in slums – unhealthy, overcrowded housing – usually without access to basic services like water, sanitation and electricity.<sup>35</sup> In Mozambique this figure rises to 80%.<sup>36</sup> In the UK, the UN has warned that the government is in breach of the human right to housing as more and more people are forced into homelessness.<sup>37</sup>



### The right to education

Some 59 million children are denied their right to attend primary school, with the poorest, and particularly girls, missing out the most.<sup>38</sup> In Guinea, nearly 90% of children from the wealthiest households attend primary school but less than a third of the poorest children do so.<sup>39</sup>

## The theft

New research conducted for this report provides estimates for the amount of resources that governments are diverting to big companies rather than people each year. It finds that this amounts to over \$1 trillion (or a million million) each year. This mainly includes money that governments are giving away to companies through allowing them to engage in tax dodging, subsidies for fossil fuels and agriculture, tax breaks, and reductions in corporate tax rates.

The \$1 trillion figure is very conservative: There are a range of other ways in which companies are taking resources from citizens that the research does not include because reliable global figures are not available. These include subsidies given to pharmaceutical and arms companies, the costs of land grabbing and the costs to the public purse of privatisation.<sup>44</sup> There are other huge sums of money diverted to companies which were not included as they do not constitute regular annual costs.

For example, Oxfam has estimated that bailing out British banks after the 2008 financial crisis cost the UK government £141 billion, with exposure to liabilities of over £1 trillion.<sup>45</sup> If these were to be included, the diversion of resources to big companies would be far larger.

Poverty and poor health are largely the result of choices made by those in power who determine who and what they prioritise. The over \$1 trillion in resources diverted to companies could easily fund many pressing priorities. For example, providing health services for 95% of the population of 67 low and middle income countries would require only an extra US\$371 billion each year.<sup>46</sup> Providing a social safety net for 700 million people in 57 lower income countries would cost only \$174 billion.<sup>47</sup>

## Summary table (full version in the annex)

Type of resource given/taken	Amount
<b>Costs of corporate tax avoidance</b> Potential tax revenues to world governments lost through tax avoidance by companies. <sup>40</sup>	<b>\$500 billion</b>
<b>Excessive corporate profits</b> Profit made by the world’s largest companies which is deemed ‘excessive’ and constitutes foregone revenues – calculated as the difference between what companies are actually paying compared to country tax rates (effective vs statutory rates). <sup>41</sup>	<b>\$122 billion</b>
<b>Fossil fuel subsidies</b> Amount of public money subsidising fossil fuel production. <sup>42</sup>	<b>\$374 billion</b>
<b>Agricultural subsidies</b> Amount of public subsidy to large agribusiness. <sup>43</sup>	<b>\$33 billion</b>
<b>Illegal, unreported or unregulated fishing</b> Value of fishing that is illegal, unreported, or unregulated.	<b>\$11 billion minimum</b>
<b>Total revenue diverted from global commons</b>	<b>\$1.04 trillion</b>





Soft Mardiah / CIFOR CC BY-NC-ND 2.0

Riau, Sumatra, Indonesia: Illegal logs seized in transit and impounded in a log yard.

## The wider theft

Another vast area that amounts to corporate theft which we have chosen not to include in our financial analysis relates to the damage to our natural world inflicted by companies. Companies are feeding off our global commons – the land, water and air that belongs to us all – in pursuit of their profits, without sufficiently paying for it.<sup>48</sup> This environmental damage has clear human rights implications: It has been found by domestic and international courts to violate the rights to health and food, water, property, privacy, the collective rights of indigenous peoples to their ancestral lands and resources and the right to a healthy environment.<sup>49</sup>

**These companies are rich, quite simply, because they have dumped the cost of cleaning up their mess onto regular people around the world.**

