



CENTER FOR
WOMEN'S
GLOBAL
LEADERSHIP

AUDITING ECONOMIC POLICY FOR HUMAN RIGHTS:

A guide for activists
and advocates



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SECTION 1

I. Human Rights as an ethical approach to economic policy

Macroeconomic policy affects all of us, no matter how removed our lives seem to be from the heights of the policy-making elite. Macroeconomics is the branch of economics that studies the behavior and performance of an economy as a whole. It focuses on the aggregate changes in the economy such as unemployment, rate of growth of Gross Domestic Product and inflation. The prices of the goods we buy, the wages we earn at work, the working conditions we endure, the level of unpaid work we perform, the quality of the public services, including medical care, we access, even how long we live—all these things, to a certain extent, are shaped by macroeconomic policy. Understanding and intervening in macroeconomic policy, then, is a key priority for activists concerned with building a more just and equitable world. The realization of rights is fundamentally a political struggle for a different social and economic order.

The prevailing dominant methodology for evaluating macroeconomic policy is deeply flawed. This methodology is drawn from neoclassical economics—the intellectual basis for neoliberal policy—and is concerned, first and foremost, with questions of efficiency and market competition. But this framework is severely limited when it comes to understanding the effects of economic inequality on social wellbeing. According to traditional neoclassical logic, competitive markets are the best tool for guiding social outcomes, because they are supposedly efficient, whereas the actions of governments are typically presumed to entail the imposition of costs that would create a loss of efficiency. In the jargon of neoclassical economics, government actions typically “distort” the operation of economies. In the mainstream framework, then, macroeconomic policies are evaluated according to how well they leave competitive markets alone, free from government impositions.

In the post-2008 context, it strains the limits of credibility to argue that all markets are efficient, much less that they guarantee lives with dignity and capabilities for everyone when left to their own devices. It’s true that markets can distribute jobs, goods, services, and capital throughout society at large. But they don’t necessarily do so equitably. Left on their own, markets, when operating in a context of power imbalances, may create conditions of widespread unemployment (“labor market flexibility,” in the neoclassical vernacular) and underemployment, suppressed wages, ineffective public services, commodity shortages, and, of course, periodic financial crisis, which disproportionately harm the most vulnerable.

In this guide, we propose an alternative approach, based on human rights.

The human rights approach constitutes an alternative evaluative and ethical framework for assessing economic policies and outcomes. The goals of social justice are expressed in terms of the realization of rights—both civil and political rights and also economic, social, and cultural rights. The human rights approach allows for a complex interaction between individual rights, collective rights, and collective action. It focuses

on substantive freedoms (not just freedom in law, but freedoms of individuals, seen as active agents of change, rather than as passive recipients of dispensed benefits) and equality for realized outcomes, not just opportunities. It sees economic policy as a social and political process that should conform to human rights standards and laws, not as a purely technocratic exercise. It incorporates an understanding of the paradoxical character of the state, recognizing that states can both enable and deny social justice and that individuals need protection against misuse of state power, as well as requiring the power of the state to be harnessed to realize individual rights. Most importantly, it is consistent with an international legal framework and provides formal mechanisms through which policy can be contested and the need for legal accountability can be raised.

There are profound differences between prevailing assessment practices and the evaluative methodology we are proposing based on human rights. Most importantly for activists, our methodology offers a set of tools for auditing macroeconomic policy based on internationally accepted and legally binding human rights standards on a variety of issues that have been debated and agreed upon by governments since 1948. In this way, activists can muster powerful arguments against a range of macroeconomic policies, using a framework already ratified and accepted by the vast majority of the world's countries, with a well-developed infrastructure for making claims and pressing for compliance. It's not hard to imagine the utility of such a framework for activists engaged in any number of social struggles, from the battle over universal healthcare, to union drives in major industries, to the emerging campaigns for "peoples' audits" of privately-held public debt.

One important aspect of this framework is that it returns power to the people whose lives are caught up in macroeconomic processes that are too often outside of their control but which influence them deeply. The discourse and procedures of human rights position people as "rights holders," especially those who are undervalued or who suffer discrimination, disadvantage, and exclusion. The human rights framework positions people as active agents, claiming what is rightfully theirs, not merely as victims asking for charitable handouts. It has an ethical and legal authority absent from most economic analysis. The worst that an economist can say of a government's budget is that it is imprudent, unsound, unsustainable, or inefficient, while the human rights advocate can say that it fails to comply with state obligations and violates human rights. This may apply even if the budget is deemed to be prudent, sound, sustainable, and efficient by economists.

The human rights framework allows us to move beyond a narrow focus on things like Gross Domestic Product (GDP) or income when evaluating economic outcomes. Instead, the human rights framework stresses the progressive realization of economic and social rights over time. Advances in social justice are achieved when the enjoyment of the rights to an adequate standard of living, education, health, work, and social security improves over time.

Although the human rights framework gives us an alternative to GDP for evaluating outcomes, it does not provide a full prioritization of policy alternatives. Instead, the human rights approach offers guidance in the process of prioritizing alternatives. For example, rights should be progressively realized, and steps should be taken to

prevent any movement backward in the enjoyment of any particular right. Similarly, the principles of non-discrimination and equality guard against policies that have biased outcomes—although, importantly, non-discrimination and equality in terms of race, gender, sexuality, disability, and other factors are an immediate obligation, requiring immediate action.

Because of the role of those who control economic resources in determining policy priorities and social outcomes, the full realization of rights represents a fundamental challenge to the way our economy is currently organized and governed. For example, the full realization of the right to work would require a different type of economy. We can extend this argument to the full array of human rights—health, education, employment, social security, and housing, to name a few. The full realization of these rights would challenge existing social stratifications, inequalities, and power relationships.

The purpose of this guide is to provide activists with a human rights approach to evaluating macroeconomic policy for the purpose of advancing collective demands and furthering projects of comprehensive social change. Article 28 of the Universal Declaration of Human Rights states that “everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized.” The human rights framework has a radical potential to transform the social and economic order within which we live.

II. Using the Human Rights approach

International bodies like the United Nations have developed a robust human rights framework that not only clearly spells out specific inalienable rights, but also provides procedures for contesting unjust policies that fail to realize these rights. This framework also establishes procedures through which individuals can demand the fulfilment of positive obligations — for example, through emergency interventions to end discrimination. These procedures go well beyond juridical processes, although juridical procedures have been used in some contexts, and an increasing number of human rights cases pertaining to fiscal policy are being brought to national courts. For these reasons, a human rights approach can pose a powerful challenge to prevailing macroeconomic policy norms. Indicting macroeconomic policies for failing to preserve human rights—or, in some cases, for violating those rights—can provide powerful pathways towards social change.

