



By: *Gordon Brown*

# Health Taxes are a solution for overburdened health systems



Health systems around the world are overstretched and underfunded. In 2023, low-income countries **spent** just \$10 per person annually on health – less than 15% of what is required to ensure access to essential **services**.

Compounding the problem, global health investment is forecast to **fall** by 40% this year, from around \$25 billion in 2023 to \$15 billion, largely owing to recent aid cuts in the United States and Europe.

The effects of these cuts are already being felt in the developing world: the dismantling of the US Agency for International Development alone has resulted in an **estimated** 500,000 deaths.

For many Global South countries, the sudden withdrawal of resources has accelerated the shift away from dependency on foreign aid toward self-sufficiency.

Developing-country leaders have increasingly focused on building health capacity in every area, from vaccine production to health-care delivery.

Chief among them are Ghanaian President John Dramani Mahama, who recently organized the Africa Health Sovereignty **Summit**; Rwandan President Paul Kagame, the African Union's Champion on Domestic Health Financing; and former African presidents Olusegun Obasanjo and Ellen Johnson Sirleaf.

## Twin crises

Pressure must be brought to bear on the governments that have slashed aid to reconsider their position.

These governments must provide a timeline for when they will help finance capacity-building efforts in countries with historically aid-dependent health-care systems.

At the same time, the world is facing a rising non-communicable disease epidemic, fueled by the consumption of harmful products.

## Tobacco, alcohol, and sugary beverages kill more than ten million people each year

Tobacco, alcohol, and sugary beverages kill more than ten million people each year. Urgent action is needed to reduce the deaths and disease caused by these products, especially in low- and middle-income countries (LMICs).

Addressing these twin crises requires identifying new funding sources for health-care systems and reducing the consumption of harmful products.

## Health taxes

Fortunately, there is a way to achieve both objectives: health taxes. As the United Nations General Assembly gathers in New York this week, world leaders must embrace this policy.

It aligns not only with the World Health Organization's goals but also with the **recommendations** for domestic-resource mobilization in the 2023 report by the G20 independent expert group co-chaired by Lawrence H. Summers and N.K. Singh.

According to a 2024 **report** from the Task Force on Fiscal Policy for Health, of which I am a member, taxes that increase prices for tobacco, alcohol, and sugary beverages by 50% could raise \$3.7 trillion globally over five years.

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This includes \$2.1 trillion in LMICs, which could use the revenue to increase health-care spending by 40%.

Moreover, if all countries raised taxes accordingly, more than 100 million people would quit smoking, and consumption of alcohol and sugary beverages would fall dramatically.

This would save 50 million lives over the next 50 years, while millions more people would enjoy better health, easing the pressure on overstretched health systems.

## Powerful corporate interests

Several countries have highlighted the benefits of health taxes. Tobacco excise tax hikes in the Philippines **increased** revenue from \$1 billion in 2012 to \$2.9 billion in 2022, which helped finance universal health coverage.

In the 2022-23 fiscal year, Pakistan raised its excise tax on tobacco, resulting in a nearly 50% year-on-year increase in revenue from the levy.



*We cannot allow well-funded lobbying efforts to obscure the reality that health taxes are highly effective, have few economic downsides, and enjoy broad public support - Gordon Brown*

Likewise, after successive increases, alcohol taxes accounted for nearly 3% of the Lithuanian government's total tax revenue by 2022.

Alcohol consumption also declined over the same period, likely preventing related mortality and morbidity.

Mexico's 2014 sugary-beverage tax was so

effective at improving health outcomes that every dollar spent on its implementation was **estimated** to save \$4 in health-care costs.

But despite these successes, health taxes remain far too low in most countries, and harmful products like tobacco have become increasingly affordable as their prices fail to keep pace with inflation.

Powerful corporate interests are the biggest barrier to implementing these levies, often working behind the scenes to delay or dilute policy.

In 2022, the tobacco industry **spent** €19 million (\$22.4 million) on lobbying European Union policymakers, contrary to the WHO Framework Convention on Tobacco Control.

We cannot allow well-funded lobbying efforts to obscure the reality that health taxes are highly effective, have few economic downsides, and enjoy broad public **support**.

I urge world leaders attending the high-level meeting on non-communicable diseases at this week's UN General **Assembly** to make a strong commitment to raising taxes on tobacco, alcohol, and sugary beverages.

The evidence is clear that these taxes generate much-needed government revenue and ease pressure on overburdened health systems. The question attendees must consider is how boldly they are willing to lead.

Gordon Brown, a former prime minister of the United Kingdom, is World Health Organization Ambassador for Global Health Financing.