Canada and the Three Public Policy Taboos: Promoting Health Equity in Difficult Times

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Political scientist Julia Lynch outlines three aspects of modern capitalist welfare states that determine the extent of health inequalities: redistribution (transfer of income and wealth from rich to poor); social spending (state expenditures on benefits and assistance as well as social infrastructure); and managing the market economy (legislating working conditions, benefits, and employment security). These processes mediate the contradictions inherent in capitalist societies between capital accumulation or profit making and social reproduction or the ongoing functioning of society. Increasingly, these three public policy directions are seen as taboos by governing authorities, that is, practices to be avoided, and this is especially the case in nations identified as liberal welfare states. In this paper, we explore how Canada – and other liberal welfare states – stand in relation to other Organization for Economic Cooperation and Development countries in its willingness to violate these taboos, thereby reducing health inequalities. Reasons for Canada's profile are presented as are means to overcome these taboos in order to promote health equity.

INTRODUCTION

How do governing authorities contribute to or limit the extent of health inequalities that manifest as systematic differences between those occupying various social locations in society? The answer is embedded in our understanding of how modern capitalist welfare states generate public policies that create and distribute the conditions that promote or threaten health. Modern welfare states differ in the provision of the conditions necessary for health, and particularly important are three features that political scientist Julia Lynch (2020) labels as taboos for government authorities in some nations: redistribution, social spending, and managing the market economy.

Redistribution is especially important as capitalist economies may emphasize capital accumulation or profit making at the expense of equitable distribution of income and other resources that allow social reproduction or the ongoing functioning of society. Some such indicators of societal functioning are health outcomes, child, family and community well-being, social cohesion, economic growth, and avoiding alienation and anomie that can lead to social unrest. Redistribution occurs through the direct effects of progressive taxation and indirect effects of social spending – universal and directed benefits and supports – and managing of the market economy to provide a more equitable distribution of wages and benefits.

Over ten years ago, Keith Banting and John Myles (2013) documented how Canadian governments were no longer offsetting growing market-generated social inequalities due to the liberalization of global trade, deregulation of the market economy, and enactment of business-friendly labour markets brought about by the increased influence of the corporate and business sector at the expense of civil society and organized labour. In this paper we provide an updated analysis of how Canadian governmental authorities appear to view these redistributive processes as taboos to be avoided.

We see the continuing reluctance of Canadian governing authorities to violate these taboos as caused by the ongoing acceptance of neoliberal inspired approaches to governance driven by the structures and processes of contemporary global capitalism. We place our findings in the context of the economics and politics of the liberal welfare state by highlighting the similarities between the Anglo-Saxon liberal welfare states of Australia, Canada, USA, and the United Kingdom (UK) in their redistribution, social spending and management of the market economy in comparison to the Nordic social democratic welfare states of Denmark, Finland, Norway and Sweden, and the Continental conservative welfare states of Belgium, France, Germany and the Netherlands.[i] We consider why these differences exist and whether the increasing unwillingness of governmental authorities working within the capitalist economic system across all forms of the welfare state to violate these taboos requires movement towards post-capitalist economies.

BACKGROUND

Whatever might be said about the benefits of capitalism, it generates health-related social inequalities that may or may not be addressed by governing authorities through public policies.[ii] For Lynch (2020), the primary means of doing so are through redistribution, social spending and managing the market economy. Redistribution is most directly implemented through progressive income taxation but also in social spending and legislation and regulations that manage the market economy. The contemporary form of neoliberal global capitalism has led governing authorities in many nations to see these as taboos to be avoided, yet violating these taboos may be essential for improving the quality and equitable distribution of the living and working conditions that shape health, now commonly known as social determinants of health. We see the contemporary public policy scene in Canada and elsewhere as being under the thrall of the neoliberal siren thereby making such violations difficult.[iii] The following sections provide a context for our analysis of how Canada and other liberal nations deal with these three taboos and the consequences of these approaches.

Health

The World Health Organization (WHO) states: "Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity" (World Health Organization, 1946). Labonté (1993) provides three ways of thinking about health relevant to these definitions: 1) an absence of disease and disability; 2) a positive state where one has the "energy" to carry out desired activities; and 3) connections with family, friends, and community to which Raphael and Bryant (2019) add 4) the equitable distribution of health promoting resources through the equalization of political and economic power across social class, gender, and racial groupings.

Labonte's first definition corresponds to the traditional biomedical and health care approach, while the second has affinities to the WHO definition. The third is important as it opens discussion into broader aspects of health and its determinants while the fourth directs attention to

the structures and processes of society and the powerful influences that shape these. Our analysis of the three public policy taboos fits into the fourth definition of health.

Health Inequalities

Health inequalities are differences in health outcomes as well as access to health care between individuals occupying different social locations in society (Whitehead, 1990). Since most health inequalities are avoidable, the term health inequities makes explicit that these differences are unfair and unjust (Kawachi et al., 2002). We use the more commonly applied term health inequalities to refer to these avoidable adverse health outcomes. Extent of health inequalities contribute to a nation's overall health profile.[iv]

The WHO (2008) states these differences in health outcomes result from a "toxic combination of poor social policies and programmes, unfair economic arrangements and bad politics." The public policies that distribute the economic and social conditions necessary for health are shaped by historical traditions, societal structures and processes created by the power dynamics within societies.

Public Policy and Health

Public policy is a course of action or inaction anchored in a set of values about appropriate public goals and beliefs on how to achieve those goals (Bachrach & Baratz, 1963; Bryant, 2016). Public policy decisions shape the extent of health inequalities, a point recognized by WHO Director-General Margaret Chan, who stated that "Health inequities exist because the wrong policies are in place" (Chan, 2011). Public policy encompasses a broad domain that includes taxation policy, social spending on early childhood education, family benefits and social assistance, education, health care, employment training, and pensions, and legislation that shapes employment conditions (Bryant & Raphael, 2020). These public policies cluster such that there are reliably different forms of the capitalist welfare state.

The Welfare State, Public Policy, and Health

The welfare state is the basket of public policies that allows for social reproduction as the capitalist economic system itself is directed towards capital accumulation: "The welfare state can be seen as capitalist society in which the state has intervened in the form of social policies, programs, standards, and regulations in order to mitigate class conflict and to provide for, answer, or accommodate certain social needs for which the capitalist mode of production in itself has no solution or makes no provision" (Teeple, 2000, p. 15). The welfare state emerged in its modern form in most wealthy nations following World War II with public pensions, public health care, employment insurance, and social assistance, among other benefits (Bryant, 2016).

A key component of welfare states is the extent of decommodification, the extent to which one can live a decent life without attachment to the employment market, i.e., not being a wage earner (Esping-Anderson, 1990, 1999). Three forms of the welfare state have been identified: the social democratic (e.g., Denmark, Finland, Norway, and Sweden), conservative (e.g., Belgium, France, Germany, and the Netherlands) and liberal (e.g., Australia, Canada, UK, and USA) with some adding a Latin variant (e.g., Greece, Italy, Portugal, and Spain) of the conservative welfare state.[v] The social democratic welfare state show a consistent pattern of higher quality and equitable distribution of the social determinants of health – as well as decommodification -- than the liberal welfare states with the conservative welfare states – including the Latin – midway (Bryant & Raphael, 2020).

These innovations came under attack during the 1970s and 1980s. For Ross and Trache (1990) it was due to the advent of global capitalism with its free movement of capital across borders by which multinational corporations came to control global trade, production, and labour markets. This domination by the corporate sector saw working class interests marginalized through reductions in public expenditures on benefits and services, ongoing privatization of public institutions and assets, and governments reducing their management of the economy, all consistent with the findings of Banting and Myles (2013) of the fading of redistributive politics in Canada. Retrenchment of the welfare state reached its height during 1990s Liberal Party rule with some ebbs and flows since then.[vi] Similar processes are apparent in Australia (Toner & Rafferty, 2024), USA (Hartman, 2022), and the UK (Wamsley, 2025).