Of course, the human rights framework, while well-defined, is an evolving one, open-ended rather than closed, and facilitates ongoing discussion and deliberation to address underdeveloped areas and potential deficiencies. The application of human rights treaties to specific contexts and new issues is continually developed by UN human rights treaty bodies, national institutions (like human rights commissions), independent experts, academics, and human rights activists.

Many human rights principles have potentially important implications for economic policy. There are a variety of relevant documents—including General Comments, Treaties, Covenants, Resolutions, Declarations, Recommendations and more—that outline the human rights framework and its relationship to various kinds of policy. Many of them articulate the obligations of states and also establish “tests,” e.g., the

AAAQ (accessibility, availability, affordability and quality, which includes acceptability) test in relation to for example measuring discrimination in health care. Many of these documents can be brought to bear on issues of macroeconomic governance.

The human rights perspective uses as a standard the realization of the individual human rights set out in the Universal Declaration of Human Rights (UDHR). The UDHR affirms the existence of inalienable rights, held by all persons regardless of citizenship or social position. The treaties that stem from UDHR set out the obligations of governments towards these rights. The obligations implied by international human rights instruments have been spelled out more fully through a number of mechanisms, including General Comments and General Recommendations issued from by UN treaty monitoring bodies and UN special procedures, and by experts in international law.

The International Covenant on Economic, Social and Cultural Rights (ICESCR) is especially important to activists pursuing projects of social and economic justice. It elaborated not only individual rights, but also encompassed collective rights, stating that "All peoples have the right of self-determination." It includes cultural rights, which have been clarified as including collective rights to a culture. The ICESCR has been ratified by 169 states parties although the United States has not ratified it. Inalienable human rights, according to this framework, extend well beyond the liberal rights of citizenship (as outlined, for example, in the US Bill of Rights) to, include economic, social, and cultural rights as well as political ones.

Taken together, the UHDR and ICSECR and other human rights treaties provide a normative and legal basis for human rights claims, but don't fully outline a strategy for holding governments to account. The Maastricht Guidelines on Violations of Economic, Social and Cultural Rights, adopted in 1997 and based on international treaties, provide such a strategy, setting out an enforcement framework that differentiates three dimensions of obligations:

- **The obligation to respect requires states to refrain from interfering with the enjoyment of economic, social and cultural rights. Thus the right to housing is violated if the state engages in arbitrary forced evictions.**
- **The obligation to protect requires states to prevent violations of such rights by third parties. Thus the failure to ensure that private employers comply with basic labor standards may amount to a violation of the right to work or the right to just and favorable conditions of work.**
- **The obligation to fulfill requires states to take appropriate legislative, administrative, budgetary, judicial and other measures towards the full realization of such rights. Thus, the failure of states to provide essential primary health care to those in need may amount to a violation.**

The Guidelines further elaborate that each of these obligations must be understood to include two crucial components: the obligation of conduct, which requires that states try to comply with the standard, and the obligation of result, which requires that states show progress in meeting the standard. The Maastricht Guidelines explain these obligations in these terms:

- **The obligation of conduct requires action reasonably calculated to realize the enjoyment of a particular right. The obligation of result requires States to achieve specific targets to satisfy a detailed substantive standard.**

There are several key criteria for evaluating how well states comply with each of these obligations, both in terms of conduct and result. In this guide, we will show how each of these criteria is relevant to conducting an audit of macroeconomic policy, and offer suggestions about how to best mobilize these criteria in pursuit of social justice goals. These criteria are progressive realization; non-retrogression; maximum available resources; minimum core obligation; nondiscrimination and equality; and transparency, participation and accountability.

Progressive realization:

The International Covenant on Economic Social and Cultural Rights (1966), Article 2, specifies that states parties have the obligation of "achieving progressively the full realization of the rights recognized in the present Covenant to the maximum of available resources." This obligation does recognize that the resources at the disposition of a government are not unlimited, and that fulfilling economic and social rights will take time. Still, this principle establishes that the realization of human rights is an unavoidable obligation for all states—policy-makers cannot defer human rights responsibilities to a later, imaginary date, when state coffers are more full or political winds more favorable.

Maximum available resources (MAR)

The principle of maximum available resources, affirmed in General Comment 3 of the Committee on Economic, Social and Cultural Rights (14 December 1990), mandates that governments must use every resource at their disposal in the pursuit of human rights goals. This doesn't mean governments must abandon the everyday tasks of governing to focus only on human rights projects. Rather, it means that policies intended to preserve and enhance human rights be a fully developed and well-integrated part of every government's larger governing agenda. The principle of maximum available resources applies to all resources available to the government.

The definition of maximum available resources has not yet been fully elaborated by the UN Committee on Economic, Social and Cultural Rights. The concept of maximum available resources requires further development in order to demonstrate that governments must mobilize resources, not simply administer existing resources, in order to meet human rights obligations. Our hope is that, as activists and advocates increasingly deploy the principle of maximum available resources to support demands for social and economic justice within the human rights framework, a more adequate definition of maximum available resources may be articulated in practice.

Taxation might be the policy area that is most obviously relevant to claims based on the principle of maximum available resources, and certainly any national taxation system must be organized so as to comply with human rights standards. But there are other policy areas, in addition to government spending and taxation, which affect the resources available to government to support the realization of rights. These include

development assistance, debt and deficit financing, and monetary policies.

Therefore, maximum available resources should be examined in terms of five types of policy: (1) government expenditure; (2) government revenue; (3) development assistance (both official development assistance and private resource flows); (4) debt and deficit financing; and (5) monetary policy and financial regulation. Together, we can think of these interrelated policy areas as five critical nodes for mobilizing resources.

Minimum core obligation

States that are parties to the ICESCR are also under a "minimum core" obligation to ensure the satisfaction of, at the very least, "minimum essential levels of each of the rights" in the ICESCR. This means that it is the duty of the state to prioritize the rights of the poorest and most vulnerable people.

The United Nations Committee on Economic Social and Cultural Rights (which monitors compliance with ICESCR) clarifies: "A minimum core obligation to ensure the satisfaction of, at the very least, minimum essential levels of each right is incumbent on each state party. Thus, for example, a state party in which any significant number of individuals is deprived of essential foodstuffs, of essential primary health care, of basic housing and shelter or of the most basic forms of education is, *prima facie*, failing to discharge its obligation under the Covenant" (CESCR 1990, General Comment 3).