**NAOMI KLEIN**

***This Changes Everything: Capitalism vs. the Climate***

Figures on environmental damage are not included in our estimates because the costs to our shared home cannot be so clearly separated out into monetary and non-monetary areas. Whilst some of the damage represents actual costs – for example the money states have to pay to repair damages caused by climate change (adaptation costs) – the costs to our land, water, air, and our wellbeing cannot be given a price tag. For example, whilst the profits made by companies through illegal logging and fishing are estimated at between \$30-\$157 billion<sup>50</sup> and \$11-\$36 billion respectively,<sup>51</sup> much of this loss is the intrinsic value of our natural resources, therefore impossible to put a price on. Another example of corporate theft from the global commons is biopiracy – the appropriation of materials such as plants and indigenous knowledge which are patented and used to generate profits, without compensating those from whom they are taken.<sup>52</sup>

# How human rights law can help us live better lives

Although human rights violations operate across borders, human rights law has tended to focus primarily on the relationship between the individual and the state in which they live, often overlooking the obligations of private companies as well as the obligations of all actors (including companies, governments and international institutions) to those that are outside of national borders (known as extraterritorial obligations).

This approach is increasingly being challenged. The human rights obligations of companies are already articulated in the field of international environmental law<sup>53</sup> as well as in some national laws (for example in Kenya and South Africa)<sup>54</sup>. The Maastricht Principles issued in 2011 by 40 international law experts constitute an international expert opinion confirming that human rights law covers both the actions of states beyond their borders and global cooperation to fulfil rights universally. Whilst some have criticised

the Principles for being limited in their interpretation,<sup>55</sup> they provide the most comprehensive expert opinion on extra territorial obligations to date.

Whatever the legal case, governments must be required to regulate the actions of their companies wherever they operate and provide redress for citizens of any country whose rights have been violated by companies headquartered in their jurisdiction. Likewise, if a country lists a company on its stock exchange it must also provide legal redress for those affected by that company's rights violations.

Furthermore, as there is a global responsibility to fulfil rights, states and international institutions must also be held accountable when their own actions violate the human rights of people in other countries – whether this is by promoting unfair trade rules, enabling tax dodging or contributing to climate change. Human rights violations are globalised, so too must be the solutions.

## Case studies

**Around the world people and communities are fighting back and taking back power from companies.**

### Lifting the lid on the financial secrecy of tax havens

The release of the Panama Papers in 2015 laid bare the secretive operations of offshore tax havens. They revealed the owners of over 200,000 offshore companies that were being used to help elites (often legally) avoid paying tax. But the majority of the companies we learned about through the Panama Papers weren't registered in Panama. They were mostly registered in the British Virgin Islands, one of the UK's overseas territories and a key part of the 'spider's web' of Britain's offshore tax havens – the biggest financial secrecy network in the world.<sup>56</sup>

Secrecy is key to keeping the spider's web intact. But in May 2018, tax campaigners celebrated a step forward for tax transparency and tax justice: the UK government agreed to force its overseas territories (like the British Virgin Islands) to publish registers of beneficial ownership. In essence, this will increase transparency, making it easier to see who owns what and who benefits from offshore tax arrangements.

This came against the odds. Some MPs had tabled an amendment to the Sanctions and Anti-Money Laundering Bill, but despite a lot of support it appeared that the UK government would seek to stop MPs forcing the measure through. But at the eleventh hour the government relented to pressure from MPs and agreed to force the transparency onto British tax havens. This is a huge step forward in the battle for tax justice. Like most big changes, it is the result of years of campaigning by civil society, NGOs, activists, MPs, investigative journalists and whistleblowers, both in the UK and around the world.



© International Alliance Against Mining in El Salvador

## “No to mining, yes to life”: Mining prohibition in El Salvador

In March 2017, El Salvador became the first country in the world to ban metallic mining. This was the result of a mammoth twelve-year battle led by communities affected by mining, civil society organisations, political parties, government institutions and the Catholic Church.

**For us opposing the mines was a defence of water and a defence of life.**

**VIDALINA MORALES**  
President of the Association  
for the Economic Development  
of El Salvador, ADES

The campaign began after the government granted licences to ten companies mostly based in Canada, Australia and the US. They were particularly attracted to El Salvador because of its lax health, labour and environmental regulations – and huge tax breaks. But communities were concerned that the mines would pollute the water supply they relied on. In a country where more than 90% of surface water is already contaminated, with a growing population, deforestation and the impact of climate change, water shortages are a common source of conflict.

