CENTER FOR ECONOMIC AND SOCIAL RIGHTS
SOCIAL JUSTICE THROUGH HUMAN RIGHTS

Human Rights and the Global Economic Crisis

Consequences, Causes and Responses

Coming at the confluence of the financial, fuel and food crises, the global economic crisis is devastating lives and livelihoods across the world. And it is rapidly turning into a human rights crisis. One year on from the near-collapse of the international financial system, this briefing explores the human rights dimensions of the crisis, its causes and consequences, and worldwide responses.

From an economic perspective, the harmful impacts of the crisis on human lives and dignity tend to be seen as tragic but inevitable consequences of unpredictable and uncontrollable market forces. A human rights perspective challenges this complacency; these devastating consequences are not inevitable, nor should they be acceptable. The causes of the crisis can be clearly located in human decisions and concrete actions (or inactions) of governments and powerful economic actors, and should not be seen as the result of forces outside of human control. A human rights approach demands accountability for these human decisions. It requires that negative effects be avoided or mitigated and it empowers people affected to demand respect for their human rights.

What is happening and why

Far from being an unpredictable event, the financial crisis was predicted by a number of organizations, including the Bank for International Settlements (an association of central banks) which warned in June 2007 that "years of loose monetary policy have fuelled a giant global credit bubble, leaving us vulnerable to another 1930s slump" (cited in Wade, 2008).

The financial crisis began as the "sub-prime crisis" in the United States in August 2007 and then erupted into a global credit crisis in September 2008. It was caused by the combination of loose monetary policy, deregulation, excessive risk-taking by banks, and the explosion of credit/debt between 2002-2007 (UNCTAD, 2009). The "sub-prime crisis" was the result of the unsustainable and predatory lending of mortgage brokers to people whose salaries were too low to pay off the loans ("sub-prime" mortgages). Instead of keeping these high-risk loans on their books, banks and brokers invented new ways of packaging and selling them to other banks and investors (see Baily et al, 2008). At the same time, many banks and investors took out insurance against the default of these new assets ("credit default swaps") from companies such as U.S. insurer American International Group (AIG) (see Moneyweek, 2008). This contributed to an explosion in credit derivatives, which investor Warren Buffet called "financial weapons of mass destruction" because of the huge threat they posed to the stability of the financial system (cited in The Economist, 2008). Such warnings were ignored, however, because of the opportunities for vast, short-term profits. But these profits were unsustainable: as soon as house prices started to fall and borrowers started to default on high-risk loans, the system collapsed. The value of "toxic assets" was wiped out, insurance failed as AIG collapsed, and the credit markets froze, bringing down a series of banks – including major U.S. investment bank Lehman Brothers on September 15, 2008. Banking regulators, who had stepped back from strong regulation because of an increasingly strong belief in the infallibility and efficiency of markets, had to step in to rescue the banking system and prevent systemic collapse. In a rapid and unprecedented response, trillions of dollars were spent bailing out bankrupt banks.

However, the prevention of systemic financial meltdown did not prevent the global economic downturn. As problems of the financial sector spilled over into the real economy, economic crisis emerged not only in developed economies, but across the world. In developed economies, the credit crunch triggered a collapse of consumer demand which quickly translated into rising unemployment, in turn further affecting consumer demand, particularly given unprecedented levels of household debt. But the crisis also spread to developing countries, transmitted first through an abrupt decline in trade finance (WSJ, 2008) and then through a precipitous drop in demand for the exports of developing countries, many of whose economies have become disproportionately dependent on an export-driven model of growth promoted by the international financial institutions. Exacerbated by a decline in migrant workers' remittances, aid and private capital flows, this has created massive unemployment, pushing millions more people into poverty around the world (ODI, 2009a).

While trillions of dollars were made available for bailing out the banking sector, this has not been matched by funds to support those who are suffering most from the crisis. As ODI notes, so far there has been a "minimal social protection response to this crisis" (ODI, 2009b).