Non-retrogression

The CESCR has stated in General Comment 3, paragraph 9, that there is a strong presumption that actions by the government that lead to a deterioration in the enjoyment of economic and social rights are not permitted. One retrogressive measure that, shamefully, has nevertheless become an accepted piece of macroeconomic policy is austerity. Austerity refers to a suite of policies, normally undertaken in times of crisis, that include cutting back on welfare safety nets and dramatically reducing expenditures on public services, like health and education. These policies are introduced ostensibly to reduce budget deficits and pay down government debt. But the underlying purpose of these policies is to reduce the scope and scale of government spending, so as to facilitate more lenient taxation regimes and discipline the labor market by forcing workers into a state of increased dependence on wages to satisfy their survival needs. The imposition of austerity, therefore, assessed according to the human rights framework, can almost always be interpreted as a violation of the principle of non-retrogression.

Non-discrimination and equality

A fundamental aspect of states' human rights obligations is that of non-discrimination and equality. The Universal Declaration of Human Rights, Article 2, states that:

Everyone is entitled to all the rights and freedoms set forth in this Declaration without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

This principle can assist activists in expanding the scope of campaigns or movements demanding civil rights, like equal legal status for marginalized groups. The principle of nondiscrimination and equality, applied to the rights outlined in the ICESCR, requires more than just legal recognition. It demands nothing less than the redistribution of resources to marginalized or specially oppressed groups.

Gender

For instance, the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) prohibits discrimination against women in all its forms. Further, it obligates states to take steps "by all appropriate means and without delay" to eliminate this discrimination (Article 2). Article 2 of CEDAW also sets out steps that a government must take to eliminate this discrimination, including adopting appropriate legislative and other measures.

It is clear that CEDAW does not only mean the absence of a discriminatory legal framework, but also means that policies must not be discriminatory in effect. CEDAW requires that states achieve both substantive and formal equality and recognizes that formal equality alone is insufficient for a state to meet its affirmative obligation to achieve substantive equality between men and women (CEDAW 2004, General Recommendation 25, para 8).

Race

In the same vein, the International Convention on the Elimination of All Forms of Racial Discrimination (CERD), Article 2, requires that states parties condemn racial discrimination and pursue by all appropriate means and without delay a policy of eliminating racial discrimination in all its forms. The state is also obliged to take special and concrete measures to ensure the adequate development and protection of certain racial groups or individuals belonging to them, for the purpose of guaranteeing them the full and equal enjoyment of human rights and fundamental freedoms. Governments must undertake to prohibit and eliminate racial discrimination in all its forms and to guarantee the right of everyone—without distinction as to race, color, or national or ethnic origin—to equality before the law, notably the enjoyment of economic, social, and cultural rights.

Property

States' obligations to provide equitable outcomes across racial and gender differences are well known and commonly discussed. But less attention has been paid to the fact that both UDHR and ICESCR specify "property" among the grounds on which distinction in the enjoyment of rights is not permitted. This refers to the wealth or poverty status of people. Distinction on the basis of wealth or poverty very often overlaps with distinction on the basis of other statuses, such as race and ethnic origin. Poor people are often disproportionately from particular status groups.

The Committee on Economic, Social, and Cultural Rights has made it clear that the recognition that realization will be "progressive" does not provide states with an excuse for the persistence of discrimination. States have an obligation to "guarantee"

that there will be non-discrimination in the exercise of rights. This means that non-discrimination must always be a priority in the progressive realization of economic, social, and cultural rights. Additionally, non-discrimination is an immediate obligation in any step that a state takes to progressively realize the satisfaction of minimum essential levels of economic and social rights.

Transparency, Participation and Accountability

The principle of transparency, participation and accountability means that governments are obliged to provide mechanisms through which people can hold the state accountable, can participate in policy making, and can access the information required to do so. This requires that all economic policy measures need to be transparent, involve the participation of the public, and be accountable in terms of fulfilling economic, social, and cultural rights. Policies that are set, for example, with no consultation or participation and through which only a few rich people benefit violate this principle.

The focus on transparency, participation and accountability also implies well-informed democratic processes, grounded in human rights law, to evaluate policy options. This implies that “there is no technocratic answer”—which we can sum up with the acronym TINTA. Democratic participation is critical, and meaningful participation requires the protection of the basic rights of all people and knowledge of these rights and its relation to economic policies.

Activists seeking to intervene in macroeconomic policy using the human rights framework can deploy this principle in two distinct ways. First, activists can accomplish changes to existing policies by demanding the right to participate in policy-making, through international institutions, NGOs, or even protest coalitions. Second, activists can appeal to the principle of transparency to demand access to information about a broad range of macroeconomic policies, some of which might not be well publicized beyond the halls of power. Despite their strong desire to hold policy details and economic information in secret, governments are obliged to meet their obligation of transparency, making them vulnerable to outside action on this basis.

Extraterritorial obligations

Up to this point, we have avoided discussing the implications of the human rights framework for international macroeconomic policy. But all the principles discussed above can be applied, with varying degrees of relevance and success, to questions of international macroeconomic governance, as mediated by international institutions like the UN, the Organization of American States, the International Monetary Fund, the World Bank, the Inter-American Development Bank and others.

Indeed, state parties' obligations to one another—described in the relevant UN documents, notably the 2011 Maastricht Principles on the Extraterritorial Obligations of States in the Area of Economic, Social, and Cultural Rights, as extraterritorial obligations—are of crucial importance to evaluating macroeconomic policy because of the deep interconnection of national economies throughout the world, and the profound power asymmetries that exist between wealthy and poorer nations. Moreover, the power of international creditor institutions (most notably the IMF) in the landscape of

global macroeconomic governance suggests that criticisms of macroeconomic policy using the human rights framework may also be mobilized at a supra-governmental level.

We acknowledge that international economic policy is global and that extraterritorial obligations are important. But for the purpose of this guide, we will focus on national level policies while recognizing that the area of global governance requires further development that is beyond the scope of this guide.

III. Auditing economic policy

Our purpose here is to develop an evaluative framework, using a human rights perspective that can allow activists to understand and intervene in the macroeconomic policies that impact nearly all aspects of our lives. The key practice for activists seeking to intervene in macroeconomic policy is the policy audit.

Our framework intends to provide activists with a guide to help perform human rights audits for evaluating whether or not macroeconomic policies are compliant with human rights standards. In our view, these audits are a more effective activist and enforcement tool than studies that identify violations and retroactively attribute them to particular policies.

This is not the first attempt to develop a framework for assessing macroeconomic policy according to human rights standards. However, two features set this apart from other methods. The first is the emphasis on the auditing of particular macroeconomic policies, both as a method for understanding the policy in question and also as a political tactic for people-centered policy transformation. The second is the insistence that such audits start with specific policies, and work analytically towards potential violations, rather than starting with particular violations, then working deductively towards offending policies.

What is an Audit?