Public pressure resulted in the prospect of a moratorium on mining in 2008 – but the mining companies used international investment agreements to sue El Salvador for hundreds of millions of dollars in an effort to force the government to back down. The companies also embarked on community relations campaigns in the vicinities of the mines, which led to conflict and the assassination of four anti-mining activists.

The international arbitration rulings took seven years, but the panel ruled in El Salvador’s favour, concluding that it had the right to regulate in the public interest. This was a turning point, and just six months later the government brought in a full mining ban with support from all political parties.

Rodolfo Calles, a member of the National Roundtable Against Metallic Mining in El Salvador stated, “It was a victory of the people, none of this would have been possible without the organisation and mobilisation of vast swathes of civil society and years of public pressure.”

## Resisting resource theft and occupation: The case of Western Sahara

Western Sahara has been illegally occupied by Morocco for more than 40 years. Today half of the Saharawi population – around 150,000 people who fled when Morocco invaded in 1975 – live in refugee camps in the Algerian desert where they are entirely dependent on international aid. The other half of the Saharawi people are living under Moroccan occupation, suffering marginalisation and daily violations of their human rights.

Whilst the conflict remains unresolved, numerous companies are extracting resources from Western Sahara, against the wishes of the Saharawi people. This legitimizes the Moroccan occupation and violates international law. At the same time, these activities contribute to climate change and water scarcity.

While foreign and Moroccan companies are exploiting the resources of the Saharawi, the most lucrative sector is phosphate. In 2017, the Moroccan state-owned company OCP exported \$161 million of phosphate from Western Sahara.

**Resource exploitation by foreign companies is a real problem for us Saharawis. It is adding tension to the conflict...foreign companies are making money with resources which belong to us, the Saharawi people.**

**JALIHENA MOHAMED Saharawi  
Campaign Against Plunder,  
Smara refugee camp**

A ship transporting phosphate worth \$5 million was detained on route in South Africa, where it had stopped to refuel. The South African courts agreed with the claims of Polisario, the representatives of the Saharawi, that the phosphate belonged to Western Sahara and it was handed back. This appeared to have a knock-on effect – solidarity groups such as Western Sahara Resource Watch who monitor imports of phosphate from Morocco noted they significantly reduced after this incident.

The EU also has a fisheries agreement with Morocco which allows European companies to exploit the resources of Western Sahara. In 2018 a further victory was won when the Court of Justice of the European Union agreed with the Western Sahara Campaign UK that any fishery agreements between Morocco and the European Union cannot apply to the waters of the Western Sahara.

But the long-term fight for the Saharawi people continues.



© Saharawi Campaign Against the Plunder

Riau, Sumatra, Indonesia: Illegal logs seized in transit and impounded in a log yard.



Dominic Alves CC BY 2.0

## Anti-austerity movements: UK Uncut

After the financial crisis, the UK government imposed austerity: slashing budgets for public services and increasing taxes on consumer goods, whilst reducing corporation tax and income taxes for the wealthiest.

UK Uncut was one of the highest profile headline-grabbing group of activists to challenge austerity. On 27 October 2010, just one week after some of the deepest cuts to public services were announced, 70 people entered and shut down a store owned by Vodafone, a company accused of avoiding paying £6 billion of tax in the UK.

This action went viral and a whole movement was born. Activists staged a whole series of protests across the country highlighting tax avoidance schemes by the owners of some of the UK's most high-profile

brands: Barclays, Boots, Topshop and Vodafone. Using creative peaceful, direct action – activists glued themselves to the windows of a Topshop store – UK Uncut raised awareness about tax injustice in a way few organisations had managed before. They even helped force Starbucks to pay £20 million more in corporation tax.<sup>57</sup>

Of course, UK Uncut didn't end austerity immediately. The austerity narrative had become deeply embedded in the way we think about the economy and has taken a long time to shift. But UK Uncut successfully countered that narrative with an inspiring campaign that drew attention to the ways that companies and wealthy individuals cheated the system, whilst public services suffered. Most importantly, they brought the British public with them,<sup>58</sup> kickstarting a conversation about who the economy really works for, that is ongoing today.

