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Case study – The United States of America  
The impact of the United States’ tax policies on  
Determinants of Health and Mortality rates

**The consequences of tax abuse**

Tax abuse is increasingly being recognised as a significant barrier to development. Government revenue in low-income-countries relies more heavily on corporate tax than in high-income-countries, and tax abuses by international players can have a much more significant impact on their ability to accrue government revenue and invest in healthcare and education ([Moore, 2015](https://opendocs.ids.ac.uk/opendocs/bitstream/handle/123456789/10243/ICTD_WP15.pdf)). Our [peer-reviewed research on Government Revenue and Development (GRADE)](https://link.springer.com/article/10.1007/s11079-020-09597-0) has demonstrated that an increase in government revenue in low-income-countries can have a significant impact on its ability to provide Determinants of Health (e.g. sanitation and drinking water) and reduce under-5 (U5) and maternal mortality rates.

**Tax policies in the USA**

The USA has been recognised both as a stark offender and victim of tax abuse. In 2020, the Tax Justice Network released [a report on the State of Tax Justice (SOTJ)](https://www.taxjustice.net/reports/the-state-of-tax-justice-2020/). For the first time, the report revealed an account of how much each country loses annually to tax evasion and corporate tax abuse. There is no recorded corporate tax abuse, making it the only country of the 74 strongest offenders of overall tax abuse. However, the USA is ranked 2nd on the Financial Secrecy Index, which ranks countries by how strongly their financial systems allow individuals to hide their finances from the law.

**Harm caused by the USA’s tax policies**

Using the figure provided by the SOTJ to demonstrate, we calculated the USA’ share in global harm caused through tax abuses, including corporate tax avoidance and tax evasion (see figure 1).

**Figure 1 Harm caused by The USA’ tax policies**

These figures demonstrate that The USA play a significant part in the harm caused to other countries through tax abuses. At 3% of the global total, 4% of global corporate tax abuse and 1% of global tax evasion, The USA plays a seemingly small role in the world in the harm done to other countries through tax abuses. However, the impact of curtailing these losses in low-income-countries could make a great difference in their ability to provide healthcare and education and reduce mortality rates. If only a small amount of the $13 billion lost to tax abuse by The USA were available to governments in these countries, it could potentially have a significant and long-lasting impact. If the total tax abuse were to be distributed equally across all 7.6 billion global citizens, it could increase government revenue per capita by $1.67. Considering that the average government revenue per capita in low-income-countries lies at $116, this would amount to an increase of 1.4%. Previous studies have demonstrated noticeable long-term impacts, with an increase of only 10% in national tax revenue leading to a 17% increase in public health expenditure in low-income- countries [(Tamarapoo et al., 2016).](https://pdf.usaid.gov/pdf_docs/pbaae640.pdf) A minor increase in government revenue within low-income- countries will assist in the promotion of fundamental human rights, a condition of treaties such as the Universal Declaration of Human Rights and the United Nations Convention for the Rights of the Child, it is vital that the impact of tax abuses is recognised.

**Increased coverage of the determinants of health and the number of child deaths averted associated with an increase in government revenue equivalent to the proportion of global tax abuse attributable to the USA (10-year projection)**

**Figure 2 The potential of reconsidering the USA’s tax policies**

We used our [GRADE tool](https://www.st-andrews.ac.uk/~grade/doh/) to calculate the effect of the USA’s tax abuses on DOH and mortality rates of other countries. The USA contributes 6.5% of the total harm through tax abuses to other countries, if they did not enable these tax losses annually ($13 US Billion), we estimate that over a ten-year period, 32,725 Under-5 deaths and 4,031 maternal deaths would be averted, children would attend school for an extra 181,749 years, 940,042 people (of which 113,533 are children and 236,941 are women under 50) would access basic drinking water and 1.9 million people (of which 231,371 are children and 464,833 are women) would access basic sanitation, see figure 2. These figures demonstrate that the USA’s tax policies have significant human consequences and must be carefully reconsidered. Equally they demonstrate the huge potential for children if these policies are reviewed.

**Call for Action**

These figures demonstrate that the USA’s tax policies come with a serious human cost and impact the right to health for many children. It is essential that governments worldwide recognise the impact tax abuses have on Determinants of Health and mortality rates, particularly within low-income-countries. Allowing tax abuses to continue actively undermines fundamental human rights, which stands in direct opposition to the Universal Declaration of Human Rights and the United Nations Convention for the Rights of the Child. We are calling for action from the USA and leaders worldwide to take measures to prevent policies which allow tax abuses to continue.

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