We draw a distinction between an audit and a study of policy impact. The latter proposes a causal link between economic policies ("conduct") and the degree of substantive enjoyment of economic and social rights ("results"). Impact studies require the use of quite complex mathematical models and econometric techniques, combined with assumptions about "counterfactuals" (i.e. what would have happened if different economic policies had been used). The technical apparatus of studies that purport to examine impact often obscure the nature of the "guesstimates" that have been made in constructing these counterfactual scenarios. Moreover, no impact study can definitely establish causation; it can only establish correlation and suggest plausible reasons for interpreting this as evidence of causation.

An audit has a less ambitious aim: to examine how policy has been conducted by asking whether it has consisted of action reasonably calculated to realize the enjoyment of a particular right which might reasonably be thought to have a strong relation to the policy instrument. Starting with the policy, rather than with the violation, allows the human rights framework to be applied more systematically with more clarity and consistency.

Where appropriate, the analysis of conduct can be crosschecked with a quantitative and qualitative analysis of relevant results for some relevant rights. The data on results may reinforce or challenge the conclusions about the conduct of policy. In Section 2, we turn to specific policy areas and the particular problems and potentials of conducting human rights audits in each field.

SECTION 2

In this section, we provide some more specific guidance and an approach for conducting audits of key policy areas. Here, we are focused on macroeconomic policies that affect the whole economy, not sectoral or micro-level policies. While such sectoral or micro-level policies can also be audited through the human rights framework—and so themselves constitute a terrain for human rights activism—the auditing of macro-level policy regimes offers a more comprehensive pathway towards social and economic reforms.

In conducting an audit, we suggest the following stages:

- select the economic policies to be considered;
- identify which of the principles set out above apply most directly to the selected policies;
- identify relevant indicators to assess how far obligations of conduct are being met;
- identify indicators of results in realizing economic and social rights, and use them to cross check indicators of conduct where appropriate.

In the rest of this section, we'll focus on five specific areas of macroeconomic policy—government spending, taxation, budget deficits and public debt, monetary policy, and financial regulation.

I. Government spending

Issue Summary

Governments have a duty to spend in a way that promote the wellbeing and continued flourishing of the individual rights holders over which they hold jurisdiction. Therefore policies that a government envisions and implements must be consistent with the progressive realization of economic, social, and cultural rights.

There are three central aspects of government expenditures relevant for the realization of rights: (1) the overall size of government spending; (2) the allocation of expenditures to specific areas within the budget; and (3) the effective use of those resources to support desired outcomes, such as better education, health, and housing.

To conduct a human rights audit of government spending, we might choose to focus on the principles of progressive realization and non-retrogression; non-discrimination and equality; and transparency, participation and accountability. For a policy audit to be complete, it must include consistent and verifiable data demonstrating governments' failures or successes in fulfilling human rights obligations. This means identifying

key indicators on the human rights side—such as access to health care, infant and maternal mortality, rate of preventable death—as well as on the macroeconomic side. When considering the resources available to realize rights, it is important not to limit the analysis of public expenditures to social spending, since the realization of some economic and social rights, e.g. the right to work, requires an examination of other areas of spending, e.g. public investment in basic economic infrastructure. The scope of human rights expenditure is therefore quite expansive, involving not just social service delivery, but also agricultural, industrial, and employment policy.

Progressive realization and non-retrogression

Obligation of conduct

Is the state making an effort to spend in a way consistent with human rights principles so as to progressively realize rights? The obvious place to begin is by assessing the total amount of social expenditure, which is defined as cash benefits, direct in-kind provision of goods and services, and tax breaks with social purposes (expressed as expenditure to GDP ratio).

In addition to looking at the social expenditure to GDP ratio, the allocation of spending to particular areas that support the realization of specific rights—such as health and education—and income protections and transfers to low-income households, should also be taken into account. Trends in social expenditure as a share of GDP should be monitored— is the share rising or falling? The share should also be compared to share in similar countries— is it above or below? Finally, these areas of spending should be compared to areas of spending that do not support human rights (e.g. military spending).

Obligation of result

To determine whether the state meets the obligation of result, we must measure the outcomes of government spending policies— are public services more available to more people? does the system of income transfers (e.g. welfare benefits and social security) ensure that no one lacks an adequate standard of living? These are quantitative questions, to be answered empirically using available data. Data availability varies by country, and activists can make credible demands for data access by appealing to the principle of transparency, participation and accountability.

Non-discrimination and equality

Obligation of conduct

To satisfy the principle of equality and non-discrimination, the state must ensure that its spending is distributed in such a way so as to provide for the most equitable outcomes possible. In cases where historical inequities have distorted the economic development of specific racial, gender, or other groups, it may be necessary for the state to spend differentially so as to correct or ameliorate those historical distortions. In the United States, for example, a government spending regime that fails to take into account the historical dispossession of African-Americans, and the economic and so-

cial effects that this dispossession continues to have on the lives of African-Americans today, cannot credibly be said to fulfill human rights obligations.

Because poverty disproportionately affects the members of marginalized social groups, differential government spending is often required to ensure equitable outcomes. Take the human right to health: government spending on healthcare might be examined to assess whether it is "action reasonably calculated to realize" the right to health. To meet this criterion, for example, the distribution of health care spending should not allocate more funds per capita to groups that already have higher incomes and better health status as compared to disadvantaged groups.

Obligation of result

While differential spending may be necessary to fulfill the obligation of conduct, ensuring equitable outcomes is an essential step of the state's fulfillment of its obligation of result.

To continue with the public health expenditure example, we can assess whether a state has fulfilled its obligation of result by looking at data on the health status of different social groups, which measure some dimension of to what extent each group enjoys particular levels of the right to health. If we find the health status of the group that received the least amount of money from government expenditure is worse than those groups with higher shares of expenditure, this suggests that the government is indeed in violation of its obligation of result. Even though there may be in total a large amount of public expenditure on health, if the resources are not going to the most in need and the health status of those people are worse than others then there is a violation of the of obligation of result.

Transparency, Participation and Accountability

Obligation of conduct

To satisfy the principle of transparency, participation and accountability with respect to government spending, states must make relevant data available to the public at large and must be held accountable through a process of popular participation and control. Identifying conduct violations is straightforward in this instance: are relevant data (e.g. on government expenditure, on health status of different social groups, demographic data, etc.) publicly available? Are there routines and procedures in place to ensure an appropriate level of accountability through participation? If not, we can identify a violation of the obligation of conduct.

Obligation of result

If data are publicly available, are there barriers to their mass dissemination and discussion? Are they accessible only to readers with a very high level of technical expertise, for example, or are they stored in a repository that is inconvenient or impossible for many people to access? If there are processes for popular oversight and decision-making, are there barriers that prevent widespread participation in these processes, or restrict the number of people who can meaningfully intervene in relevant discussions?