The consequences of the crisis – impacts on the realization of human rights

As the financial crisis has spilled over into the real economy, it has had, as we shall see, devastating effects on lives and livelihoods across the world, especially on the poorest people in the poorest countries, with women and children, migrants and minorities bearing the brunt. The economic crisis threatens the full range of human rights. It threatens not only economic, social and cultural rights, including the right to an adequate standard of living and the rights to health, housing, food and education, but also civil and political rights.

It is still too early to tell the full extent of the damage caused by the crisis, but poor and low-income families across the world are being hardest hit. The World Bank is estimating that up to 90 million more men, women and children may be pushed into poverty, in addition to the estimated 160 to 200 million people who fell into poverty as a result of the food crisis between 2005 and 2008. Greater poverty, and the hunger that it brings, will threaten the right to life and health of many of these people, especially children. Every year during this crisis, as many as 400,000 more children will die before they reach their fifth birthday simply because their families cannot afford food or basic medical care for preventable diseases, according to one estimate (World Bank, 2009). And the impacts will be hardest in the poorest countries: "While people in developed countries are feeling the impacts on their standards of living, their jobs and their homes, people in developing countries are bearing the brunt of the crisis, with few safety-nets to protect them from severe poverty and deprivation, and without the fiscal capacity and space to soften the blow" (ESCR-Net, 2009).

World hunger will reach an historic high in 2009 with more than one billion people going hungry every day (FAO, 2009). This means that one in six people will be too poor to eat adequately. The food crisis that occurred as a result of the rapid rise in food prices in 2008 is far from over, as food prices remain high in 40 developing countries and the loss of jobs and remittances produce further food insecurity (UN Special Rapporteur on the Right to Food, 2009). Chronic malnutrition will affect children's physical and intellectual development for the rest of their lives. This also has consequences for other rights: in Zambia, an increased number of girls and young women are reportedly being forced to turn to sex work out of economic desperation, while in Kenya, teachers in Nairobi have reported an increase in student pregnancies as girls exchange sex for food (UNDP, 2009a).

Bankruptcies and economic retrenchments mean that the increase in global unemployment as a direct result of the economic crisis is likely to reach 38 million by the end of 2009 (ILO, 2009a). The right to decent work is under threat as companies radically reduce costs, ramping down wages and allowing working conditions to become more hazardous. At the same time, the housing crisis has left many people without homes or shelters. The sub-prime mortgage crisis has left many people facing foreclosure, some of them victims of fraud and abusive practices by mortgage brokers (UN Special Rapporteur on the Right to Housing, 2009). In developing countries, the number of people living in slums will rise, and millions more slum dwellers will face lack of access to clean water and sanitation, and increased insecurity of tenure (UN Habitat, 2008). The crisis has also had a direct impact on children's right to education, as children are pulled out of work to help support their families, though children who leave school early will never catch up (World Bank, 2009).

Meanwhile, as millions of people fall into desperate circumstances as a result of a global crisis not of their own making, the provision of social safety nets is limited and shrinking, depriving people of their right to social security. As taxes, exports, foreign investment and other sources of revenue decline, government budgets are falling, and spending on social programs is likely to be slashed first (UNDP, 2009a). This means that governments will be cutting back on social services and social safety nets just at the time they are most needed to guarantee minimum levels of economic and social rights essential for survival and human dignity, including the rights to health, food, housing and education.

The economic crisis is also having disproportionate impacts on the rights of specific groups of people, particularly the poorest and most marginalized, who are the most vulnerable because they already suffer from discrimination and abuses of power. The protection of the rights of migrants is weak, but becoming worse as fear and anxiety caused by the economic crisis have generated a wave of xenophobia. In Malaysia for example, a rise in xenophobic attitudes is reflected in greater discrimination in the workplace against migrants and the unlawful termination of employment without payment of wages (ILO 2009c). There are increasing reports of severe abuses of migrants, including in Russia (HRW, 2009), Greece (IPS, 2009a) and several Eastern European countries (IPS, 2009b). Even though working conditions are worsening around the world, few migrant workers have the resources to return home and their families are suffering as remittances dramatically decline.