Market Failure

Market failure is when the market fails to bring about results that are in the best interests of society as a whole (Marciano & Medema, 2015). The failure of the capitalist economic system to meet many human needs has led to almost all wealthy nations having the state provide elementary and secondary education, healthcare, public pensions, and other welfare programs. The bar at which market failure is recognized differs over time and place. The lack of adequate income, housing affordability and food security for a significant proportion of the population are seen as market failures in many nations leading the state to redistribute income, spend on programs and benefits, and manage the market economy (Therborn, 2002). In other nations -- and this is more likely in liberal nations such as Canada, Australia, USA and the UK -- significant proportions of residents lacking these resources is less of a concern than in the past (Palermo, 2024). Drawing from Lynch (2020), we characterize governmental resistance to remedy these market failures through these proven means as public policy taboos. They do so because such policies would interfere with capital accumulation by the corporate and business community and its wealthy clients (Langille, 2025).

THE THREE TABOOS

Lynch (2020) sees redistribution, social spending, and managing the market economy as taboos that explain why welfare states fail to limit the extent of health inequalities. Social democratic welfare states are especially less likely than liberal ones to see these as taboos and these differences lead to public policies that promote health outcomes as well as general quality of life in all three taboo areas (Bryant & Raphael, 2020). As one example of these public policy effects, a *Society* index made up by the influential Conference Board of Canada of measures of poverty, income inequality, intergenerational income mobility, gender wage gap, immigrant wage gap, racial wage gap, income of people with disabilities, voter turnout, jobless youth, life satisfaction, social network support, homicides, burglaries, and suicides, finds the social democratic nations of Norway, Denmark, Sweden, and Finland ranking 1st, 2nd, 3rd and 5th, while Canada ranks 10th of 16 comparison nations. Australia ranked 8th, UK 12th, and USA 16th (Conference Board of Canada, 2017).

As another example, on an index of *Social Justice* created by the Bertelsmann Stiftung Foundation in Germany consisting of measures of poverty, education, the labour market, intergenerational justice, health, and social inclusion and nondiscrimination, Norway, Denmark, Sweden, and Finland score 2-5 (Iceland scores 1st) among 41 European Union and Organization for Economic Cooperation and Development (OECD) nations while the liberal nations score lower

with ranks of 11th for the UK, 12th for Canada, 26th for Australia and 36th for the USA (Hellmann, Schmidt, & Heller, 2019). The following sections provide evidence of how governing authorities' adherence to or violation of these three taboos may be the source of these differences.

Redistribution

Modern capitalist societies produce levels of market income inequality that threaten the ongoing functioning of society such that every capitalist welfare state carries out some form of redistribution of financial resources (Esping-Anderson & Myles, 2014). This takes place through direct means of progressive income taxes and targeted benefits for the less well-off or indirect means through provision of universal benefits and programs. Liberal welfare states do less of this than the other forms of the welfare state and these differences have been associated with differing health outcomes between these forms of the welfare state.

Acheampong and Osei Opoku (2024) found among a global sample of 154 countries from 1990 to 2020, that on average, countries with higher income redistribution have better health outcomes of life expectancy, neo-natal mortality, under-five mortality, infant mortality and maternal mortality. Wilkinson and Pickett's (Wilkinson & Pickett, 2009, 2024; Pickett & Wilkinson, 2015) extensive work on the adverse health effects of income inequality in wealthy nations provides an indirect but solid verification of the positive health effects of redistribution as income inequality – and health -- is worse in nations with less redistribution. As we show later, stronger redistributionist policies reduce poverty rates, one of the strongest predictors of adverse health outcomes.

Social Spending

Redistribution also occurs through the provision of universal programs and benefits such as elementary and secondary education, public libraries, and health care which are funded in part, through greater taxation on the wealthy. Targeted programs and benefits to the least well-off also serve as a form of redistribution. These universal and targeted spending are related to each other such that both forms of spending are higher in the social democratic welfare states and lower in liberal welfare states (Bryant & Raphael, 2020).

Research consistently finds that higher public social spending is related to better health outcomes for individuals, communities, and nations. One thread of the literature focuses on the better health outcomes of higher spending in social democratic welfare states over liberal welfare states (Bambra, Lynch, & Smith, 2021; Bryant & Raphael, 2020; Ribanszki et al., 2022). Bambra, Lynch, and Smith (2021) conclude:

> Social democratic welfare states, higher public spending, fair trade policies, extensions to compulsory education provision, improved access to health care, and high-quality affordable housing have positive impacts on population health (p. e1).

Another thread specifically looks at the amount of public social spending and health outcomes. Dutton et al. (2018) found that among Canadian provinces for the period 1981 to 2011, increased provincial social spending was related to decreases in potentially avoidable mortality and an increase in life expectancy. Across OECD nations, social services expenditures adjusted for GDP is significantly associated with better health outcomes in infant mortality, life expectancy and increased potential life years (Bradley, et al., 2011). A USA study found states with a higher ratio of social to health spending had "significantly better subsequent health outcomes for the following

seven measures: adult obesity; asthma; mentally unhealthy days; days with activity limitations; and mortality rates for lung cancer, acute myocardial infarction, and type 2 diabetes" (Bradley, et al., 2016, p. 760). Finally, the austerity literature shows a striking negative effect on health outcomes of reductions in social expenditures (Walsh & McCartney, 2024; Karanikolos et al., 2013; Stuckler & Basu, 2013).

Managing the Market Economy

Nations can manage the market economy through workplace legislation and regulation of employment security, working conditions, and wages and benefits. Nations can enable the unionization of workplaces and collective employment bargaining through sectoral and intersectoral employment agreements (Bryant & Raphael, 2020). Legislation can dictate terms of lay-offs and part-time and temporary employment. Liberal welfare states do less of this than both social democratic and conservative welfare states (Organization for Economic Cooperation and Development, 2025i).

Research consistently finds that unionization and collective agreement coverage is related to better health outcomes for individuals, communities, and nations. Muller and Raphael (2023) showed that higher national rates of unionization and collective agreement coverage are related to better health outcomes on infant mortality and low birthweight rates as well as greater equity in the distribution of the social determinants of health of income inequality and poverty.

USA studies directly link the extent of unionization with problematic indicators of health over time providing strong evidence of a directional relationship. Defina and Hannon (2019) found a relationship between union density and drug-related deaths over time from 1999 to 2016. For every 5.5% increase in union density, there was a 5.1/100 000 decline in death rate. Increases in unionization leads to reduced suicide and overdose deaths (Ferris et al., 2019). In another panel study, Eisenberg-Guyot et al. (2020) found that over the period 1986–2016 a 10% increase in union density was related to a 17% relative decrease in overdoses/suicide mortality.

For the individual, the most significant advantages of a unionized workplace are higher wages and benefits. Union members in Canada average $5.14/h more than non-union workers, and for women, this jumps to 6.88/h (Canadian Labour Congress, 2019), an average 22% advantage (Jackson & Thomas, 2017). In the UK, unionization and collective bargaining brings a wage increase of 9% for half of all employees (Forth & Millward, 2002). This is the case as union membership brings more bargaining power which facilitates negotiating for higher wages (Bryson, 2007; Hagedorn et al., 2016). Higher income offers greater access to social determinants of health such as housing, food security and quality childcare (Raphael et al., 2020).

METHODOLOGY AND METHODS

For our analysis of the contemporary scene, we apply a critical materialist political economy perspective (CMPE) as outlined by Coburn (2010). As a *political economy* approach, CMPE is concerned with how economics and politics shape public policy that distributes resources. As a *materialist* approach, CMPE sees these systems and policies as shaped by material relations of power and influence organized along class lines. A materialist analysis also sees the ideas a society and its members hold about the nature of society, health, and health care as shaped by these same material conditions. Finally, CMPE is *critical* in that it posits that people may not have an accurate understanding of how their society works and if they do not, CMPE aims to shift these views so they can ask how things could be different.

We examine how the liberal welfare states of Canada, Australia, UK and USA differ from the social democratic welfare states of Denmark, Finland, Norway and Sweden and conservative welfare states of Belgium, France, Germany and Netherlands in their forms of redistribution, social spending, and managing the market economy. The data comes from the database of the Organization for Economic Cooperation and Development which describes itself as "A forum and knowledge hub for data, analysis and best practices in public policy." It currently has 38 Member countries, most of which can be described as wealthy nations (Organization for Economic Cooperation and Development, 2024). We expect differences will represent how historical and ongoing class relations create societal structures and processes that first create and then maintain these differences.