Fighting back: Ideas for activists and advocates

An advantage of expressing the goals of expenditure policy in terms of human rights is that it goes beyond aggregate goals, such as economic growth and full employment, to address other concerns about the role of the economy. Does it supply people the goods and services needed to satisfy the right to an adequate standard of living?

Moreover, a human rights approach emphasizes that the conduct of expenditure policy should comply with the human rights obligations that governments have entered into. It provides important arenas for deliberation and a normative framework that requires governments to defend their expenditure policy decisions and offers ways of challenging the idea that expenditure policy is a technical matter best left to public finance experts.

Government budgets are never the outcomes of a purely technical process based on financial analysis. They are necessarily political documents, as well as instruments of economic policy. This means that they are arenas for activist intervention, and should be treated as objects of democratic control.

II. Taxation

Issue Summary

Governments obtain revenue from several sources, but taxation is usually the most important source of revenue. While some economists endorse the idea that taxation is a burden that should be minimized, a human rights perspective shows that taxation is a critical part of complying with the principle of making use of maximum available resources. Governments have an obligation of conduct to introduce and implement tax laws and systems of tax administration that are capable of generating sufficient revenue for realization of human rights, in ways that comply with other human rights obligations, such as non-discrimination and equality and transparency, accountability and participation.

Taxation is a critical part of complying with the principle of making use of maximum available resources (MAR). In light of this, we refer to tax "contributions" rather than "burdens" and "behavioral incentives/disincentives" rather than "distortions." Poor administration of the tax system, such that it permits significant evasion and avoidance from wealthy persons and entities, should be understood as a failure to comply with human rights obligations.

To conduct a human rights audit of taxation policy, we might choose to focus on the principles of maximum available resources; non-discrimination and equality; and transparency, participation and accountability. Taxation is appropriately audited in relation to obligations of conduct, as results in achieving particular levels of enjoyment of economic and social rights are more closely linked to expenditure.

Looking at taxation through a human rights lens helps to build the case for reforms that boost government revenues, especially from the better off and from corporations, and provides an umbrella under which a variety of civil society groups can push for

changes in tax policy. But again, it is important to identify and monitor key indicators, such as the relative tax contributions of the wealthiest members of society, to understand to what extent existing tax regimes are compliant with human rights obligations, and to identify opportunities for improvement.

Maximum available resources

Obligation of conduct

If tax revenue as a share of GDP is low compared to similar countries and tax administration is poor, permitting significant tax evasion and avoidance, this suggests a lack of compliance with the obligation to use maximum available resources.

If the tax code is so complex and opaque that those who cannot afford the advice of specialist tax accountants find it hard to understand—and those who can afford this advice, especially corporations, find many loopholes for tax avoidance—then this is a breach of the obligation to use maximum available resources. If the tax system facilitates tax avoidance by allowing multinational companies to use a system on internal prices to transfer their profits to jurisdictions which have little or no profits tax, this is a breach of human rights obligations. To rectify this, and to allow the state to use maximum available resources, the tax system needs to be reformed to ensure more revenue is raised in ways that comply with human rights obligations.

Raising the amount of revenue collected may require a combination of increasing tax rates, introducing new taxes, and improving tax collection. Tax avoidance and evasion lead to substantial loss of revenue for governments. Bribery and corruption of tax officials are also common problems in many countries. It is vital to strengthen tax collection processes to support progressive realization of rights.

Non-discrimination and equality

Obligation of conduct

Personal income tax most often is progressive, with the higher income groups paying a larger share of their income in income tax than the lower income groups. However, there is an increasing reliance on Value Added Taxes (VAT) and sales taxes as an easier way for government to raise revenue. These taxes impact all income groups, whereas there are personal income tax exemptions for low-income people. VAT is regressive because low-income people spend a much larger share of their income on consumption and therefore pay a larger share of their income in VAT than rich people. State and local taxes levied by state and local governments are also often regressive. Tax systems must be made less regressive to comply with human rights obligations.

The balance between taxation of people and of corporations is also related to non-discrimination and equality. In most countries, more and more revenue is produced by taxes on people, and tax rates on corporations have been reduced. To comply with human rights obligations, the tax contributions of people and corporations needs to be rebalanced.

In relation to gender equality, if the system of personal income tax is levied on married couples through a joint filing system, as in the United States, this creates a disincentive for married women to participate in the labor market, because insofar as married women tend to be the secondary earners in the household, they face a higher effective tax rate on the first dollar they earn than they would face as an individual, because their earnings are added to those of their husband.

Transparency, participation, and accountability

Obligation of conduct

Finally, to satisfy the principle of transparency, participation and accountability, taxation policy must be determined through a democratic process that is accountable to the needs of the poorest and most vulnerable members of society. This process must include mechanisms for democratic majorities to both remove onerous tax burdens on some income and wealth groups, and to levy taxes on others. Decisions about tax law at every level—and significantly at the sub-national and regional levels, in the case of preferential tax policies that are offered to entice large investors—must be made in a transparent manner, and must be subject to popular review and redress of grievances.

Fighting back: Ideas for activists and advocates

Advocacy of higher taxes on businesses and well-off people is often dismissed as the politics of envy. We can recast this advocacy as the politics of human rights and point to the obligations that governments have to raise revenue for realizing human rights. Framing tax reform in terms of human rights, as opposed to the private sector development that favors corporate interests provides a new energizing discourse in which struggles for tax justice can take place. Tax policy should ideally be looked at together with expenditure policy so that we look at the relationship between the revenue and where it is spent.

III.: Budget deficits and debt: Aggregate fiscal policy

Issue Summary

Total government spending is not limited to the revenues available in a particular year. When government spending exceeds total government revenue in a given year, governments borrow to make up the difference. This is called a budget deficit. Governments borrow by taking loans from other governments, commercial banks, and international financial institutions like the IMF and the World Bank. Governments also borrow by issuing bonds to investors, such as pension funds. Therefore, to adequately audit fiscal policy according to human rights obligations, we must also take debts and deficits into account. A policy of allowing the budget deficit to rise and increasing borrowing is known as an expansionary fiscal policy. Some economists argue in principle against expansionary fiscal policy, but whether such a policy will assist in realization of human rights depends on the context.

Deficits represent how much is borrowed to cover the gap between revenues and expenditures in a particular budget. The total outstanding amount owed to bondholders

and other creditors is the public debt. The public debt represents a claim on future budgets, as interest has to be paid.

Debt can become unsustainable and limit, rather than enhance, policy choices. For example, over-reliance on international loans can lead to an increase in the power of international creditors over government policy. However, the human rights framework demands that we take seriously options for mobilizing maximum available resources that sit outside of conventional economic thinking.

