Human rights should be at the core of economic recovery

The world is still experiencing the aftermath of the 2008 global financial crisis, with no real recovery in sight. Only an enduring commitment to respect, protect and fulfil legally binding human rights obligations enshrined in the Universal Declaration of Human Rights and core international treaties can provide the basis for reforms to ensure a more sustainable, resilient and just global economy. The G20 leaders must enforce reforms aimed at preventing speculative activity in financial markets from undermining the enjoyment of human rights; also, they should agree to increase relative fiscal pressure on the banking sector and to cooperate to promote transparency and mutual accountability in revenue mobilization.

Civil Society Statement[1]

More than three years after the onset of the global financial crisis the world economy faces an uncertain future scenario. The world has at no point been close to a "recovery" from the human rights toll of the financial crisis. Poverty and inequality have increased and economic growth, where it has taken place, has not led to more jobs or higher wages but has been unevenly distributed to the wealthiest sectors of society.

As the world braces for another economic downturn, countries and households barely able to cope during the last recession are now in an even worse situation, with negative consequences for fundamental human rights in rich and poor countries alike.

States' human rights obligations embedded in the International Bill of Rights require that governments carefully assess their various choices and courses of action against the human rights consequences in transparent, participatory, non-discriminatory and accountable ways. Only an enduring commitment to respect, protect and fulfil legally binding human rights obligations enshrined in the Universal Declaration of Human Rights and core international human rights treaties can provide the basis for reforms that ensure a more sustainable, resilient and just global economy.

Large-scale deprivations of human rights stemming from the financial and economic crises are not inevitable, natural phenomena. The Group of 20 (G20) agenda outlined at Cannes provides several actionable opportunities for governments – individually and in concert – to choose alternative, human rights-centred paths to sustainable economic recovery.

Issues and recommendations

The seriousness of problems threatening the world economy today warrants a cohesive and coordinated response from G20 countries to stimulate their economies. The premature move to pursue austerity policies, and the consequent reduction in aggregate demands, have been the main reasons why the world is falling back into an economic crisis. These policies threaten to continue to deprive people of access to finance, jobs and services while their governments for the most part refuse to establish fair systems for the private sector to share the burden of public debt restructuring.

Human rights standards and principles provide a framework for the design and implementation of economic stimulus measures that are participatory, transparent, accountable and non-discriminatory, and the G20 should enforce the implementation of measures designed within such a human rights framework. Introducing stimulus measures without adequately assessing their effects is not desirable, especially when they may place new strains on public budgets to benefit private risk-taking. Gender- and environmentally sensitive public infrastructure programmes are among the measures that should be undertaken to ensure that any recovery benefits those most in need.

Governments' obligations to take steps to fulfil their responsibilities for economic and social rights cannot be upheld without a thorough evaluation of the contribution that the financial sector makes to public budgets through taxation. In general, the liberalization of capital over the last two to three decades has meant more indirect and regressive taxes, disproportionately raising fiscal pressure on poorer and middle-income households.

The scale and complexity of financial institutions is another pressing issue. Large financial firms, some of them operating in dozens of jurisdictions, have successfully resisted calls to reduce their complexity or size. They are able to profit from tax and regulatory dislocations that such a position makes possible, while their complexity and size limits the chances that the resulting risks can be successfully resolved without disrupting vital banking activities in the event of a collapse. The G20 should undertake measures to address this problem as it relates to systemically important financial institutions, including through direct regulatory intervention to break up large firms. It is especially important that G20 members agree to adopt and impose a tax on financial transactions and make a clear commitment to use this newly generated revenue to fulfil their human rights obligations. Governments should take decisive steps to cooperate internationally in order to ensure transparency and mutual accountability in domestic revenue mobilization.

In addition, governments should enforce banking regulations that fully recognize the duty of States to prevent, protect against and provide effective remedies for human rights infringements by private actors, including the financial sector. In the short to medium term, governments must be fully empowered to consider regulation of banking services as an essential tool to enhance the enjoyment of human rights for all. ■

1 Adapted from the Joint Civil Society Statement to the Group of 20 Leaders on Embedding Human Rights in Financial Regulation (October 2011). For the complete statement and list of signing organizations see: <www.coc.org/rbw/g20-asked-uphold-human-rights-responsibilities-finance-november-2011>.