The accomplices to austerity are also responsible for human rights violations

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Adjustment and austerity measures are often among the conditions associated with multilateral loans and have been widely recommended, advocated and even imposed, in recent years, by international financial institutions (IFIs), such as the IMF. The number of countries implementing austerity policies and the areas covered by these measures are, in fact, still growing.

Austerity, as a good housekeeping rule, could, in itself, be deemed commendable, as opposed to wastefulness, but it means very different things to different people, depending on which social groups have to adjust their incomes and expenditure. The austerity advocated by the IMF and other IFIs is not austerity for all. No restrictions are placed on the national debt service payments received by local and foreign rentiers ; quite the reverse, restrictive monetary policies raise interest payments. Cuts are, however, generally made to food subsidies and basic public services, real wages, investment in housing and infrastructure, and spending on research, health and education. It is not difficult to show the human rights implications of that kind of austerity and its negative impact on economic growth, debt sustainability and economic equality.

The negative repercussions such policies have had on human rights in many parts of the world are well known and have been widely documented by international and regional bodies protecting human rights : they impact a broad range of human rights and population groups, especially those exposed to cumulative or intersectional inequalities.

> The question is not whether austerity plays a role in violating human rights but how big a role it plays : how much of an impact it has on indicators such as mortality rates, employment, equality, health, housing and levels of violence, social protection and education.

It comes as good news, therefore, that the United Nations Human Rights Council, following an open public consultation process, decided to debate the ‘guiding principles for human rights impact assessments for economic reform policies’ and to put them to a vote, in March 2019. A majority decision was taken to encourage governments and intergovernmental organisations to take stock of these principles.

Austerity measures, called on to correct macroeconomic imbalances over the short term, are often combined with institutional changes seeking to give permanence to the income redistribution brought about by these measures. In several countries of the South and the North, for example, labour reforms applied in the context of structural adjustment programmes have contributed to eroding individual and collective labour rights, and the right to fair and favourable conditions. Working conditions have been affected by restrictions placed on pay or employment. These reforms can also have a disproportionate impact on women’s human rights, such as equality.

Women, people with disabilities, children, single-parent families, migrants, refugees and other groups vulnerable to marginalisation are often disproportionately affected. Cuts to public services, for instance, and especially those affecting care, have an unequal impact on women, as does privatisation, which can hinder access to a range of services, such as water or electricity.

Similarly, job cuts imposed on public sectors have contributed to increased informal employment, reduced unemployment benefits and social protection and an increase in unpaid care work, the burden of which falls unequally on women.

The right to life and personal integrity are not immune to this phenomenon. Economic crises, further exacerbated by austerity policies, have triggered a rise in suicide rates in certain countries, have led to the exclusion of certain people from access to public health care and have stripped some public health systems so bare that they no longer have the resources to cope with epidemics.

IFI complicity

As argued in a report presented on 21 October 2019 to the UN General Assembly – regarding which the IFIs had the opportunity to express their opinions – there is a solid legal basis to make the case for inconsistency between the implementation of austerity policies in times of recession and the obligation to protect the enjoyment of human rights.

There is no evidence, in economic terms, that the so-called expansionary austerity often invoked by governments implementing it actually exists. There is much clearer evidence that structural adjustment programmes (both temporary and structural) are linked to reduced economic growth, unemployment, unsustainable debt and growing inequalities. It comes as no surprise that the combination of economic recession and contractionary fiscal policy affect a wide range of human rights, and especially the rights of the most vulnerable. Cuts to public spending, when and where it is most needed, clearly carry a high risk of violating human rights.

Not all economic reform policies responding to economic crises are intrinsically contrary to the protection of human rights, but there are no theoretical and empirical grounds for austerity from a human rights perspective. Given the well-established human rights violations resulting from or exacerbated by austerity policies, it is striking that the economic reforms and measures adopted by states to implement the conditionalities imposed by international financial institutions (chiefly the IMF) are rarely preceded by human rights impact assessments.

Whilst responsibility for protecting rights principally falls on states, IFIs can nonetheless be deemed responsible for complicity when prescribing policies with clear potential human rights impacts and/or contributing to human rights violations in times of crisis.

> The fact that international financial institutions neither conduct nor commission human rights impact assessments is inconsistent with the albeit imperfect practice of conducting environmental and social impact assessments in the context of project financing.

If they can be held responsible for the avoidable harm done to those affected, for example, by a dam they finance, why not for the avoidable human rights damage produced by retrogressive economic reforms ?

The aforementioned report develops the argument that, according to international law standards, IFIs can be deemed responsible for complicity with economic reforms that violate human rights.

The causal link between the assistance provided (loans, surveillance and technical assistance, and the conditionalities attached to them) in the commission of a wrongful act (complicity) and the harm done (human rights violations) is clear and well documented. Knowledge of the wrongful nature of the act could be presumed if no ex ante impact assessment is undertaken even when advocating the implementation of economic reforms that usually lead to human rights violations. Legal responsibility for complicity entails obligations in terms of cessation, non-repetition and reparation.

Human rights impact assessments

Given the circumstances in which states usually find themselves when seeking assistance from IFIs, conditionalities are often imposed and are not necessarily negotiated with borrower states, not to mention their populations, who are even less involved in the associated consultations, discussions or negotiations. Furthermore, the scope of the conditionalities has been continuously expanding in recent decades. All this helps to provide an understanding of the pervasiveness and omnipresence of conditionalities in key sovereign matters, even in spite of overwhelming public opposition in the countries affected.

Would the recommendations arising from a proper human rights impact assessment of economic reforms be utopian ? International financial institutions should learn from the successful implementation of both counter-cyclical measures and adjustment programmes that are largely human rights compliant, such as those in Malaysia (1997–1998), which imposed capital controls on short-term outflows ; Iceland (2009–2010), which also included capital controls, the protection of the social welfare system from cuts and a strong focus on revenue generation and redistribution through progressive taxation policies ; or Bolivia (as of 2014), which continued to increase public and social investment despite the fall in earnings resulting from the fall in international oil and gas prices.

The duty to conduct assessments of the human rights impact of economic reforms also applies to the field of public debt. In accordance with the abovementioned guiding principles (and number 12 in particular), independent debt sustainability analysis should incorporate human rights impact assessments. Their findings should be used to inform debt strategies, debt relief programmes and debt restructuring negotiations.

Public debt is often considered ‘sustainable’ even though its servicing entails the state’s failure to comply with its human rights obligations because the resources necessary for servicing its debt deprive it of the financial means to realise human rights.

> Debt servicing should not compromise the promotion and fulfilment of human rights. The ‘debt or life’ dilemma sometimes takes a very explicit and drastic turn.

The experience of Greece should serve as a lesson : in a country forced to make debt repayments that were well beyond its ability, forcing the country to cut its health budget by 42.5 per cent between 2009 and 2013, it is hardly surprising that people intentionally infected themselves with HIV to receive social security benefits.

If we fail to recognise that human rights should constitute a limit when it comes to debt, we have to accept the real possibility that those living in debtor states may have to sell their organs or blood to honour payments to creditors. The export of organs and human blood is, in fact, a highly profitable and growing business.

This article has been translated from Spanish.

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https://www.equaltimes.org/international-debt-servicing#.Xfm4kmQzaHt