The rights of women are also particularly at risk, as unemployment and social unrest can translate into greater violence against women. Female workers, who tend to be concentrated in the informal economy with lower wages and less employment protection, are losing their jobs and incomes (ILO, 2009b). Especially in developing countries, women predominate in many export industries that have been hardest hit by the economic crisis (export manufacturing, garments, electronics and services) (Oxfam, 2009). Whenever women lose their financial independence, they are more likely to face sexual violence in the home or be pushed into sexual exploitation or other slave-type labor through trafficking. Oxfam cites one female union leader in Thailand: "Factories are closing everywhere – and now the women are being approached by sex traffickers asking if they want to go and work in the West" (Oxfam, 2009:6). Human trafficking is expected to escalate as the economic crisis fuels poverty and unemployment.

The full impact of the crisis on civil and political rights around the world is not yet clear, but there is already evidence that these rights are at risk. Social protests were brutally repressed in many countries during the 2008 food and fuel crises. In February 2008, up to 100 protesters were shot and killed in Cameroon by armed forces and more than 1,600 were imprisoned (Amnesty, 2009; WANEP, 2008), after protests against the rising costs of basic food became violent. Concerns are rising that social frustration is also being exacerbated in many countries, as people feel a loss of control over their lives and cannot understand or challenge the reasoning behind policy responses. Failures to respect the right to information and the right to participation in government policy decisions around the crisis abound.

The causes of the crisis – implications for implementation of human rights obligations

The economic crisis is a human rights concern not only because of the serious consequences on human rights, but also because of the underlying structural causes of the crisis which relate directly to failures to fulfill human rights.

Under human rights law, governments are responsible for creating the conditions in which their citizens (and other people living in their territories) can exercise the full range of their human rights, including economic and social rights. Human rights set out the basic minimum standards against which the actions (and failures to act) of governments can be judged. Over the last three decades, however, a package of economic policies was promoted globally which effectively enabled governments to abdicate many of their responsibilities towards their citizens, particularly those related to the fulfillment of economic and social rights, by leaving the fulfillment of these responsibilities up to the "market."

The underlying causes of the crisis lie in what has been termed "market fundamentalism" – the belief that unfettered pursuit of self-interest though self-regulating markets would ensure economic prosperity for all the most efficient allocation of resources (Stiglitz, 2009). In this view, the market was prioritized over the state as driver and guarantor of human development. Any form of government action (including the regulation of private business and redistribution of wealth) was seen as interference with the working of the market mechanism, and discouraged on the assumption that this would reduce, rather than increase aggregate social welfare. These beliefs, which dominated international economic policymaking throughout the 1980s and 1990s, supported the promotion of a policy package of liberalization, deregulation and privatization of the "Washington consensus" by international financial institutions including the International Monetary Fund (IMF) and World Bank (Rodrik, 2006). This meant effectively "rolling back the state" in the belief that this would benefit global economic growth and, by extension, all of the world's people.

But the financial crisis has clearly demonstrated that the unfettered pursuit of self-interest in the financial markets has done little more than encourage greed and the pursuit of unsustainable short-term profit. As UNCTAD has argued, "Market fundamentalist *laissez-faire* of the last 20 years has dramatically failed the test" (UNCTAD, 2009). Vast wealth has been generated, but much of this has depended on the illusory profits of the financial markets and the creation of financial products with no economic or social utility (UNCTAD, 2009). Little of that wealth has trickled down to the majority of people. While aggregate economic growth has boomed, disaggregating its impacts shows the rise in inequality, the widening gap between rich and poor, and the concentration of wealth in the midst of widespread persistence of hunger, poverty and desperation. Without an effective government role in redistribution, markets have failed to guarantee basic human needs or the conditions in which everyone can secure an adequate standard of living consistent with human dignity. The rolling back of social safety nets, particularly in developing countries, has left people even more vulnerable to the effects of economic crises. Without government regulation, markets have become more prone to crises. In the Outcome Document of the UN's June 2009 conference on the crisis, governments recognized that the crisis was caused by "regulatory failures, compounded by over-reliance on market self-regulation, overall lack of transparency, financial integrity and irresponsible behavior..." (UN General Assembly, 2009: para 7).