Our analysis is presented as a narrative review of scholarly works concerned with Canadian and other nations' public policies within the context of the three taboos of redistribution, social spending and managing the market economy (Greenhalgh, Thorne, & Malterud, 2018). We used Google Scholar™ to search the terms "public policy", "Canada", "political economy of health", "redistribution", "social spending" and "managing" or "influencing" or "taming" and "market economy" to identify relevant political economy of health and health inequalities work in Canada and other wealthy nations. Martín-Martín et al. (2018) report Google Scholar™ "identifies significantly more citations than the WoS Core Collection and Scopus across all subject areas" (p. 16).

RESULTS

We provide a context for our analysis by examining two important indicators of health, life expectancy and infant mortality and two key social determinants of health, income inequality and poverty rates across welfare states. The following sections specify the public policies responsible for these differences.

Life Expectancies, Infant Mortality Rates and Two Key Social Determinants of Health

Table 1 shows life expectancies and rates of infant mortality and their ranks among OECD nations of our selected social democratic, conservative and liberal welfare states while Table 2 shows their levels and ranks among OECD nations in income inequality and poverty rates.

Canada's overall life expectancy ranks 17th among 36 OECD nations (OECD, 2025a) (Table 1) while its infant mortality rate ranks 30th of 36 OECD nations (OECD, 2025b). These figures represent a significant decline in Canada's rankings since 1980. In 1980 Canada was ranked 9th in life expectancy and 10th of these OECD nations in infant mortality.

There is no consistent pattern of differences in life expectancy between welfare state forms, but for what is usually seen as a more sensitive measure of population health, infant mortality rates, differences are rather striking (Moore, Teixeira, & Shiell, 2006; Wahdan, 1996; Shen & Williamson, 2001). Three social democratic welfare states are ranked in the top five of 36 OECD nations with Denmark just out of the top ten with a rank of 11th. The liberal welfare states are all ranked 25th or below with Canada, UK and USA doing especially poorly.

On two important social determinants of health, level of income inequality measured by the Gini coefficient and poverty rate (possessing < 50% of median disposable income), Canada ranks 16th for income inequality and 21st of 36 for poverty rates among 36 OECD nations (Pickett & Wilkinson, 2015: Wagstaff, 2002; OECD 2025c, 2025d). Similarly high rates and ranks for income inequality and poverty are seen for the liberal welfare states of Australia, UK, and USA

while the opposite is seen for the social democratic nations. Interestingly, conservative nations Belgium and Netherlands do rather well on both of these indicators (Table 2).

Table 1. Life Expectancies (Years at Birth) and Infant Mortality Rates (per 1000), and Ranks (OECD =36), Canada and Comparison Nations, 2023 or Latest Year

Welfare State	Nation	Life Expectancies and OECD Rank	Infant Mortality Rates and OECD Rank
Liberal	Canada	81.6 (rank 17)	4.3 (rank 30)
	Australia	83.2 (rank 3)	3.3 (rank 25)
	UK	80.9 (rank 24)	4.0 (rank 29)
	USA	76.4 (rank 30)	5.4 (rank 32)
Social Democratic	Denmark	81.3 (rank 19)	2.4 (rank 11)
	Finland	81.2 (rank 22)	1.6 (rank 1)
	Norway	82.6 (rank 11)	1.9 (rank 5)
	Sweden	83.1 (rank 5)	1.8 (rank 3)
Conservative	Belgium	81.8 (rank 15)	2.9 (rank 16)
	France	82.3 (rank 12)	3.7 (rank 27)
	Germany	80.7 (rank 26)	3.0 (rank 17)
	Netherlands	81.7 (rank 17)	3.3 (rank 21)

Sources: OECD (2025a). Life Expectancy at Birth; OECD (2025a). Infant Mortality.

Differences among Nations in Redistribution, Social Spending and Managing the Market Economy

The different forms of the capitalist welfare state differ in their willingness to violate Lynch's three public policy taboos. Redistribution occurs primarily through progressive income taxes and the provision of universal benefits and supports through universal benefits and supports and targeted government transfers to the less well-off.

Table 2. Income Inequality (Gini Coefficient for Disposable Income), Poverty Rates (%), and Ranks (OECD n=36), Canada and Comparison Nations, 2022 or Latest Year

Welfare State	Nation	Income Inequality and OECD Rank	Poverty Rate and OECD Rank
Liberal	Canada	.30 (rank 16)	11.9 (rank 21)
	Australia	.32 (rank 22)	12.6 (rank 23)
	UK	.37 (rank 31)	11.8 (rank 20)
	USA	.40 (rank 32)	18.1 (rank 35)
Social Democratic	Denmark	.27 (rank 6)	6.5 (rank 2)
	Finland	.27 (rank 7)	6.7 (rank 3)
	Norway	.26 (rank 5)	8.0 (rank 8)
	Sweden	.29 (rank 12)	8.4 (rank 10)
Conservative	Belgium	.25 (rank 4)	6.9 (rank 4)
	France	.30 (rank 15)	8.3 (rank 9)
	Germany	.30 (rank 17)	11.6 (rank 19)
	Netherlands	.29 (rank 11)	7.4 (rank 5)

Sources: OECD (2025c, 2025d). Income Inequality and Poverty Rates.

Progressivity of Income Taxes. Progressivity in income taxes refers to the wealthier being taxed at higher rates than others. The marginal tax rate refers to the highest percentage of income being taxed by a jurisdiction and the threshold level is at what point this rate cuts in. Total revenue from income taxes as a percentage of GDP shows the overall effects of these taxation levels. Table 3 supplies these data for Canada and the comparison liberal and other welfare state nations (OECD, 2025e).

Table 3. Taxation Policy, Marginal Income Tax Rates, Thresholds, and Tax Revenue (% of GDP), and Ranks (OECD=368), Canada and Comparison Nations

Welfare State	Nation	Marginal Tax Rate (MTR) and OECD Rank	MTR Threshold and OECD Rank	Tax Revenue as % of GDP and OECD Rank
Liberal	Canada	54 (rank 5)	2.72 (rank 15)	34.70 (rank 21)
	Australia	47 (rank 14)	1.90 (rank 11)	28.37 (rank 29)
	UK	45 (rank 21)	3.39 (rank 21)	32.77 (rank 25)
	USA	44 (rank 23)	8.52 (rank 30)	25.76 (rank 32)
Social Democratic	Denmark	56 (rank 1)	1.28 (rank 6)	47.24 (rank 1)
	Finland	49 (rank 9)	1.83 (rank 10)	41.85 (rank 7)
	Norway	39 (rank 29)	3.00 (rank 18)	38.71 (rank 10)
	Sweden	45 (rank 8)	1.12 (rank 4)	42.44 (rank 4)
Conservative	Belgium	46 (rank 6)	1.00 (rank 3)	42.27 (rank 5)
	France	55 (rank 4)	14.17 (rank 33)	45.36 (rank 2)
	Germany	47 (rank 15)	5.29 (rank 26)	37.93 (rank 12)
	Netherlands	47 (rank 11)	1.28 (rank 7)	40.00 (rank 8)

Sources: OECD (2025). Tax Revenue. Data Explorer.

There are not many differences between welfare state forms for the MTR but there are for the MTR thresholds. For these, three of four social democratic welfare states have relatively lower thresholds, and three of four liberal welfare states have relatively higher ones, with the outliers being Australia at 1.90 and Norway at 3.00. Belgium and the Netherlands show very low MTR thresholds. On the summary tax revenue measures these differences are more pronounced with the social democratic nations all ranked in the highest ten OECD nations and the liberal welfare states ranked 21st or lower in tax revenues as percentage of GDP. Similar to earlier findings, Belgium shows greater relatively higher revenue from taxes as does the Netherlands. France shows very high tax revenues indicating that while the MTR threshold is very high for its highest MTR, it is clearly collecting taxes at higher rates than all OECD nations except Denmark.

Social Spending. Social spending serves as a means of redistribution as universal and targeted supports and benefits are financed through higher taxation on the wealthy, and in the case of targeted benefits, are more likely to be provided to the less wealthy. Table 4 provides data on overall spending and important areas of spending on families, disability, and pensions (OECD, 2025f).