Borrowing can have a positive impact on the aggregate supply in an economy if it is invested in ways that increase productive capacity of an economy, through investment in physical and human resources, such as transportation infrastructure and a healthy labor force, which private sector business may be reluctant to undertake. Similarly, investment in education can increase people's productivity and creativity and promote new forms of entrepreneurship and technological advances.

To conduct a human rights audit of deficits and debts, we might choose to focus on the principles of progressive realization and non-retrogression; non-discrimination and equality; and transparency, participation and accountability.

Progressive realization and non-retrogression

Obligation of conduct

These principles suggest that deficits should be managed to offset the ups and downs of the market economy, so as to maintain and expand the enjoyment of the right to work and an adequate standard of living. In other words, the budget deficit should expand in times of recession and fall in periods of high growth, expanding aggregate demand in a downturn and contracting in an upturn. This is known as a counter-cyclical fiscal policy.

Since borrowing expands the resources available to government to finance the realization of human rights, it increases the maximum level of resources the government has at its disposal in the current time period. However, public debt implies that, in the future, creditors have a claim on future government revenues, which can constrain ability to spend in subsequent periods.

Two key questions arise when considering whether borrowing might positively or negatively affect human rights. First, to what extent are state actions financed through borrowing contributing to human rights? If such state actions are not improving human rights processes or outcomes, obviously such borrowing should be questioned. Second, will those assets generate income through economic activities that directly or indirectly repay the debt, or at least the interest payments? Investments in nutrition and education, for example, make some people more productive, which will increase output. Provided there is a way of taxing this output, the debt can be serviced by higher tax revenue. Thus governments should manage their borrowing to as to assist the progressive realization of human rights. This includes a consideration of how public borrowing could affect the realization of rights in the future. Future interest payments and debt repayment have the potential to squeeze future resources if borrowing is not

sustainable or invested in ways that support future revenue collection.

Obligation of result

One important way we can look at human rights results of deficit management is by examining trends in the labor market in relation to the right to work and rights at work. A countercyclical policy, that seeks to offset recessions by allowing the deficit to expand is likely to have a positive impact on job creation and employment.

Are the government's deficit policies strengthening workers' bargaining position in the labor market, in such a way as to contribute to the progressive realization of the human right to adequate employment? Are they limiting unemployment? Are the government's debt management policies supporting an increase in access to education, housing, health care, and other necessary social goods?

Non-discrimination and equality

Obligation of conduct

To assess whether a state is satisfying the obligation of conduct with regards to the principle of equality and non-discrimination, we can ask if a state's willingness or unwillingness to borrow is disproportionately helping or harming particular income or identity groups especially when multiple identity groups intersect. For example, if the state refuses to borrow funds for the purpose of rebuilding infrastructure and assisting in recovery after a traumatic weather event, we might ask whether a particular social group is disproportionately harmed by that weather event, and so disproportionately suffers from the government's unwillingness to borrow. If we determine that the government previously borrowed to assist in the recovery from similar events, we must ask which social group, if any, benefited from that former willingness to borrow.

Has the decision made about the budget deficit unduly increased the amount of unpaid care work that needs to be done, thus infringing the right to leisure? For example, have health care services been cut due to a decision to cut public expenditure in an attempt to cut the budget deficit, therefore increasing the amount of unpaid care work done mostly by women?

Obligation of result

We need to examine whether borrowing has been associated with equal enjoyment of the rights to work, to leisure and to an adequate living standard across all social groups. Have policies to reduce the budget deficit been accompanied by higher rates of unemployment and declines in the standard of living to groups already suffering from discrimination? The relevant indicators for employment and an adequate standard of living must be disaggregated by race, ethnicity, sex, and age.

Transparency, Participation and Accountability

Obligation of conduct and result

We can assess whether or not a state satisfies the principle of transparency, participation and accountability by evaluating the process by which deficit management and borrowing decisions are made, along the lines already described for government spending and taxation.

Fighting back: Ideas for activists and advocates

The issues of debt and deficit look very different depending where in the world you are. In wealthy countries like the United States, the national deficit is used as a conservative talking point, a supposedly unassailable indicator of inefficiency and government bloat that can only be resolved through the imposition of austerity. The task for activists and advocates working in contexts like this one is to insist upon an alternative evaluative framework, and to shift the conversation around deficit spending. If deficit spending is crucial for the progressive realization of human rights, it amounts to an abdication of the government's human rights obligations to insist dramatic reductions in social spending to service the deficit.

In Global South or colonized contexts, however, the issue of public debt is more politically relevant than that of the deficit. In Puerto Rico, for example, the imposition of a Fiscal Control Board by the United States to bring Puerto Rico's budget into line with the demands of private bondholders represents a flagrant violation of human rights and the principle of non-retrogression, similar to the structural adjustment policies of the twentieth century.

Because the sustainability of debt very much depends on creditors, activists and advocates may choose to target creditors directly (as in the case of Puerto Rico). Creditors' views and expectations can be volatile, especially in times of economic crisis. There is a danger that obligations to creditors can overwhelm the obligation to protect and progressively realize human rights, leading governments to choose fiscal balance over human rights. This suggests that activists may intervene at both the level of the international creditor and the level of the state government. As a baseline, activists should oppose austerity measures undertaken to restore the confidence of bondholders.

Finally, the recent and troubling trend of U.S. Federal government shutdowns in response to budgetary gridlock in Congress offers renewed opportunities for activists to contest the conservative narrative of deficit spending. It is also the case that these shutdowns disproportionately negatively impact vulnerable communities — including lower-income Federal government employees and contractors, as well as those who, like veterans or the elderly, depend on Federal services.

IV. Monetary Policy

Issue Summary

Monetary policy has an impact on the level of aggregate demand and productive activity in an economy, which in turn has an impact on employment and living standards. Central banks influence aggregate demand by adjusting the interest rate that they charge to commercial banks when the latter enter into financial agreements in order

to gain access to cash reserves that they need for their banking activities.

Just as with fiscal policy, monetary policy can be expansionary or contractionary, increasing or decreasing aggregate demand. Monetarists, economists in one branch of the neoclassical tradition, argue that the impact of monetary policy is only on the level of prices; and that monetary policy is ineffective in increasing (or decreasing) employment, postulating that what money supply primarily affects is the rate of inflation, not the level of employment. Many central banks now focus exclusively on keeping the rate of inflation low and often have explicit inflation targets.

Monetary policy can also have an impact on the economy's productive capacity. Lower interest rates may encourage private sector investment and expand the economy's capacity to produce goods and services and create jobs, though the private sector investment also depends on the expected level of demand for what is produced. If there is a downturn in the economy, businesses may not invest, even if interest rates are very low. Moreover, banks may choose not to lend during a downturn, preferring to hold cash reserves as a safety cushion. The result is a situation in which banks do not lend and investors are wary of an uncertain economy. Monetary policy, by itself, may be unable to fix this situation. Unless there is an expansionary fiscal policy, monetary policy may be ineffective.