It is ironic that irresponsible banks, which have long campaigned against government regulation or intervention in markets, have been the first to demand government help to rescue them from bankruptcy. Trillions of dollars in banking bailouts have effectively transferred losses onto taxpayers, amounting to a massive transfer of wealth from ordinary people to the wealthy. This has been popularly referred to as "privatizing profits and socializing losses" or "socialism for the rich, capitalism for the poor" (Newsweek, 2009; Roubini, 2008). At the same time, it is ironic that governments (in the global north), who have long claimed that they have insufficient resources for social programs, have suddenly made available trillions of dollars to save the international financial system. As Shalil Shetty, director of the UN Campaign to achieve the Millennium Development Goals, has pointed out:

> *"The massive bailouts we have seen for the financial industry have shown us that the real issue we face in addressing this global crisis is not the availability of money, but the availability of political will. The amount of money needed annually to achieve the Millennium Development Goals is a miniscule fraction of the estimated $5 trillion of public money mobilized for the bank bailouts (Shetty, 2009)."*

The rapid and unprecedented response to the crisis in developed countries has also highlighted for developing countries the unfairness and hypocrisy in how economic policies have been implemented and imposed. As Nobel prize-winning economist Joseph Stiglitz has pointed out:

> *"During the East Asia crisis, just a decade ago, America and the I.M.F. demanded that the affected countries cut their deficits by cutting back expenditures – even if, as in Thailand, this contributed to a resurgence of the AIDS epidemic, or even if, as in Indonesia, this meant curtailing food subsidies for the starving. America and the I.M.F. forced countries to raise interest rates, in some cases to more than 50 percent. They lectured Indonesia about being tough on its banks – and demanded that the government not bail them out. What a terrible precedent this would set, they said, and what a terrible intervention in the … mechanisms of the free market."* (Stiglitz, 2009)

But now even the prophets of free markets are repenting. Markets left to themselves have not maximized social welfare. Even the oft-lauded Alan Greenspan, former president of the Federal Reserve admitted that he placed too much faith in the ability of markets to self-regulate (NYT, 2008). Billionaire investor, George Soros, has argued that governments must regulate to correct for the excesses of self-interest that markets encourage. Long a critic of market fundamentalism, Joseph Stiglitz has argued that "…what is required for success is a regime where the roles of market and government are in balance, and where a strong state administers effective regulation. They [States] will realize that the power of special interests must be curbed" (Stiglitz, 2009). Former IMF economist, Simon Johnson has also argued that special interests, particularly those of the powerful financial elite, must be curbed, otherwise they will capture and skew the government's actions to benefit themselves:

> *"…elite business interests—financiers, in the case of the U.S.—played a central role in creating the crisis, making ever-larger gambles, with the implicit backing of the government, until the inevitable collapse. More alarming, they are now using their influence to prevent precisely the sorts of reforms that are needed, and fast, to pull the economy out of its nosedive. The government seems helpless, or unwilling, to act against them."* (Johnson, 2009)

From a human rights perspective, governments must act in the public interest, not in the interests of the powerful, and their actions must be judged against the standards set in human rights law. Governments have a binding obligation to ensure that all their economic and social policies are consistent with standards of human rights law. At the same time, the role of the state is to act as the guarantor of human rights of its citizens, including economic and social rights. These responsibilities cannot be left only up to the market. Rather the state must play an active role in harnessing the operations of the market economy toward the realization of human rights. According to a former UN Special Rapporteur on the right to education, "the *raison d'etre* of economic and social rights is to act as correctives to the free market" (Tomasevski, 1998 cited in Balakrishnan and Elson, 2008). This does not mean that a human rights framework is anti-market. In contrast, a human rights framework recognizes the emancipatory potential of markets to break down feudal relations of power and unsettle traditional forms of discrimination, including gender discrimination. From a human rights perspective, however, governments must step in when markets fail to create conditions in which all people, including the poorest and most marginalized, can exercise the full range of their human rights.

