U.N.'s World Health Organization Eyeing Global Tax on Banking, Internet Activity

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The World Health Organization (WHO) is considering a plan to ask governments to impose a global consumer tax on such things as Internet activity or everyday financial transactions like paying bills online.

Such a scheme could raise "tens of billions of dollars" on behalf of the United Nations' public health arm from a broad base of consumers, which would then be used to transfer drug-making research, development and manufacturing capabilities, among other things, to the developing world.

The multibillion-dollar "indirect consumer tax" is only one of a "suite of proposals" for financing the rapid transformation of the global medical industry that will go before WHO's 34-member supervisory Executive Board at its biannual meeting in Geneva.

The idea is the most lucrative — and probably the most controversial — of a number of schemes proposed by a 25-member panel of medical experts, academics and health care bureaucrats who have been working for the past 14 months at WHO's behest on "new and innovative sources of funding" to accomplish major shifts in the production of medical R&D.

WHO's so-called Expert Working Group has also suggested asking rich countries to set aside fixed portions of their gross domestic product to finance the shift in worldwide research and development, as well as asking cash-rich developing nations like China, India or Venezuela to pony up more of the money.

These would also add billions in additional funds to international health care for the future — as much as $7.4 billion yearly from rich countries, and as much as $12.1 billion from low- and middle-income nations.

But the taxation ideas draw the most interest. The expert panel cites a number of possible examples. Among them:

—a 10 per cent tax on the international arms trade, "which might net about $5 billion per annum";

—a "digital tax or 'hit' tax." The report says the levy "could yield tens of billions of U.S. dollars from a broad base of users";

—a financial transaction tax. The report approvingly cites a levy in Brazil that charged 0.38 percent on bills paid online and on unspecified "major withdrawals." The report says the Brazilian tax was raising an estimated $20 billion per year until it was cancelled for unspecified reasons.

The panel concludes that "taxes would provide greater certainty once in place than voluntary contributions," even as the report urges WHO's executive board to promote all of the alternatives, and more, to support creation of a "global health research and innovation coordination and funding mechanism" for the planned revolution in medical research, development and distribution.

Click here to read the executive summary of the report.

The WHO scheme to transfer impressive amounts of money, technology, patents and manufacturing ability to the developing world in a global battle to conquer disease looks similar in many respects to the calls for huge transfers of wealth and technology that were at the heart of the just-failed U.N.-sponsored conference on lowering greenhouse gas emissions at Copenhagen.

Indeed, the volume of revenues that the experts foresee from their global indirect tax — if it should ever be approved by enough national governments — might well come close to the $30 billion annual wealth transfer that rich nations approved at Copenhagen to hand over to poor countries until 2012.

But a global health tax would go one big step further. And, as the experts point out, one trail-blazing version of their global consumer tax for medical research already exists: a germinating program known as UNITAID, which aims to battle against HIV/AIDS, malaria and tuberculosis.

UNITAID, which began in 2006 and is also hosted by WHO, is financed in part by a "solidarity contribution" levy of anywhere from $1.20 to $58 on airline tickets among a group of nations led by France, Brazil, Chile, Norway and Britain. According to the WHO experts report, it has raised around $1 billion since its inception, with 13 countries having already passed the airline tax legislation and "several" others in the process of doing so.

The idea, as with the "indirect" taxes that WHO is about to consider, is that a relatively small consumer levy, once implemented, is a low-profile and relatively painless way to create a global health-care tax system.

UNITAID's board chairman, Philippe Douste-Blazy, a former French Cabinet Minister and currently special advisor to U.N. Secretary General Ban Ki-moon on "innovative financing for development," is also a member of the WHO expert working group.

The global financial mechanism that the experts have been exploring is the keystone to WHO's entire program for the transformation of the world's health industry, which was endorsed as a "global strategy and plan of action" by the health organization's World Assembly in May 2008.

The plan includes more than 100 specific actions across the areas of research and development, technology transfer and intellectual property rights, among others, according to an update that will also be presented to the executive board next week.

Click here for the update.

New regional and national networks for medical innovation and development are being planned in Asia, Latin America and Africa — where, for example, there will be "African-led product research and development innovation," including delivery of drugs based on traditional medicines.

Another major effort is the transfer of technology to poorer countries to produce vaccines. One example: H1N1 flu vaccine, which is being manufactured in China, India and Thailand under licensing arrangements created under WHO auspices.

After WHO issued repeated warnings of a serious H1N1 influenza pandemic over the past two years, countries such as Britain and France ordered hundreds of millions of dollars worth of vaccine, only to decide that they were unnecessary, leading to mass cancellations of orders. WHO is reviewing how it handled the crisis.

According to the WHO update, the U.N. organization is already promoting transfers of new medical products for vaccines against rabies, even though that disease is now something of a rarity in the West.

A significant aim of the WHO effort is expanding production and distribution of remedies for what it calls "neglected diseases," mainly meaning those that are more common in poor, underdeveloped countries than in richer ones. These include a variety of parasitic ailments, including trypanosomiasis, or sleeping sickness.

Behind all of the effort is the "persistent and growing concern," as the expert's paper puts it, that "the benefits of the advances in health technology are not reaching the poor," which the paper calls "one of the more egregious manifestations of inequity."

As with "climate change" at Copenhagen, the WHO's experts see that health inequity as a malady that innovative and permanent forms of global taxation are just the right thing to help cure.

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