Assessments of monetary policy for human rights compliance can focus on the obligation of conduct and result.

Progressive realization and non-retrogression

Obligation of conduct

In many countries, the actions of the central bank are constrained by a single-minded focus on "inflation targeting," leading to the banks' neglect of other aspects of monetary policy, notably the generation of new employment opportunities and the targeted support of socially essential economic sectors. To be compliant with human rights standards, central banks need to conduct themselves in such a way so as to avoid crisis and prevent devastating inflation, but they also have to prioritize the creation of new jobs and adequate investment in the social and material infrastructure necessary for supporting the fulfillment of economic human rights.

Obligation of result

Applying the obligation of result is trickier for monetary policy. Although monetary policy affects the general level of employment, it may be difficult to attribute a specific outcome solely to a particular monetary policy decision, since many factors influence the overall level of employment. However, results can factor into the formulation of monetary policy. For instance, inflation-targeting central banks set a target rate of inflation and then formulate monetary policy to meet that target (conduct). But then the central bank looks at actual inflation (result) to determine if its policy choices were successful. If the central bank misses the target, it must, at least in theory, explain why and what it will do in the future (accountability). While this example focuses on inflation, the same approach could be used for other policy outcomes. For instance, the

central bank could set an employment target (or unemployment target) and use monetary policy to try to meet this target (conduct). If it fails to meet the target (result), it must account for this failure and explain how to meet the target in the future.

Some caution is needed. Unemployment rates may or may not be the best indicator of whether the right to work is being realized. There is a need to look at the quality of jobs created, not just the quantity. For instance, full time employment has to be distinguished from over-work involving excessive hours. Decent work must leave enough time for leisure and the unpaid work of taking care of families and community activities.

Non-discrimination and equality

Obligation of conduct

Does the central bank, the monetary authority, consider the distributive consequences of its choices when formulating monetary policy? Understanding that the central bank, acting alone, probably cannot change the structural features of the economy that produce unequal outcomes, does the central bank coordinate monetary policy with other policy choices to avoid unequal outcomes?

Obligation of result

Monetary policies that prioritize low inflation may have negative consequences for employment and an adequate standard of living. It would be a mistake to think that unfavorable consequences are neutral to race, ethnicity, or gender. Studies covering industrial and developing countries have shown that raising the interest rate to try to reduce inflation frequently has negative effects on women and racial or ethnic minorities, who pay disproportionately for such disinflationary monetary policy. To assess whether a state's monetary policy or central bank's conduct satisfies human rights obligations with regards to non-discrimination, we must look at the effects of "inflation targeting" policies on vulnerable groups, and assess whether or not such policies are having a disproportionately negative effect on the employment opportunities, economic stability, or social standing of marginalized and otherwise vulnerable groups.

Transparency, Participation and Accountability

Obligation of conduct

Because monetary policy is generally set by a central bank with relative autonomy from other public entities, monetary policy is often conducted far from the public eye, with very few processes in place to ensure accountability, transparency and participation. To satisfy this human rights standard with regards to monetary policy would require a significant reorganization of central bank operations to include robust and substantive processes of popular consultation, as well as a recognition that central bank activities are political, not technocratic, and so new policies must be preceded by a process of public discussion that provides an opening for alternative proposals and political consultation.

Obligation of result

Is there any evidence that the central bank is engaging in discussions with civil society about impact of monetary policies on inequality, employment and discrimination? How transparent are the decision that are being taken in setting monetary policy. In whose interests does the central bank make decisions?

Fighting back: ideas for activists and advocates

The most promising pathway for activists hoping to democratize monetary policy decision-making and bring monetary policy regimes into compliance with human rights standards is to organize around a demand for transparency and participation. Too often, monetary policy is decided inside the “black box” of the central bank, and when it is communicated publicly the specific motivations for particular policies are often left undisclosed, or are explained in technical language that frustrates any possibility of popular understanding or democratic input. For this reason, opening that “black box” of the central bank by establishing transparency, participation and accountability is a key pre-requisite for placing further pressure on central bank activities, including by demanding that central bankers prioritize job creation and strategic sectoral support in addition to inflation targeting. Though we prioritize inflation targeting in this guide, over the last few years a number of high-income countries have transitioned to non-traditional monetary policy. There have been departures from standard monetary policy since the 2008 financial crisis and we are currently in a transition period. For example, the Federal reserve in the U.S. conducted quantitative easing (QE) until roughly 2017. Since then, it has been moving towards “normal” operating procedures. Though this transition is taking place in many countries and is important to audit monetary policy, it is beyond the scope of this guide.

V. Financial regulation

Issue Summary

A central element of the human rights framework is the obligation to protect. With regard to economic policy, this involves taking steps to adequately regulate individuals, businesses, and institutions so that their actions do not, either directly or indirectly, undermine human rights. This duty extends to the financial sector. Poorly regulated financial markets can lead to crises that affect national economies. Because financial markets are interlinked across borders, a crisis in one country can quickly spread to another. The consequences of financial crises for human rights can be severe leading to retrogression in the form of higher unemployment, loss of housing, greater poverty rates, and falling standards of living.

One important component of financial regulation is the need to put in place measures that prevent systemic risk. Systemic risk refers to risks that affect the financial sector and the economy as a whole. By minimizing systemic risks, a government can reduce the chance of a financial crisis that leads to the retrogression in rights. Policies that aim to reduce the risks of the financial sector as a whole are often called “macro-prudential policies”. The idea behind macro prudential policies is to put in place a core set of financial regulations to lower risks and then more tightly regulate financial sectors

when they show signs of fragility or instability.

To give an example, capital requirements are regulations demanding that banks, and possibly other financial institutions, maintain a minimum amount of capital relative to their assets. Bank capital is the amount that the owners of a bank, the shareholders, have invested. The bank capital serves as a safety cushion in case the bank's assets go bad – for example, if borrowers default on their loans or mortgages. These capital requirements could be tied to general economic conditions – for example, the total amount of debt in the economy – including business and household debt – so that capital requirements are linked to the amount of credit the banking sector has extended. Capital requirements could increase when total indebtedness expands beyond a certain point. Excessively high levels of borrowing put an economy at risk, but if capital requirements expand with debt, so does the safety cushion. This helps prevent defaults from turning into a system-wide crisis.

There are other examples of macro prudential regulations. Financial institutions could be prevented from investing their capital in risky assets (such as speculative stock market transactions). Steps could be taken to make sure that all financial institutions have the same basic level of regulation (e.g. capital requirements could be extended to all financial institutions, not just banks). For instance, there are a number of financial institutions that perform functions that are similar to banks, but raise the money used to finance their operations from sources other than individual deposits. Because these financial institutions are non-depository, they are currently regulated differently.