Human rights set out various types of obligations of governments. These include the duty to take positive measures to *fulfill* human rights, as well as the duty to *respect* human rights (by refraining from deliberate infringement of those rights), and to *protect* people against abuses of human rights by corporate or other private actors (including by regulating the activities of private actors and ensuring justice and redress to victims of abuses). Some human rights obligations are immediate, including the duty of non-discrimination and the duties to refrain from harming or abusing human rights. Other human rights obligations, given the context of limited resources, may be achieved progressively over time but governments have to prove that they are taking positive steps, using the maximum of available resources and making constant progress in the realization of these rights:

State human rights obligations

The obligation to Respect: Refrain from harming the enjoyment of human rights

The obligation to Protect: Ensure that third parties (non-state actors) do not infringe the enjoyment of human rights (through, for example, regulation and effective remedies)

The obligations to Fulfill: Take positive steps (legal, administrative, budgetary) to

> Facilitate: Create an enabling environment for individuals and communities to enjoy human rights
>
> Provide: State parties are obliged to fulfill (provide) when individuals or a group are unable, for reasons beyond their control, to realize a right themselves by the means at their disposal.

Core obligations of State parties include:

> Guarantee the satisfaction of, at the very least, minimum essential levels of human rights as an immediate priority
>
> Use the maximum resources available, including through international assistance and cooperation, to achieve the realization of human rights
>
> Guarantee that rights will be exercised without discrimination of any kind, by eliminating laws, policies and practices with direct or indirect discriminatory effects, and prioritizing the most excluded and disadvantaged in resources allocations and policy interventions.

Source: UN (2008), Compilation of General Comments adopted by the Committee on Economic, Social and Cultural Rights

Human rights advocates, like many human development economists, cite evidence that "private enterprises and market forces cannot be relied upon to produce outcomes that satisfy the immediate obligations for non-discrimination and equality and minimum core standards. To achieve this, private enterprise and market forces need to be carefully regulated by the state and complemented by a substantial and well-functioning public sector." (Balakrishnan and Elson, 2008).

Redressing the balance between the state and the market is therefore an essential part of constructing a sustainable long-term response to the crisis. This will require replacing the ideal of the "minimal state" with the ideal of a "rights-fulfilling state" that acts in accordance with the standards set out in human rights law.

Choices of policy responses to the crisis – adopting a human rights approach

> *"States can neither waive nor limit their obligation of upholding civil, cultural, economic, political and social human rights in times of crisis. Rather, by fully integrating human rights principles and standards into law and practice are governments able to respond to an economic downturn in a truly sustainable manner..."*
>
> *–Navi Pillay, UN High Commissioner for Human Rights in her statement to the UN General Assembly High Level Conference on the World Financial and Economic Crisis and its Impact, June 18, 2009*

Despite the human rights dimensions of the crisis, the language of human rights is still largely absent from the diagnoses or prescriptions proposed by national governments or the international community (Saiz, 2009). Responses to the crisis have so far neglected or ignored human rights. There has been little analysis of either the causes or the consequences of the global economic crisis in human rights terms. International meetings have recognized the human dimensions of the crisis, but not the need for human-rights-based responses.

This must change. There is an urgent need to identify immediate responses that address the devastating human rights consequences of the crisis, and to identify longer-term measures that address the structural causes of the crisis that impinge on governments' capacities to meet their human rights obligations. This should start with governments' recognition of the legally binding human rights obligations enshrined in the Universal Declaration of Human Rights and the core international human rights treaties, including the International Covenant on Economic, Social and Cultural Rights.