**We are ordinary people standing up (or sitting-in) for what we believe, and for the change we want to see.**

**UK UN CUT**



© TheNorwichRadical.com

Norwich, June 2014: Activists demonstrate outside Vodafone stores as part of a national day of action highlighting tax avoidance called by UK Uncut. Top: Brighton, December 2010: UK Uncut target the Arcadia Group.

# Solutions

For too long, governments have allowed resources to be diverted towards companies and away from ordinary citizens, in what amounts to a kind of organised theft. The scale of this theft has massive implications for realising economic and social rights. The \$1 trillion given to companies should be reclaimed and repurposed to realise human rights. We suggest a three-fold solution:

## 1. Redefining priorities

Governments and international institutions need to redefine their priorities and support what matters – people’s health and lives. This first requires a shift in how we define and measure ‘progress’. Traditional poverty indicators such as the World Bank’s poverty line are low, arbitrary and unreliable.<sup>59</sup> Similarly the focus on growth in GDP as the primary indicator of progress masks inequality within countries whilst telling us little about people’s quality of life. We need to stop seeing economic growth as an end in itself and look to alternative measurements that capture what matters: people’s health and wellbeing.

The concept of ‘aid’ needs to be substantially rethought, away from allocations of funding by richer countries based on concepts of ‘generosity’ towards a mechanism to redistribute wealth to promote human rights. International scrutiny of aid must be increased to ensure that it is not a mechanism used to promote corporate interests.

### Recommendations

**Governments and international institutions must:**

- **Measure what matters.** Look to alternative measurements of health and wellbeing, rather than arbitrary poverty lines or growth measured narrowly by GDP alone. Policy-making needs to become increasingly based on promoting alternative mechanisms. Options to explore include the Multidimensional Poverty Index, the Human Development Index, the Happy Planet Index, the Rights Based Poverty Line and the Genuine Progress Indicator.

- **Establish an international commission** to investigate the impacts of neoliberalism on human rights and help forge a global consensus on its impacts and the need for alternatives.
- **Ensure international aid promotes human rights** and is directed to the people who have been most impoverished as a result of the economic system. Rename it to be clear that it is not an act of generosity and more accurately reflect what it is – options include reparations, compensation, global solidarity or redistribution.

## 2. Repair the damage

Far-reaching measures are needed to prevent corporate violations of human rights. Companies need to be much more effectively regulated to protect labour and health rights and protect ‘planetary boundaries’.<sup>60</sup> Since large companies often represent a challenge to democracy due to the power they wield, governments must take steps to ensure that the private sector functions democratically: this often means promoting policies that favour small and local companies over foreign and large companies. Trade and investment negotiations need to become democratic and transparent, including ending the use of investor state dispute settlement (ISDS) mechanisms. Recent progress to reduce tax avoidance needs to be greatly expanded to finally end tax dodging.

### Recommendations

**Governments and international institutions must:**

- **Ratify all of the the ILO’s core conventions** which cover a wide range of of social and labour issues.
- **Implement a robust, legally binding UN treaty** on companies and human rights which clarifies the legal responsibility of companies to protect human rights and establishes criminal corporate liability and effective mechanisms so that victims can seek redress and reparations. The Treaty must also take primacy over all other legislation (including trade and investment treaties) and cover national and transnational companies.