Table 4. Overall Social Spending and Spending in Specific Areas (% of GDP) and OECD Rank (n=38), Canada and Comparison Nations, 2024 or Latest Year

Welfare State	Nation	Overall Spending and OECD Rank	Spending on Families and OECD Rank	Spending on Disability and OECD Rank	Spending on Public Pensions and OECD Rank
Liberal	Canada	19.3 (rank 22)	1.6 (rank 29)	0.7 (rank 34)	5.8 (rank 23)
	Australia	17.1 (rank 28)	2.0 (rank 23)	3.1 (rank 7)	3.5 (rank 33)
	UK	23 (rank 17)	2.0 (rank 22)	1.7 (rank 26)	7.0 (rank 16)
	USA	19.8 (rank 20)	0.6 (rank 36)	0.9 (rank 31)	6.5 (rank 18)
Social Democratic	Denmark	26.4 (rank 7)	3.1 (rank 6)	4.7 (rank 1)	7.5 (rank 14)
	Finland	31.4 (rank 2)	3.1(rank 7)	3.1 (rank 6)	10.9 (rank 3)
	Norway	24.1 (rank 13)	2.8 (rank 12)	4.0 (rank 2)	5.9 (rank 20)
	Sweden	26.1 (rank 8)	3.3 (rank 4)	3.2 (rank 5)	7.5 (rank 13)
Conservative	Belgium	28.6 (rank 4)	2.8 (rank 11)	3.4 (rank 3)	8.8 (rank 8)
	France	30.6 (rank 3)	2.7 (rank 13)	1.8 (rank 25)	11.9 (rank 2)
	Germany	27.9 (rank 5)	2.6 (rank 14)	2.0 (rank 23)	8.4 (rank 9)
	Netherlands	18.9 (rank 25)	1.6 (rank 28)	2.8 (rank 11)	6.2 (rank 20)

Source: OECD (2025f). Social Spending. https://www.oecd.org/en/data/indicators/social-spending.html

Canada ranks 22nd in overall social spending and rather low in the areas of family, disability, and public pensions, below all European comparison nations except for overall spending being slightly higher than the Netherlands. There is a clear pattern of less spending for liberal welfare states across all these areas except for Australia spending relatively more on disability than three conservative nations, and Norway and the Netherlands spending relatively less than Canada, the UK and USA in overall spending and spending on families and public pensions.

Managing the Market Economy. There are a variety of ways that nations manage the market economy. Legislation can enable the unionization of workplaces or make such unionization difficult. In liberal and social democratic welfare states unionization is associated with collective bargaining rates such that low unionization rates result in low collective bargaining rates in liberal welfare states and the opposite is social democratic welfare states. In conservative welfare states very high collective bargaining rates are driven by employer recognition of the value of such agreements rather than union densities (Muller & Raphael, 2023).

Table 5 displays the uniformly low union density rates among liberal welfare states in marked contrast to the social democratic welfare states (OECD, 2025g, OECD, 2025h). In these

nations collective agreement coverage – except for Australia mirrors these union density rates. Interestingly, in the conservative welfare states, there are very high collective agreement bargaining rates in the absence of high unionization rates – the exceptions being Belgium with high union density rates and Germany with relatively low collective agreement bargaining rates.[vii]

Canada ranks 10th in union density, yet its unionization levels are very low as compared to the social democratic welfare states (OECD, 2025g). Since collective agreement coverage is tightly related to union density in liberal welfare states, Canada's level of collective agreement bargaining is very low compared to both social democratic and conservative welfare states (OECD, 2025h). Australia's level of collective bargaining is much higher than the other liberal welfare states but still lower than all comparison nations except Germany.

Employee protection is an indicator of how legislation and regulations manage employee hiring and layoffs, and the hiring and supplying of benefits to temporary workers (OECD, 2025i). Canada ranks 35th of 38 OECD nations in providing these protections. The liberal welfare states fare very poorly in providing employment protection as compared to all the other comparison nations. Germany fares relatively poorly as does Denmark with its flexi-security approach that does not guarantee same job security.

Overall Effects of Redistribution, Social Spending and Managing the Market Economy:

All welfare states redistribute, spend, and manage the market economy to control income inequality and poverty rates. However Table 6 shows rather striking differences in the extent and effects of these activities OECD 2025c, OECD, 2025d).

All nations produce rather high market income inequalities with France, USA and UK especially high. However liberal welfare states show less of a redistributive effect than social democratic and conservative nations. While liberal nations show somewhat lower levels of market poverty, they distinctively show less effects of redistribution thereby producing the highest levels of disposable income poverty.

Table 5. Managing the Market Economy among Canada and Comparison Nations, 2019 for Employment Protection, 2018 for Union Density and Collective Agreement Coverage, and Ranks for OECD = 39.

Welfare State	Nation	Union Density (%) and OECD Rank (n=32)	Collective Agreement Coverage (%) and OECD Rank	Employment Protection and OECD Rank
Liberal	Canada	25.9 (rank 10)	31.1 (rank 20)	1.68 (rank 35)
	Australia	13.7 (rank 20)	61.2 (rank 14)	1.70 (rank 34)
	UK	23.4 (rank 12)	26.0 (rank 22)	1.90 (rank 31)
	USA	10.1 (rank 28)	11.7 (rank 31)	1.31 (rank 37)
Social Democratic	Denmark	67.5 (rank 2)	82.0 (rank 8)	1.94 (rank 29)
	Finland	60.0 (rank 4)	88.8 (rank 6)	2.48 (rank 13)
	Norway	49.9 (rank 6)	69.0 (rank 13)	2.37 (rank 17)
	Sweden	65.5 (rank 3)	88.0 (rank 7)	2.54 (rank 10)
Conservative	Belgium	50.0 (rank 5)	96.0 (rank 4)	2.71(rank 7)
	France	10.8 (rank 27)	98.0 (rank 3)	2.68 (rank 9)
	Germany	16.6 (rank 17)	54.0 (rank 16)	2.33 (rank 20)
	Netherlands	16.5 (rank 16)	76.7 (rank 12)	2.88 (rank 3)

Sources: OECD (2025g). Trade Union Density; OECD (2025h). Collective Agreement Coverage; OECD (2025i). OECD Indicators of Employment

Table 6. Overall Effects of Redistribution, Social Spending and Managing the Market Economy: Reductions in Market Income Inequality and Poverty Rates, Canada and Comparison Nations, 2023 or Latest Year

Welfare State	Nation	Market Income Inequality	Disposable Income Inequality	**Reduction in Income Inequality**	Market Poverty	Disposable Income Poverty	**Reduction in Poverty Rates**
Liberal	Canada	.433	.306	**29%**	24.6	12.3	**50%**
	Australia	.441	.319	**28%**	24.4	12.6	**48%**
	UK	.552	.367	**33%**	29.6	12.6	**57%**
	USA	.506	.394	**22%**	27.1	18.1	**33%**
Social Democratic	Denmark	.442	.276	**37%**	22.2	6.3	**71%**
	Finland	.509	.269	**47%**	34.6	6.8	**80%**
	Norway	.434	.262	**39%**	26.1	8.0	**69%**
	Sweden	.432	.289	**39%**	23.8	8.0	**66%**
Conservative	Belgium	.481	.250	**48%**	32.5	6.9	**79%**
	France	.524	.297	**46%**	36.5	8.3	**77%**
	Germany	.503	.313	**38%**	31.4	11.8	**62%**
	Netherlands	.442	.291	**44%**	25.6	7.0	**72%**

Sources: OECD (2025c, 2025d.) OECD Data Explorer, Income Distribution Database.

Prospects for Change: Trends Over Times

To what extent does the current Canadian scene represent stability or change over the last 20 or so years of neoliberal-inspired governance? Figures 1 and 2 in the Appendix indicate rather strong stability over this period.

Historically, as noted earlier, Canada spends less on social spending than most other OECD nations. While there was a spike during the COVID-19 pandemic, its levels are returning to its historic low levels (see Figure 1 in Appendix and comparison Table 4). Union density and collective agreement coverage have been unchanged over the last two decades. (see Figure 2 in the Appendix File and comparison Table 5).

Despite real growth in national wealth as measured by Gross Domestic Product (Figure 3 in Supplementary File), Canada's market poverty and disposable income rates are also unchanged from 2000-2020 (see Figure 4 in Appendix and comparison Table 2).[viii]

Potential Health Effects

As noted earlier, Canada's relative ranks in life expectancy and infant mortality has declined as compared to OECD nations. Similar to the situations in Australia, the UK and USA, Canada's life expectancy is now showing absolute declines over three of the past four years and its infant mortality rate is stagnating. (See Figures 5 and 6 in the Appendix.)