While international human rights law does not prescribe a specific economic system, nor provide a set of detailed and specific prescriptions on how to re-orient financial, economic and social policy, it does set clear priorities and clear boundaries.

Immediate responses to address the consequences of the crisis

In the immediate term, the first responsibility of governments must be to prevent and alleviate the devastating impacts of the crisis on human lives. It is unacceptable that 400,000 children under the age of five should die because of this crisis. Or that millions should starve or become malnourished for lack of sufficient food, or be forced to sleep in the streets because they have lost their homes or shelter. Or that people should lose their lives in protests against precipitous rises in food prices.

Refraining from violating civil and political rights

Governments must refrain from violating civil and political rights, including the rights to freedom of expression, freedom of association and rights to information. Rather than using disproportionate force against protesters, social protest should be defused by permitting democratic debate and enabling active and meaningful citizen participation in the design and monitoring of policy responses.

Prioritizing a basic minimum of effective economic and social rights for all

Governments have an immediate obligation to ensure the "minimum essential levels" of social and economic rights which are essential to the survival and a life with dignity. Meeting this obligation must trump all other policy considerations. This means immediately instituting social protection programs to relieve poverty, hunger and homelessness. It also means ring-fencing government budgets to ensure that there is no retrogression in the provision of essential goods and services (including those necessary to prevent maternal or child mortality and to ensure completion of primary school education). It also means ensuring that economic stimulus packages and counter-cyclical economic policies (in countries where they are possible) should be focused on limiting the worst human consequences of the crisis, and priority in distribution of resources must be given to the most vulnerable and marginalized.

Protecting the most vulnerable and ensuring non-discrimination

Governments have an immediate obligation of non-discrimination which must be applied to all policies and programs. This prohibits responses to the crisis that benefit wealthier groups over traditionally marginalized groups or peoples. It also means taking into account, and compensating for the disproportionate effects of the crisis on different groups, in order to ensure substantive, as well as formal, equality (see UN CESCR, 2009). It also requires that governments take special measures to protect the rights of women, migrants, minorities and other groups that are being particularly threatened in this crisis.

Respecting human rights principles in policy processes as well as outcomes

The human rights principles of participation, transparency, accountability and redress, must also be integrated into policy responses. A human rights approach requires a focus not only with the consequences of policies and programs, but also on the *processes* by which those policies are adopted. This means that, in the crisis response, programs must be designed, implemented and evaluated in a manner that ensures transparency, full participation (including of women) and institutes mechanisms for accountability and redress (OHCHR, 2006).

Long-term responses to address the causes of the crisis

The global economic crisis is a threat to human rights, but also an opportunity to rethink the role of the state in complying with human rights obligations, particularly those related to economic and social rights. It provides an opportunity to rethink governance and accountability both at the national and global level. "This systemic collapse calls for a new framework for national governments – both domestically and increasingly at the international level – in which people and the environment, not banks or business, are at the center of economic policy-making," (ESCR-Net, 2009).

National level: rethinking the role of the state

The eruption of the financial and economic crisis has demonstrated that markets may be necessary, but are not sufficient to guaranteeing the conditions for the realization of rights. An essential starting point for redressing the imbalance between the state and the market, is to recognize and reaffirm that governments have duties to respect, protect and fulfill human rights, as well as obligations to meet the human rights principles of non-discrimination, participation, transparency and accountability. The implications of these standards and principles for longer-term responses to the crisis at the national level are outlined here.

The duty to respect human rights

The duty to respect is essentially a duty to "do no harm." This means that governments must prevent, avoid or mitigate any negative impacts of government policies and programs, paying particular attention to the poorest and most marginalized groups, whose rights are most likely to be violated. Many of the economic measures implemented over the last three decades in the policy package of liberalization, deregulation and privatization have had harsh impacts on the poorest. This is often not evident from aggregate economic data. Redressing the balance will mean that the state cannot leave the distribution of benefits and harms only up to the market, but must take an active role to identify who is likely to be harmed and to minimize those harms. This is necessary not only to be able to introduce safeguards and compensatory measures, but also to guard against policies and programs that benefit only special interests.