- **Make trade negotiations democratic and transparent**, end the use of investor state dispute settlement mechanisms and ensure that trade agreements raise health and safety standards and protect public services through upward regulatory harmonisation.
- **Clean up subsidies**. End subsidising activities which undermine human rights, pollute the environment and cause climate change. Instead, institute policies which subsidise co-operatives and small scale food producers, and help make the shift to zero-carbon, zero-cost renewable energy systems, so that everyone can access clean, cheap energy.
- **Tax polluters**. Introduce carbon taxes on the basis of the ‘polluter pays’ principle to ensure that polluters, notably companies, pay for the damage they cause. Use the revenue raised to support social protection for the poorest to mitigate any regressive impacts.
- **Transition to zero-carbon, zero-cost, democratic energy systems**. Deliver the Paris Declaration goal of limiting temperature rises to well below 1.5c with mandatory targets for reducing emissions and help countries develop renewable energy infrastructure. This can be supported by a progressive, activist trade policy that encourages action on climate change and refuses polluters the opportunity to sue governments that take action on climate change.
- **End tax avoidance**. Make tax transparent, following the ABC of tax transparency – Automatic, multilateral exchange of tax information; Beneficial ownership registers for companies, trusts and foundations; and public Country-by-country reporting of corporate activities. Redress the balance in tax treaties between countries by publishing impact (‘spill-over’) analyses of all tax policies, and reform those that have negative impacts on poorer countries. Establish an intergovernmental UN tax body to address the problems in the global tax system, while ensuring that poor countries participate on an equal footing.

### 3. Redistribute wealth

Governments must put into place effective mechanisms that redistribute wealth and redress the rising inequalities they are creating. At the national level, solutions to redistribute wealth are familiar, with an increasing global consensus on the need for national social protection ‘floors’<sup>61</sup> to provide people with a basic level of income and services. Related concepts, such as that of universal basic income,<sup>62</sup> and universal basic services<sup>63</sup> are gaining attention.

Proposals for global social protection policies deserve far greater attention.<sup>64</sup> Suggested mechanisms range from a global social protection fund<sup>65,66</sup> to a Framework Convention for Global Health<sup>67</sup> with binding commitments by all countries and an extended Global Fund with a mandate to cover health systems and mandatory commitments from both rich and poor countries.<sup>68</sup>

#### Recommendations

##### **Governments and international institutions must:**

- Fully implement Social Protection Floors: provide a basic level of income and universal access to health, water and sanitation, education, food security and housing, as well as any other services defined according to national priorities. Establish and implement a legally binding mechanism to globalise responsibility for social protection with mandatory contributions. This would complement national obligations to implement a social protection floor.
- Review all tax and public spending policies to ensure that inequalities are being reduced not increased. Step up funding for public services such as health and education, meeting internationally agreed spending targets and ensuring that everyone has access to such basic services.
- Revisit public-private partnerships, which are often a disguised form of privatisation, and explore public-public partnerships as an alternative model
- Pay reparations: explore the establishment a global reparations fund for corporate theft of resources with the funds used to contribute to global social protection mechanisms.