ANALYSIS

Welfare State Differences in Redistribution, Social Spending, and Managing the Market Economy

These welfare state differences are reflections of the history, political alliances, and contemporary power dynamics of societies. An important insight provided by Saint Arnaud and Bernard (2003) is that the liberal welfare state's main ideological inspiration is that of liberty and its primary institution is the market. This leads to the minimizing of state intervention in the operation of the marketplace and the provision of minimal universal benefits. In contrast, the social democratic welfare state's main ideological inspiration is that of equality with the state as its primary institution. This is associated with the provision of encompassing universal benefits.

The conservative welfare state carries out its main ideological inspiration of solidarity through the provision of encompassing social insurance programs. Not surprisingly, the social democratic and conservative welfare states—with their emphasis on promoting equality in the former case and solidarity in the latter— have been shown to be more likely to implement public policies that provide higher quality and more equitable distribution of the social determinants of health (Raphael, 2013a, 2013b).

As a result, while all OECD nations operate as capitalist economies there are profound differences among them that play out in differences in redistribution, social spending, and managing of the market economy. Our findings are generally consistent with his and other analyses of how welfare states differ in their willingness to redistribute, spend, and manage the market economy.

Our findings also highlight some significant differences within welfare state types that merit further investigation. Belgium and the Netherlands show much similarity with the social democratic welfare states. Indeed, Kammer et al., (2012) suggest that "Belgium and the Netherlands emerge as hybrid cases lying between the social-democratic and conservative model" (p. 455). Australia deviates from the other liberal welfare states in terms of collective agreement

coverage and spending on disability, yet in the big-ticket items of redistribution, overall spending and specific areas of program spending, and employment protection, Australia sits firmly within the liberal welfare state camp.

These differences between welfare states remain significant, yet there is increasing concern that even the social democratic and conservative welfare states are unable to maintain their ability to manage the adverse effects of contemporary global capitalism (Benedetto, Hix, & Mastrorocco, 2020; Keating, 2013; Polacko, 2022; Evans & Schmidt, 2012). Public policy in all nations has shifted towards the right and most social democratic political parties are experiencing declining levels of popular support. In Canada's last federal election, the left-centre social democratic NDP suffered a collapse in their vote and now lacks the number of seats in parliament required for official party status. The Liberal Party – despite its leader's previous statements of "leaving no one behind" – is imposing authority through significant cuts to federal spending to allow increased defense spending (Curry, 2025).

Power Dynamics within the Capitalist Economy

Capitalism has always required that society be organized along capital accumulation by the production and selling of products at values greater than what is involved in producing them. In the past, governing authorities as well as the dominant corporate and business sector appeared to recognize that if left unmanaged these processes of production and distribution would produce profound social inequalities that threaten social reproduction or the ongoing functioning of society (Banting & Myles, 2013; Brennan, 2012; Langille, 2025: Teeple, 2000). In the Canada of today, these authorities are either unwilling or unable to manage these emerging threats.[ix]

DISCUSSION

Redistribution, social spending, and managing the market economy are important means of managing the extent of social and health inequalities. Yet in liberal welfare states historical traditions and power dynamics have created economic and political structures and processes that continue to make these public policy approaches taboo. The questions raised by this analysis for Canada are: 1) How durable are these structures and processes?; 2) What are the means by which these structures and processes can be reformed or transformed?; and 3) What will be their effects if left unmanaged?

Durability

We see no current prospects for deviation from Canada's profile of less effective redistribution, relatively low social spending, and unwillingness to manage the market economy. Despite the Liberal Party leader – and now Prime Minister – running on a platform of a "build back better" approach that would "leave no one behind," an aggressive austerity agenda appears to be in the works (Curry, 2025). The opposition Conservative Party of Canada would go even further than the Liberals in reducing redistributive measures. The NDP now lacks official party status (Baxter, 2025).

Reforms and Transformations

Raphael, Bryant, and Amin (2025) have suggested three ways forward for Canada to address its polycrisis of increasing economic insecurity of many of its citizens: 1) Reforms within existing economic and political structures; 2) Moving towards social democratic and conservative forms

of the welfare state; and 3) Building a post-socialist future. None of these appear to be likely in the immediate future.

Working within existing systems. Regarding redistribution, their proposals include increasing progressivity of the tax structure and promoting universal programs linked to greater social spending on family benefits, expanding Canada's pharmacare and denticare programs, job training, pensions and social assistance and disability benefits. For managing the market economy, Raphael, Bryant & Amin (2025) call for workplace legislation and regulation promoting employment security, working conditions, and wages and benefits. Legislation should enable the unionization of workplaces and the extent of collective bargaining through sectoral and intersectoral employment agreements should be implemented to manage the market economy. Canada's legislation of employment security by managing lay-offs and terms of part-time and temporary employment is among the weakest of OECD nations. We see no sign of willingness on the part of governing authorities to implement these actions.

Moving towards social democratic and conservative forms of governance. Social democratic and conservative forms of governance would clearly improve the Canadian scene. Berkowitz (2024) provides elegant arguments for moving towards social democratic forms of governance as do others (Fosse, 2009; McCartney et al., 2019). Adopting aspects of conservative welfare states would also be helpful (Raphael, 2013a, 2013b; Raphael & Bryant, 2015). What would be needed to move towards these alternatives to liberal models of governance? The social democratic and conservative welfare states have developed due to central state rather than federal governance, significant left-party support, high union densities in the social democratic welfare states and high employer-supported collective agreement rates in conservative nations, and proportional representation in the electoral process rather than the first-past-the-post system (Raphael, 2012). All of these are lacking in Canada's liberal welfare state.[x]

Indeed, one remarkable aspect of the current political scene in Canada is the reluctance of any political party – even the left-centre NDP – to use the word "redistribution" or for that matter the phrase "managing the economy." The NDP platform did state: "New Democrats would take a different approach, putting more money into the hands of those who need it the most, and asking the ultra-wealthy and the most profitable corporations to contribute their fair share" and "Increased program spending will protect the financial well-being of Canadians, and help stabilize the economy." Yet their failure to place these policy approaches within a narrative critiquing neoliberal governance led to a collapse in their vote and loss of official party status in Canada's parliament (Morrison, 2025).

During the recent federal election, there was a promise of a shift as the new leader of the Liberal Party and now Prime Minister Mark Carney (2021) had written in his book *Values: Building a Better World* of a concern with Canada's market economy moving towards a market society with adverse effects upon Canadian society. Indeed, McBride (2022) identified Carney as exemplifying the path of "building back better" a more caring form of capitalism. However, to date there has been no evidence of these concerns translating into any public policy initiatives and instead an austerity agenda appears to be in the works (Curry, 2025).

Building a post-socialist future. The lack of a significant post-capitalist political party has not prevented many from pointing the way towards a post-capitalist socialist future. McBride (2022) calls for a "radical transformation" whereby popular sovereignty comes to control capital; rebuilding of the public domain and state; and socialization of capital investment. A new regime would respect human rights and create a state where meeting people's needs is primary. Carroll (2021) calls for a "green socialism" that moves not only from fossil capitalism but also from

capitalism itself by bringing under public control, energy, water and other utilities, expanding public sector services, adopting principles of economic democracy, redistributing wealth, and socializing investment. Though highly unlikely in the immediate future, Raphael and Bryant (2023) bring recent works on moving towards a post-capitalist socialist future.

What then are the prospects for the future of Canadian society? Growing unrest should be a concern. Canadian economist Osberg (2016) states: "Greater macroeconomic, political and social instability is therefore a likely implication of more inequality over time" (p. 227), while Statistics Canada (2022) warns:

> Social unrest has been linked to income inequality. In March and April 2020, 40% of Canadians were very or extremely concerned about the possibility of civil disorder (p. 5).