Furthermore, very large financial institutions, whose failure could bring down the entire economy, could be more tightly regulated than smaller financial businesses, such as local banks or credit unions. Limits could also be placed on the extension of additional credit when household borrowing exceeds a particular threshold. To limit the likelihood that a financial crisis could spread from one economy to another, some countries put in place capital controls, which limit the amount of or speed at which financial flows can enter and leave a country.

In what follows, we briefly outline some strategies for assessing compliance with the obligation of conduct and the obligation of result, according to the human rights principles outlined elsewhere in this guide.

Obligation of conduct

To conduct a human rights audit of financial regulation, we would begin with the obligation of conduct. Financial regulations will vary from country to country because not all countries have equally complex financial systems. One approach would be to compare countries with similar levels of financial development and possessing similar financial sectors to see if financial regulations are weaker in some countries than others. As financial sectors become more complex, some groups of financial institutions (e.g. banks) may be more regulated than others (e.g. mortgage brokers— which are non-bank institutions that extend mortgages). Sections of the financial sector may be under-regulated compared to others. It would also be important to identify the largest financial institutions in the economy and determine if they pose a disproportionate risk. In other words, what are the consequences if they fail or take overly risky actions?

Are the safeguards adequate?

Obligation of result

Applying the obligation of result to financial regulation can be tricky. This is because a good result is when something (a financial crisis) does not happen. It is the absence of a crisis that shows that the financial regulations are working. One way to approach the obligation of results is by thinking of a "stress test". A stress test is a hypothetical analysis that asks what the consequences of a particular shock would be. For instance, if Investment Bank ABC were to collapse, what would happen to the financial sector and the economy? Are adequate safeguards in place? Or if a large share of people who took out a particularly risky mortgage were to default, what would be the consequences (as happened with the sub-prime mortgage crisis that triggered the 2008 global financial meltdown).

Non-discrimination and equality

Obligation of conduct

For some human rights principles, evaluating the obligation of result is more straightforward. This is the case with non-discrimination and equality. Are there some groups (or neighborhoods) that are denied financial services on the basis of race, gender, ethnicity, or similar social grouping? Are some groups able to borrowing on more favorable terms than others? If the answers to these questions are "yes," it could present a failure of the government's obligation to protect with regard to the principle of non-discrimination and equality.

Obligation of result

Have certain social groups suffered more than other as a result of changes in the financial sector. What groups suffered the most as a result of the changes in the regulation. For example, evidence shows that the impact of the financial crisis in the U.S. was felt disproportionality by African-American women who were the main targets of subprime mortgages.

Transparency, participation and accountability

Obligation of conduct

With regard to accountability and transparency, a critical aspect of financial regulation is information disclosure. We must be able to determine the degree to which financial investments and financial institutions pose potential risks to the economy and to human rights. Has the government taken sufficient steps to require financial institutions to disclose reliable information regarding the riskiness of their investments and activities?

Obligation of result

Have the changes in the regulatory structure regarding financial regulation been dis-

closed openly. Financial markets are being re-regulated in the interest of big financial players. Biased regulation comes from deliberate government policy changes and a failure of the states regulatory role and the obligation to protect. Has there been balanced regulation, not biased regulation? Has there been comprehensive set of regulations for the financial sector as a whole? Have there been prudential safeguards introduced to prevent crisis?

Fighting back: ideas for activists and advocates

Financial crises are not natural events— they are manufactured through the design and implementation of particular policies as well as the nature of certain institutions. Regulation of financial institutions can limit the possibility of crisis and promote stability, for example, but regulations have often been biased toward the interests of business and away from government duties to ensuring the right to work and an adequate standard of living.

Regulations are often skewed in favor of certain interests. Prior to the catastrophic 2008 financial crisis in the United States, for example, what is often characterized as a process of deregulation is in fact better understood as a re-regulatory process that was biased toward the interests of banks rather than workers and families. (Sub-prime mortgage lending, and the extensive regulatory web that developed to validate and sustain that practice, is one example of that kind of regulatory bias.) At the time that financial markets were being re-regulated in favor of the big financial players, the reform of personal bankruptcy laws made it more difficult for workers and families to manage onerous levels of personal debt, especially in the context of personal injury, illness and medical bills, or unemployment.

Activists can mobilize human rights standards to contest this kind of biased financial regulation by demanding that resources and regulatory energies be directed towards protecting rights, not shielding wealth. In the United States context, specific demands might include a moratorium on home foreclosure in the event of financial crisis, a national system of universal health care (free at the point of service) to reduce the risk of personal bankruptcy, and other measures.

Conclusion

As the unequal distribution of wealth intensifies—both within states and between them—people interested in securing a just and sustainable future for the many will require a variety of strategic tools for the struggle ahead. The purpose of this guide has been to show that internationally accepted human rights norms provide one of those tools.

The human rights approach implies that there should be a distribution of income and wealth consistent with the realization of rights. This includes a fundamental commitment to non-discrimination and equality across gender, race, ethnicity, caste, sexuality and other dimensions. It requires an approach to the allocation of resources in ways that support the realization of rights, using policy instruments such as public spending, taxation, government borrowing, and monetary policy and financial regulation— with the objective of improving people's lives, not simply promoting faster growth.

The new order must provide mechanisms to hold the state to account in terms of the formulation of policies and the use of resources to respect, protect, and fulfill rights. This includes fostering a vibrant and participatory democracy. It must be able to discipline the actions of finance and transnational corporations and correct power imbalances in the economy. It must be able to manage the uncertainties of the world we live in, reducing volatility and giving people the wherewithal to navigate the risks they face. It is a truly global order with effective international governance that supports meaningful coordination between countries to support the realization of rights and prevent powerful countries pursuing policies that impede the realization of rights elsewhere.

Much of the substantive material in this guide has been taken from Balakrishnan, Heintz and Elson, *Rethinking Economic Policy for Social Justice: The Radical Potential of Human Rights* (2016), Routledge; Balakrishnan and Elson (eds), *Economic Policy and Human Rights: Holding Governments to Account*, Zed Books (2011); Balakrishnan and Elson "Auditing Economic Policy in the Light of Obligations on Economic and Social Rights" in *Essex Human Rights Review*, Vol. 5, No. 1, (July 2008); Balakrishnan, Elson, Heintz and Lusiani, "Maximum Available Resources & Human Rights: Analytical Report." for the Center for Women's Global Leadership to brief the UN Committee on Economic, Social and Cultural Rights (2011); Balakrishnan and Heintz "A Human Rights Response to the Economic Crisis in the United States," for the Center for Women's Global Leadership (2009).

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