#### Realise human rights

**The above would result in huge strides towards the realisation of human rights for people throughout the world.**

## Annex – full table with explanations

Type of resource given/taken	Topline finding
<b>Corporate tax avoidance</b>	<b>\$500 billion</b>
<b>DEFINITION:</b> Potential tax revenues to world governments lost through tax avoidance by companies.	
<b>DETAILS:</b> Of the various recent estimates of global revenue losses from tax avoidance <sup>69</sup> the most credible recent analysis estimates losses of around \$500bn. Of this, the US accounts for \$188.8bn, China \$66.8bn, Japan \$46.8bn, India \$41.2bn, Argentina \$21.4bn, France \$19.8bn, and Germany \$15.0. For low income countries, losses are less in volume terms but high, for some, in terms of their overall tax collections. <sup>70</sup>	
<b>Excessive corporate profits</b>	<b>\$122 billion</b>
<b>DEFINITION:</b> The amount of profit made by the world's largest companies which is 'excessive' and which therefore constitutes foregone revenues.  'Excessive' is calculated as the difference between what companies are actually paying in taxes (the effective tax rate <sup>71</sup> ) compared to what they should be paying according to country tax rates (the statutory tax rate) prevailing in the year 2000.	
<b>DETAILS:</b> The world's largest 500 companies made \$1.5 trillion in profits after tax in 2015. <sup>72</sup> Had they paid the statutory tax rates prevailing in each country they would have paid \$682bn tax on these profits rather than likely paying \$607bn – a difference of \$75bn.  However most governments have significantly reduced corporate tax rates in recent years, in most countries, allowing companies to pay even less tax. We calculate that if the 500 companies had paid in 2015 the statutory tax rates prevailing in the year 2000, they would have paid \$122bn more in taxes. <sup>73</sup>  Using the year 2000 is somewhat arbitrary but a single base year had to be chosen. Corporate tax rates have been reducing since well before that period. Calculations based on figures before 2000 would yield even higher excessive profits.	
<b>Fossil fuel subsidies<sup>74</sup></b>	<b>\$374 billion</b>
<b>DEFINITION:</b> Amount of public money subsidising fossil fuel production. <sup>75</sup>	
<b>DETAILS:</b> A 2015 study by ODI and Oil Change International found that G20 country governments are providing \$444bn a year in subsidies for the production of fossil fuels. The report identifies three types of fossil fuel production subsidies: national subsidies delivered through direct spending and tax breaks of \$70bn; investments by majority state-owned enterprises (SOEs) that account for another \$286bn; public finance from majority government-owned banks and financial institutions that amounts to another \$88 billion per year on average in 2013 and 2014. <sup>76</sup> The tax breaks of \$70bn will contribute to corporation's 'excessive profits' calculated above – we have therefore reduced the subsidy figure to \$374bn (444 minus 70).  NB Some estimates are much higher than this, when they include the costs of environmental damage. For example, a 2015 IMF analysis concluded that 'post-tax energy subsidies' are dramatically higher than previously estimated – \$4.9 trillion (6.5% of global GDP) in 2013, and projected to reach \$5.3 trillion (6.5% of global GDP) in 2015.	



Type of resource given/taken	Topline finding
<b>Agriculture subsidies</b>	<b>\$33 billion</b>
<b>DEFINITION:</b> Amount of public subsidy to large agribusiness.	
<b>DETAILS:</b> According to OECD figures, OECD states provided \$228bn in support to their agricultural producers in 2016. Of this figure, the EU provided \$99.7bn, the US \$33.3bn, Japan \$41.7bn and South Korea \$20bn. <sup>77</sup> There are no official figures for what proportion of these subsidies goes to large companies or agribusiness. In the EU <sup>78</sup> and US, <sup>79</sup> however, estimates are that the large majority of subsidies goes to the largest farmers (although these are not necessarily large companies). One analysis found that around a quarter of EU agricultural subsidies went to big business and industry. <sup>80</sup> We use this figure as a rough estimate for the subsidy to companies in the EU and US (one quarter of the \$133bn combined subsidy in the US and EU).	
<b>Illegal, unreported or unregulated fishing</b>	<b>\$11 billion (min.)</b>
<b>DEFINITION:</b> Value of fishing that is illegal, unreported, or unregulated. <sup>81</sup>	
<b>DETAILS:</b> A 2014 UNEP report notes that illegal fishing has an estimated annual worth of \$11-\$30bn. <sup>82</sup> A recent report by Global Financial Integrity estimates revenue losses at \$15.5-\$36.4 billion. <sup>83</sup>	
<b>TOTAL diverted from citizens to corporations</b>	<b>\$1.04 trillion</b>