Further, Parsons (2022) suggests "A wave of mass social unrest lies on the horizon" (p. 49) as the COVID pandemic is "intensifying ongoing injustice all over the world" (p. 51). Australian sociologist Raewyn Connell (2010) points out, the growing awareness of the problems brought about by neoliberal policies will likely make it harder for the neoliberal political system to maintain its legitimacy. Govender, Medvedyuk, and Raphael (2023) showed how Friedrich Engels's (1845) observations of living and working conditions in Victorian England had similarities to the present-day Canadian scene and reiterated Engels's warning:

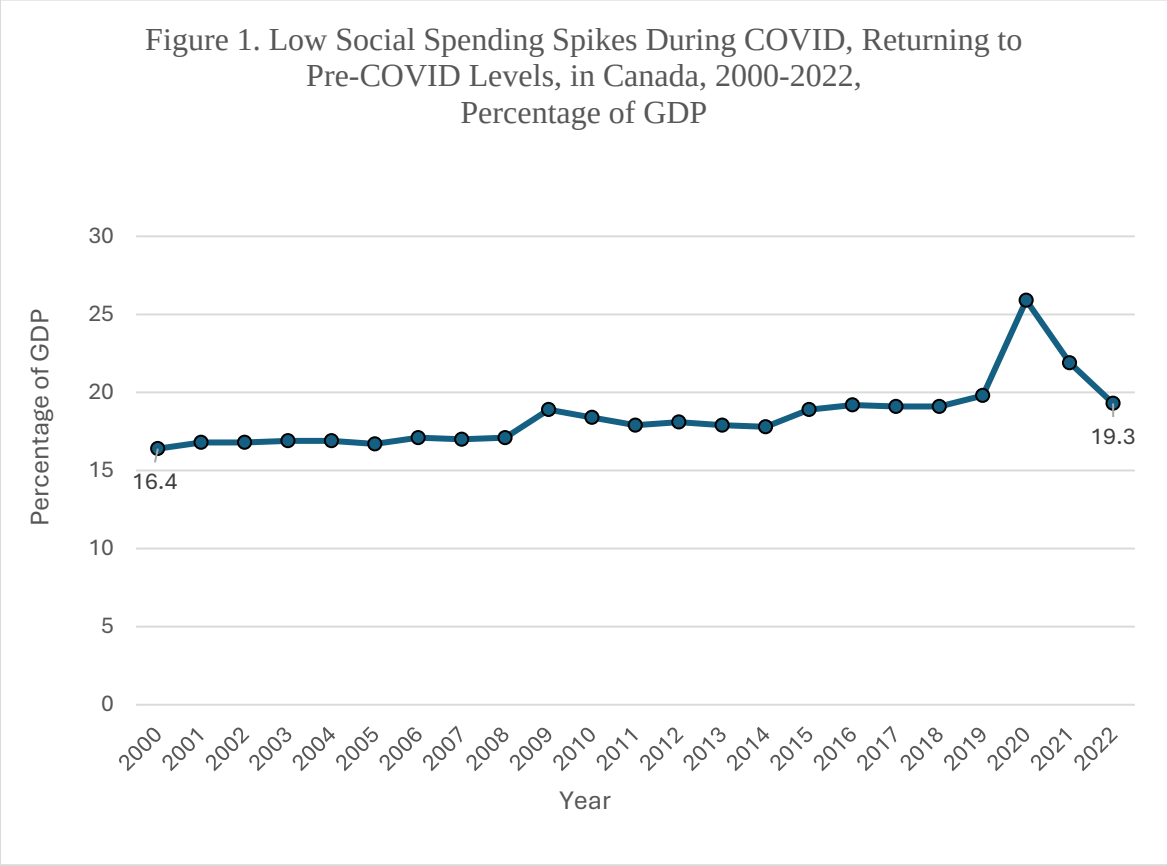
> It is too late for a peaceful solution. The classes are divided more and more sharply, the spirit of resistance penetrates the workers, the bitterness intensifies, the guerrilla skirmishes become concentrated in more important battles, and soon a slight impulse will suffice to set the avalanche in motion (Engels, 1845/2009, p. 302).

CONCLUSION

Canada continues for the most part to consider redistribution, social spending and managing the market economy as taboos to be avoided. There is little evidence of immediate likelihood of change. This being so, prospects for social unrest are increasing. Civil society and the labour movement are resisting these developments and offering solutions with little evidence of effectiveness (Ontario Health Coalition, 2025; Ontario Federation of Labour, 2025). In support of these efforts we have brought together what is known about the current scene and its potential adverse effects. Nevertheless, immediate prospects for improvement remain dim.

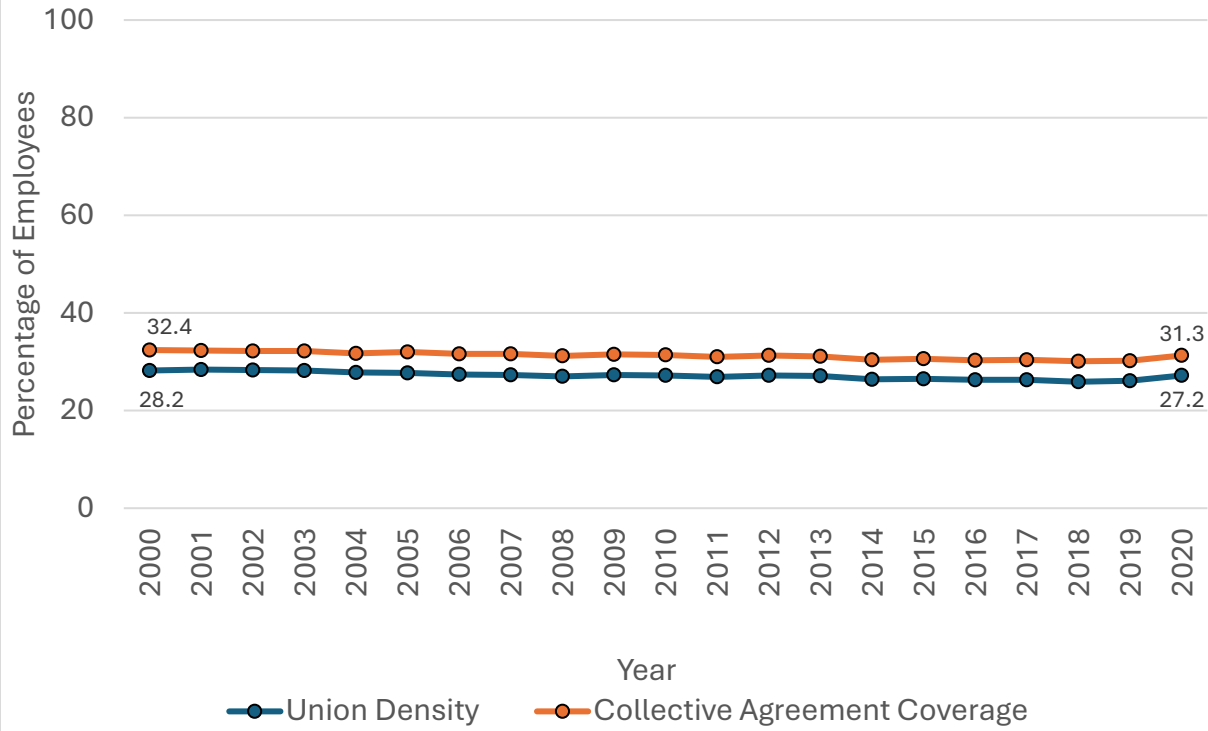
APPENDIX

Figure 1. Low Social Spending Spikes During COVID, Returning to Pre-COVID Levels, in Canada, 2000-2022, Percentage of GDP