The duty to protect human rights

The duty to protect is essentially a duty to regulate, and it requires the provision of remedies in the case of abuses by non-state actors. This means that governments must regulate the activities of corporations and other non-state actors and hold those actors to account and seek redress in cases of abuses of human rights. The trend of de-regulation has undermined governments' capacities to regulate. This is particularly clear in the case of financial markets and the shift towards "self-regulation" of the financial industry. Many of the rules governing financial markets, which that had been put in place after the financial abuses of the 1920s and the original Great Depression, were rolled back. Yet had these rules remained in place, much of the damage caused by this financial crisis may have been avoided (see e.g. Baker, 2009). Redressing the balance will require recognizing that the state must play an important role in regulation, control and oversight of the financial industry (and other economic actors) to guard against excessive risk-taking, speculation and greed and to protect citizens and consumers against abuses of their rights.

The duty to fulfill human rights

The duty to fulfill is a essentially a duty to take positive action, by putting in place measures and policies to guarantee rights, including the minimum essential levels of each right necessary to guarantee human survival and a life of human dignity. This means providing emergency programs in times of crisis, but it also means maintaining a social safety-net to guarantee a basic social minimum at all times. The trend to "roll back the state" has reduced the redistributive role of the state, leaving ever fewer resources for social programs that guarantee a basic minimum and reduce inequality. Redressing the balance will require recognition that the state needs to step in when the market does not provide for the poorest, as market prices for food, housing, health, and education move beyond their reach.

Integrating human rights principles with national economic policymaking

Human rights principles require establishing processes for policymaking that are participatory, transparent and institute mechanisms for accountability and redress. Rather than being subject to forms of democratic deliberation, decision-making on economic policies has become increasingly left to technocratic experts. Redressing the balance will require recognizing that it is not only *outcomes*, but also the *processes* that are important.

International level: rethinking global governance

The rapid escalation of the financial crisis into a global economic crisis also demonstrated that the liberalization of trade and markets has brought an unprecedented degree of integration and interdependence amongst economies and countries. While the economic crisis was generated in the countries of the global north, its impacts have disproportionately affected the countries and peoples of the global south, which are more vulnerable to economic shocks and have fewer resources to respond. A new system of global governance is necessary which is just and fair and capable of addressing the concerns of all countries and all peoples. This will require reforming the rules that govern global economic policymaking, recognizing the relations of power between governments and rebalancing the forces that have undermined government capacities to meet their obligations to respect, protect and fulfill human rights.

Reform of international financial institutions

The one-size-fits-all policy package of the "Washington Consensus" has been widely promoted by the World Bank and the IMF, and often coercively imposed on developing countries through conditions on loans and grants (Stiglitz, 2009). Reform of the financial institutions should include ensuring that they operate in accordance with the UN Charter, the UN Universal Declaration on Human Rights, the ICESCR and other international treaties and ensure that the policies that they propose or impose do not undermine the capacities of governments to respect, protect and fulfill their human rights obligations. At the same time, when acting within the World Bank, the IMF, and or other *ad hoc* meetings of the G-20, governments should guarantee their policies are consistent with and conducive to the realization of human rights (ESCR-Net, 2009). Reform of the governance of the World Bank and IMF should result is greater inclusion of less powerful states, on the basis of basis of "a fair and equitable representation of developing countries, in order to increase the credibility and accountability of these institutions" (UN General Assembly, 2009: para 43). Both institutions should also refrain from setting conditions that limit the policy and fiscal space of developing countries to take counter-cyclical economic stimulus policies in the context of urgent crisis responses.