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71. The effective tax rate (ETR) published in a company's financial statement represents income tax expense (or benefit) divided by accounting profit before deducting tax expense (or benefit). PWC, *International Comparison of Effective Corporate Tax Rates*, 2016, p.2, [http://www.actontaxreform.com/wp-content/uploads/2016/09/International-Comparison-of-Effective-Corporate-Tax-Rates\\_FINAL\\_20160926.pdf](http://www.actontaxreform.com/wp-content/uploads/2016/09/International-Comparison-of-Effective-Corporate-Tax-Rates_FINAL_20160926.pdf)
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73. Methodology. The \$1.5 trillion profit has been made under effective tax rates estimated at an average of 36.5% in the US and 21.1% in the rest of the world in 2015. (European Commission estimates in PWC, *International Comparison of Effective Corporate Tax Rates*, 2016, p.E-1, [http://www.actontaxreform.com/wp-content/uploads/2016/09/International-Comparison-of-Effective-Corporate-Tax-Rates\\_FINAL\\_20160926.pdf](http://www.actontaxreform.com/wp-content/uploads/2016/09/International-Comparison-of-Effective-Corporate-Tax-Rates_FINAL_20160926.pdf)) We have averaged these two figures to reach a 'global' effective tax rate of 28.8%. This would mean that the 500 companies had a taxable income of \$2.1 trillion on which they paid \$607bn in tax. On the other hand, the statutory tax rate in 2015 was 40% in the US and, in our estimate, an average of 24.78% in the rest of the world countries that mainly figure in the top 500 companies (the 24.78% figure is an average of the EU average of 22.25% and the average of corporate rates prevailing for China, Japan, Mexico, Brazil, Russia, Indonesia, and South Korea.). This means that the 'global' average statutory rate is 32.39% (an average of 40% and 24.78%). If the 500 companies had paid a 32.39% rate of tax on the same taxable income, they would have paid \$682bn – \$75bn more. Using the same methodology, we calculate that the 'global' (ie, taking the rates of the countries that mainly figure in the top 500 list) average statutory tax rate in the year 2000 was 34.62%. If the 500 companies had paid a 34.62% rate of tax on the same taxable income (\$2,106 billion), they would have paid \$729bn – \$122bn more than their effective tax rate in 2015.
74. Some subsidies to companies will result in profits and therefore there may be some double-counting with the 'excessive profits' area. To account for this, we have not included the \$70 billion in tax breaks estimated to be given to fossil fuel companies, Other double counting is likely to be at low levels: agriculture subsidies do not tend to go to the very largest agribusiness corporations in the top 500; military subsidies may double count but the figure is at quite a low level.
75. NB. There are numerous forms of subsidy such as tax incentives, tax reimbursement for exploration expenses, accelerated deductions on investments, research and development grants, govt provision of seismic investigations and provision of infrastructure. <https://www.iisd.org/gsi/fossil-fuel-subsidies/fossil-fuels-what-cost>