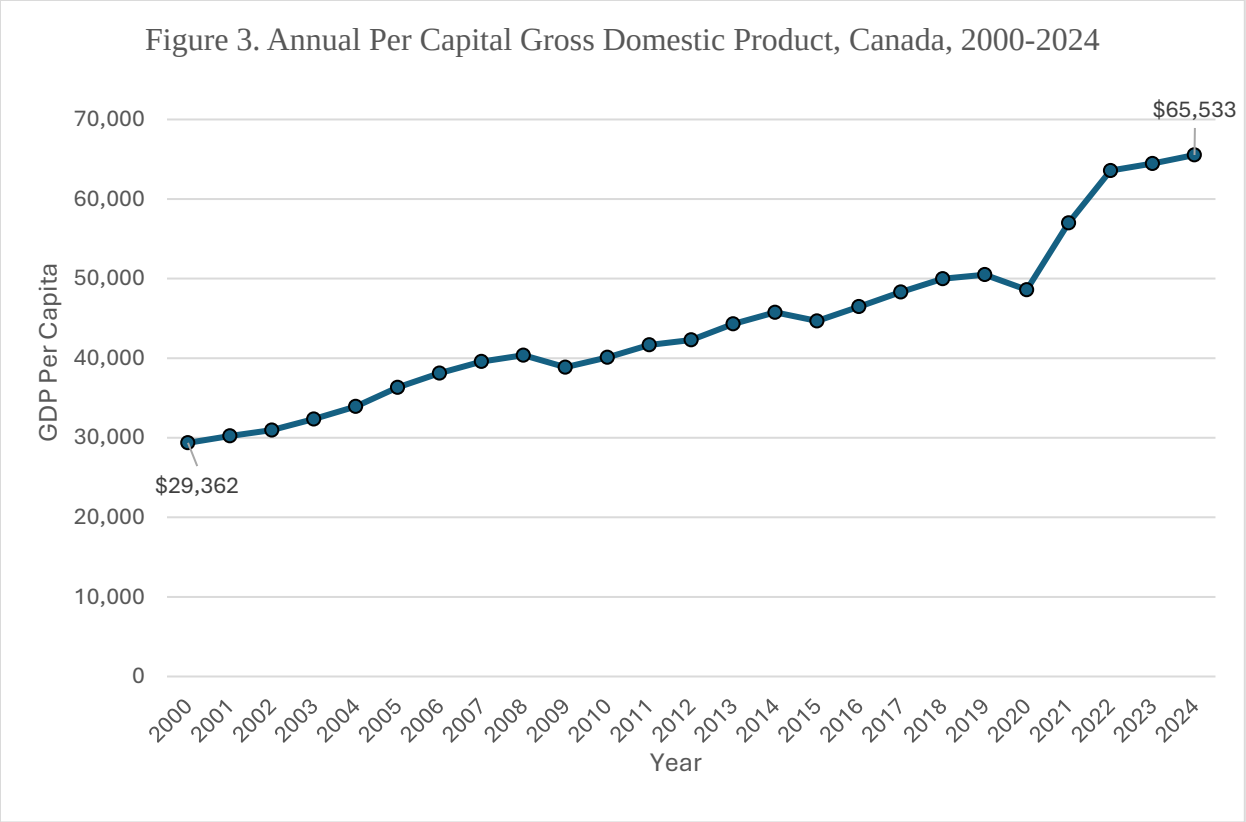


Source: OECD (2025f). Social Spending.

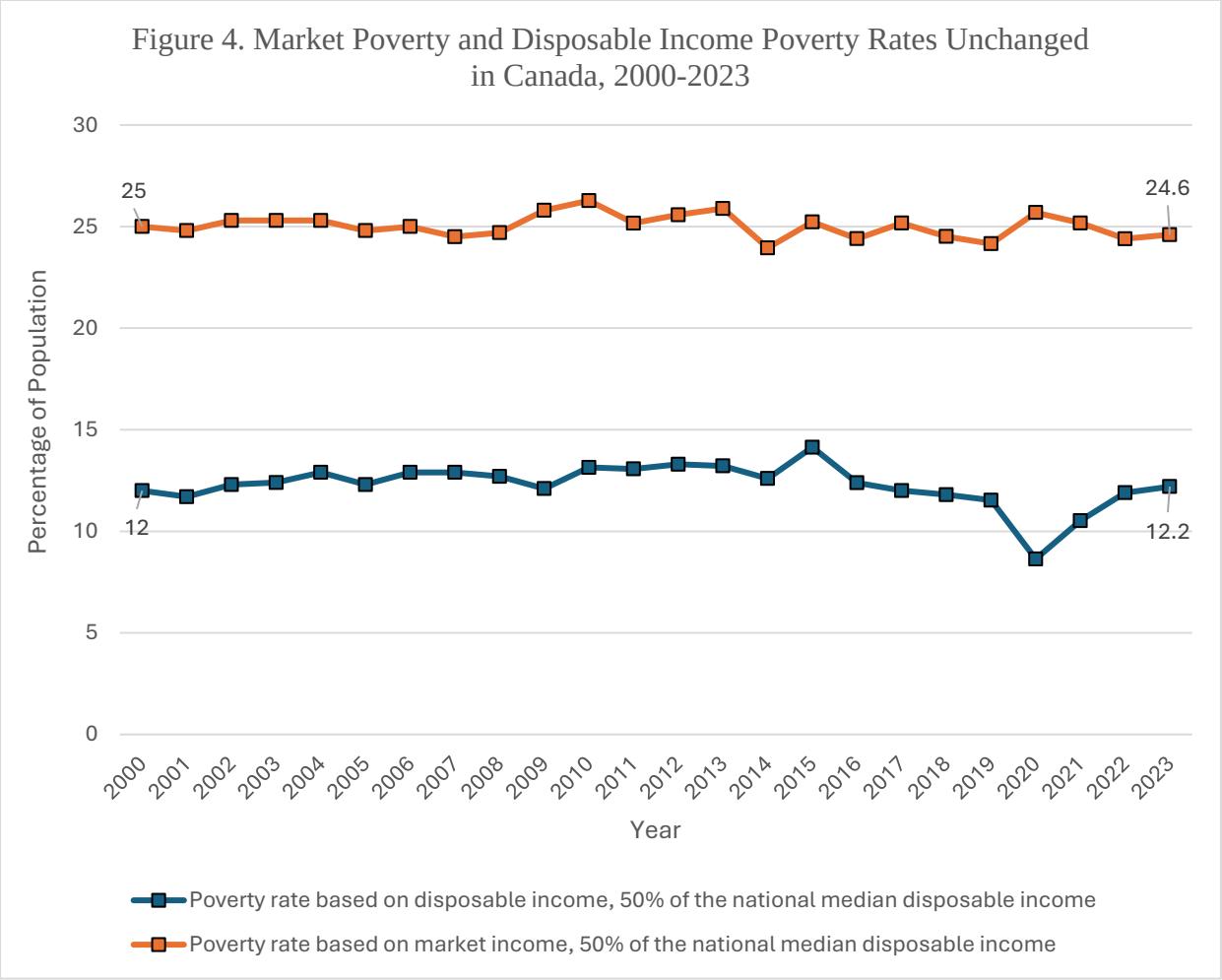
Figure 2. Percentage of Employees Unionized and Working Under Collective Agreements in Canada, Low and Unchanged, 2000-2022



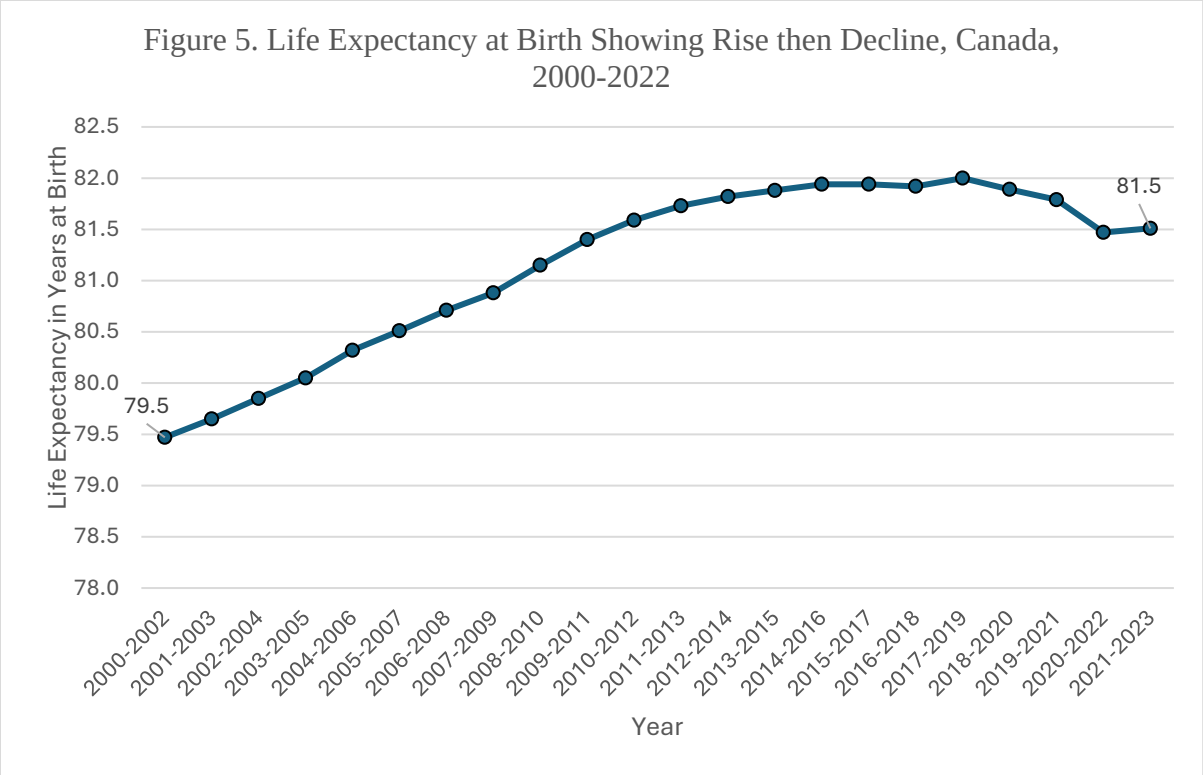
Sources: OECD (2025g). Trade Union Density. OECD (2025h). Collective Agreement Coverage.