Reform of global economic governance architecture and regulatory frameworks

The economic and financial crisis is a global crisis that requires global solutions. It is a crisis generated in the global north, yet having disproportionate impacts on the global south. Decision-making on global policy responses and new regulatory frameworks cannot, therefore, remain in powerful, self-selected decision-making forums such as the G8 or the G20, but should be carried out in multilateral forums such as the United Nations where 192 countries are represented. As Joseph Stiglitz wrote in his comments on the June General Assembly UN conference, "If globalization is to work for everyone, decisions about how to manage it must be made in a democratic and inclusive manner—with the participation of both the perpetrators and the victims of the mistakes." (Stiglitz, 2009b). Reform should include the adoption of a new UN-based coordination mechanism, such as Global Economic Coordination Council proposed by the UN Commission of Experts on Reforms of the International Monetary and Financial System. Decision-making on economic policies and responses to the crisis at the global level should also meet the human rights principles of non-discrimination, participation, transparency and accountability.

Fulfilling the duty of international assistance

The primary responsibility for meeting human rights lies with national governments. But, under the UN Charter and human rights treaties, governments also bear a legal obligation of international cooperation and assistance in the realization of economic, social and cultural rights. As well as positive responsibilities to assist other states in the fulfillment of these rights, governments have duties to respect and protect rights trans-nationally. They must ensure that their trade and investment policies do not negatively impact human rights beyond their borders. In relation to their positive duties, the commitments of donor countries to assist developing countries in meeting the Millennium Development Goals must be honored. Without external financing, there is little scope for developing countries to put in place the kind of fiscal stimulus packages that developed countries have been able to implement and are needed if developing countries are to meet their basic human rights and development commitments (See World Bank, 2009). Among other things, this means that northern governments must not reduce their aid budgets, but rather heed the calls to assist developing countries in the fulfillment of their core human rights obligations. At the UN Human Rights Council Special Session in February 2009, states committed themselves to respond to the consequences of the crisis from a human rights perspective, ensuring that there was a safety net whenever possible, and refraining from reducing their Monterrey commitments to international aid (that 0.7 percent of OECD countries' GDPs would be allocated to overseas development aid) (UN Human Rights Council, 2009), though so far few states have honored this commitment.

Action on these human rights responses is needed now

Despite the human rights causes and consequences of the crisis, governments have been loathe to recognize their obligations in their responses to the crisis. Indeed, "human rights principles have been studiously avoided in the international declarations and commitments made by states since the crisis" (Saiz, 2009). At the UN General Assembly's conference on the crisis in June 2009, governments did recognize and rhetorically commit to addressing the human costs of the crisis but fell short of reaffirming their human rights obligations (UN General Assembly, 2009). This signals a profound lack of political will, not only to take the immediate responses required by the human rights framework, but also to undertake the larger process of replacing the ideal of the "minimal state" with the ideal of a "rights-fulfilling state".

Ordinary people, and civil society, including human rights organizations have, however, found a voice to demand and push for urgent change in different forums around the world. The framework of human rights may not provide the specific, detailed prescription for that change, but it does provide a language for making those claims and it starkly sets out the basic responsibilities of governments. The human rights framework roundly challenges the pervasive complacency in the face of the terrible consequences of the crisis. It locates the causes of the crisis, not in unpredictable, uncontrollable market forces, but in the human decisions, actions and inactions that produced the crisis. Recognizing this opens a path for accountability and offers the potential for profound change.

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About This Paper

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About Us

The Center for Economic and Social Rights (CESR) works to promote social justice through human rights. In a world where poverty and inequality deprive entire communities of dignity, justice and sometimes life, we seek to uphold the universal human rights of every human being to education, health, food, water, housing, work, and other economic, social and cultural rights essential to human dignity. Extreme poverty and rising inequality should not simply be considered an inevitable tragedy. Rather, they are often the result of conscious policy choices by governments and other powerful actors (such as corporations or international financial institutions) that undermine people's access to the full range of human rights. CESR therefore seeks to hold governments and other actors accountable to their obligations to respect, protect and fulfill economic and social rights, as well as civil and political rights.

SOCIAL JUSTICE THROUGH HUMAN RIGHTS

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