76. Elizabeth Bast et al, *Empty Promises: G20 Subsidies to Oil, Gas and Coal Production*, 2015, <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9957.pdf>. The authors define production subsidies as including national subsidies, investment by state-owned enterprises (SOEs) (domestic and international) and public finance (domestic and international) specifically for fossil fuel production.
77. 'Producer Support Estimate', <http://www.oecd.org/tad/agricultural-policies/producerandconsumersupportestimatesdatabase.htm#tables>. Overall agriculture subsidies are higher. OECD countries plus the US and 11 developing countries provided subsidies worth \$519bn a year during 2014-16. (OECD, *OECD Agriculture Policy Monitoring and Evaluation 2017*, June 2017). This is the Total Support Estimate, which combines transfers to agricultural producers individually (measured by the Producer Support Estimate, the PSE), policy expenditures that have primary agriculture as the main beneficiary, but that do not go to individual farmers (measured by the General Services Support Estimate, the GSSE) and budgetary support to consumers of agricultural commodities.
78. EU – About 80% of EU agricultural subsidies go to about a quarter of EU farmers – those with the largest holdings. (<http://www.bbc.com/news/world-europe-11216061>). CAP subsidies go overwhelmingly to the largest farms: in the EU-15, 20% of the farms with the largest payments share 80% of the total payments <http://www.economicshelp.org/blog/21641/agriculture/farming-subsidies-in-the-uk/>). There are around 337,000 large farms in the EU-28, defined here as those with at least 100 hectares of utilised agricultural area, accounting for 3.1% of all farms but over half of the utilised agricultural area in the EU. ([http://ec.europa.eu/eurostat/statistics-explained/index.php/Small\\_and\\_large\\_farms\\_in\\_the\\_EU\\_-\\_statistics\\_from\\_the\\_farm\\_structure\\_survey#Physical\\_size\\_of\\_farms](http://ec.europa.eu/eurostat/statistics-explained/index.php/Small_and_large_farms_in_the_EU_-_statistics_from_the_farm_structure_survey#Physical_size_of_farms))
79. US – One source estimates that 75% of US agricultural subsidies go to biggest 10% of farming companies (<http://theweek.com/articles/461227/farm-subsidies-welfare-program-agribusiness>). Another states that the bulk of all US farm subsidies are worth \$6-10mn on average (<https://www.wsj.com/articles/should-washington-end-agriculture-subsidies-1436757020>). Roughly a million farmers and landowners receive federal subsidies, but the payments are heavily tilted toward the largest producers. (<https://www.downsizinggovernment.org/agriculture/subsidies>). The Environmental Working Group tracked where \$292.5 billion went between 1995 and 2012 and found that 10% of farms collected 75% of all subsidies. (<http://permaculturenews.org/2014/08/20/tale-three-countries-farm-subsidies-necessary/>). Large family farms, averaging 1,421 acres, make up 3.9% of farms and 13% of farm acres in the U.S. Very large family farms, averaging 2,086 acres, make up 4.6% of farms and 23% of total farm acres in the U.S (<http://www.fooddialogues.com/foodsource/farm-size-and-ownership/what-is-the-average-size-of-an-american-farm>)
80. 'EU farm subsidies paid to big business', 18 July 2009, <http://www.telegraph.co.uk/news/worldnews/europe/eu/5852319/EU-farm-subsidies-paid-to-big-business.html>
81. Illegal fishing refers to fishing activities conducted in contravention of applicable laws and regulations, including those laws and rules adopted at the regional and international level. Unreported fishing refers to those fishing activities that are not reported or are misreported to relevant authorities in contravention of national laws and regulations. Unregulated fishing occurs in areas or for fish stocks for which there are no applicable conservation or management measures and where such fishing activities are conducted in a manner inconsistent with State responsibilities for the conservation of living marine resources under international law. *Presidential Task Force on Combating IUU Fishing and Seafood Fraud*, p.4, [http://www.nmfs.noaa.gov/ia/iuu/noaa\\_taskforce\\_report\\_final.pdf](http://www.nmfs.noaa.gov/ia/iuu/noaa_taskforce_report_final.pdf)
82. UNEP, *The Environmental Crime Crisis – Threats to Sustainable Development from Illegal Exploitation and Trade in Wildlife and Forest Resources*, 2014, p.19, [http://pfb-cbfp.org/news\\_en/items/Environmental-Crime-en.html](http://pfb-cbfp.org/news_en/items/Environmental-Crime-en.html)
83. Global Financial Integrity, *Transnational Crime and the Developing World*, March 2017, p.62, <http://www.gfintegrity.org/wp-content/uploads/2017/03/Transnational-Crime-final.pdf>. The study notes: 'The act of fishing illegally is relatively uncomplicated, however the business of illegal fishing is generally well-organized and sophisticated. IUU fishing operations employ complex business structures and exploit legal regimes to engage in this illicit business, avoiding scrutiny and accountability. Firms that participate in IUU fishing have been linked to other crimes such as human trafficking. There are a variety of actors involved in IUU fishing, from individual operators and small enterprises to multinational companies and organized criminal syndicates. Some of the most damaging illegal fishing is conducted by seemingly legitimate enterprises, often fleets of corporate trawlers, which engage in harmful and unlawful fishing practices in order to maximize profits by dodging regulations.' The biggest problem for fisheries management and the fight against IUU fishing are so-called flags of convenience. Under existing laws governing the high seas, the law of the flag state – the country in which a vessel is registered – applies. So if a country either hasn't signed up to fishing agreements or doesn't enforce them, then vessels flagged to that country are able to plunder the high seas, and even other nations' waters, at will. One industry source estimates that 1,300 fishing vessels of significant size are flying flags of convenience. 'Fishing problems: Pirate fishing', [http://wwf.panda.org/about\\_our\\_earth/blue\\_planet/problems/problems\\_fishing/ fisheries\\_management/illegal\\_fishing/](http://wwf.panda.org/about_our_earth/blue_planet/problems/problems_fishing/ fisheries_management/illegal_fishing/)





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