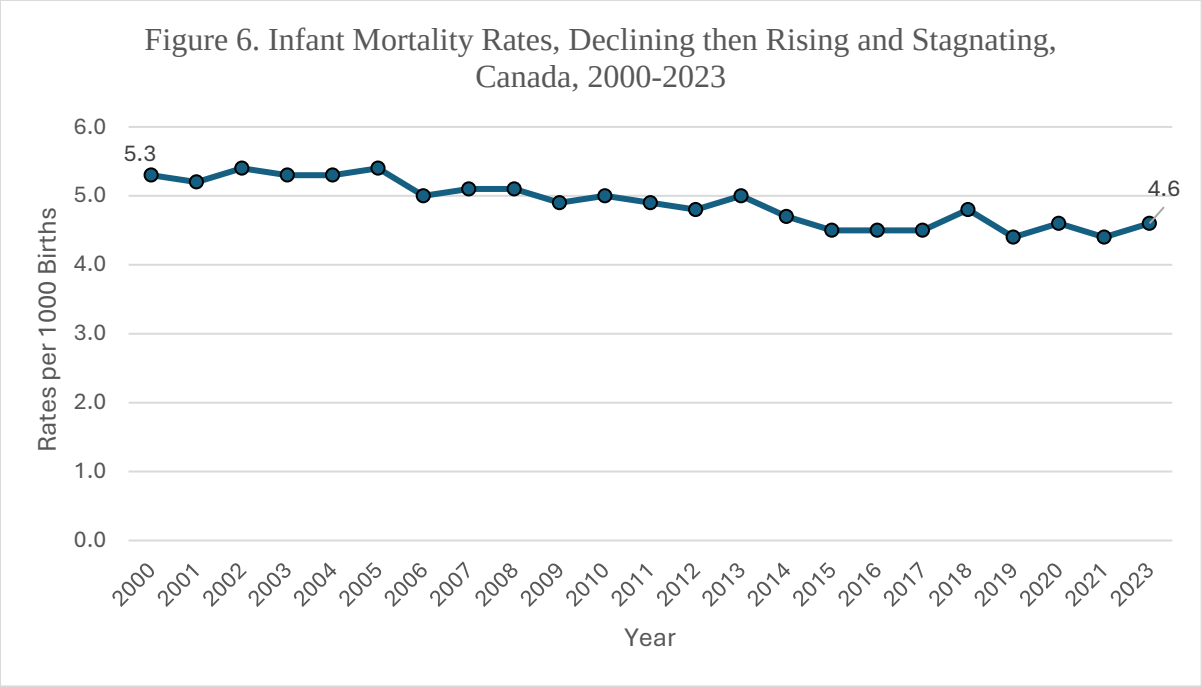
Source: OECD (2025k). Nominal Gross Domestic Product.



Sources: OECD (2025c). Income Inequality; OECD (2025d). Poverty Rate.



Source: Statistics Canada (2024). Life Expectancy and other Elements of the Complete Life Table, Three-Year Estimates. Table 13-10-0114-01
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1310011401



Source: Statistics Canada (2025b). Infant Death and Mortality Rates by Age Group. Table 13-10-0713-01. https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1310071301

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NOTES

[i] There is some debate about the validity of Esping-Anderson's welfare types. While there is certainly valid debate concerning the placement of nations such as Belgium, Switzerland and the Netherlands, there is good evidence for the validity of the liberal and social democratic welfare states. Of the 12 welfare state typologies identified by Bambra (2007) in six of the seven that have included Canada, Canada is found in the group similar to the so-called liberal welfare state: liberal, basic security, or liberal Anglo-Saxon.[186] The USA is so placed in 8 of 8 the UK in 7 of 10 and Australia is placed in 4 of 8 with 3 of the other 4 placements termed "radical" and one "targeted;" essentially variations of the liberal welfare state. The Nordic nations are placed consistently in the social democratic, encompassing, Nordic, or services groups: Finland (8 of 11), Denmark (9 of 11), Sweden (12 of 12), and Norway (12 of 12).

[ii] "Social inequality can refer to any of the differences between people (or the socially defined positions they occupy) that are consequential for the lives they lead, most particularly for the rights or opportunities they exercise and the rewards or privileges they enjoy" (Grabb, 2007, p. 1). Social inequalities lead to health inequalities defined by McCartney, Popham, McMaster, & Cumbers (2019) as: "Health inequalities are the systematic, avoidable and unfair differences in health outcomes that can be observed between populations, between social groups within the same population or as a gradient across a population ranked by social position" (p. 28).

[iii] Neoliberalism as a political and economic policy model endorses free market capitalism and seeks transfer of public policy from the government to the private sector. It facilitates privatization, deregulation, and free trade, frequently described as laissez-faire capitalism (Longley, 2021).

[iv] As an example, Canada's overall life expectancy is 84.7 years. But for non-Indigenous Canadians it is 85 years and for those of Indigenous ancestry it is much lower at 77.2 years with registered First Nations at 73.4 years, 80.5 years for Métis [mixed ancestry], and 71.9 years for Inuit) (Statistics Canada, 2025a). As another example, Canada's overall infant mortality rate is 4.6 per 1000. But for those of non-Indigenous ancestry it is 4.2 per thousand and for those of Indigenous ancestry is much higher (7.7 per 1000) with specific rates of 8.1 per 1000 for registered First Nations, 5.2 per 1000 for Métis [mixed ancestry], and 12.5 per 1000 for Inuit (Statistics Canada, 2025b).

[v] The different forms of the welfare state identified by Esping-Andersen (1990, 1999) represent these different approaches to these shortcomings. Social democratic welfare states emphasize universal welfare rights and provide generous benefits and entitlements. The conservative welfare state also redistributes income and offers benefits and entitlements through social insurance plans based on employment status. It is in the liberal welfare state where redistribution, social expenditures, and managing the market economy appears to be lowest. Not surprisingly, the general health profiles of the liberal welfare state is often poorer than what is seen in the other forms of the welfare state.

[vi] The Liberal Federal Budget of 1995 reduced social and health spending and strained provincial finances leading to reductions in social spending achieved in part by privatizing many public services through public–private partnerships and contracting out to private firms (Bryant, 2016).

[vii] Union density is an indicator of organized labour influence, while collective agreement coverage serves as an indicator of worker security. In Canada unionizing a workplace is very difficult and this is the result of ongoing legislation and regulations. The most common route is by certification by which workplaces are organized one by one through unionization drives (Doorey, 2018).

[viii] This finding recalls Marx's (1859) statement "There must be something rotten in the very core of a social system which increases its wealth without diminishing its misery, and increases in crimes even more rapidly than in numbers."

[ix] There is increasing interest in the health promotion literature of how corporate power influences shape health (Madureira and Galea, 2018; Ulucanlar et al., 2023).

[x] The NDP began as the socialist Co-operative Commonwealth Federation party which in 1932 committed itself to eradicating capitalism. It has long since eschewed this purpose and its communications now exclude any mention of "socialism", "social democratic" or "social democracy" or "capitalism" leading many to question its very purpose (Bryant and Raphael, 2023).