



# **Economic Reforms and Human Rights**

**United Nations, Palais des Nations  
Geneva, 1 March 2019**

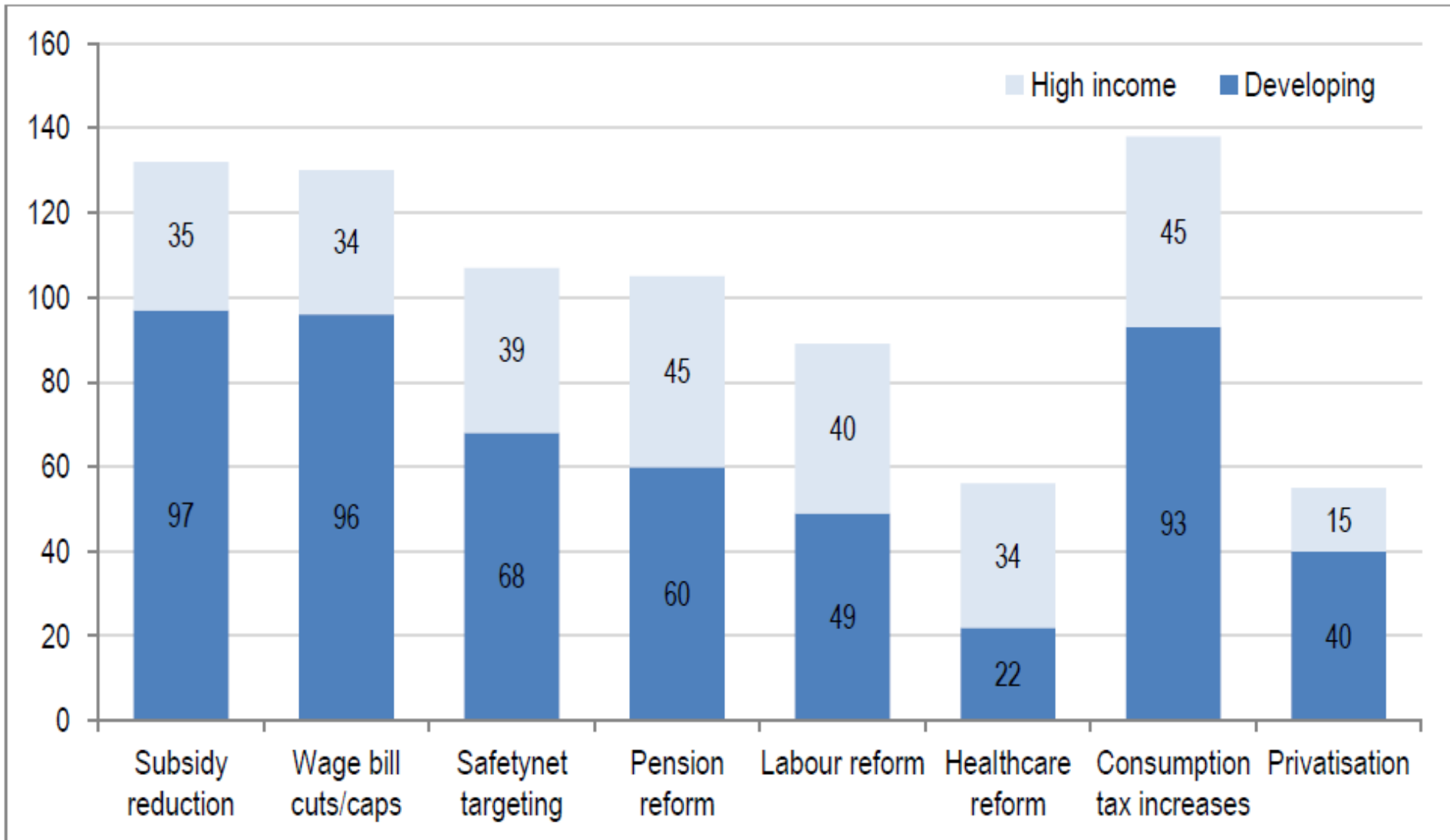
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# Austerity Reforms in 183 Countries

124 countries contracting public expenditures in 2019 (82 developing countries)

Figure 6: Incidence of Austerity Measures in 183 Countries, 2010-15

(number of countries)



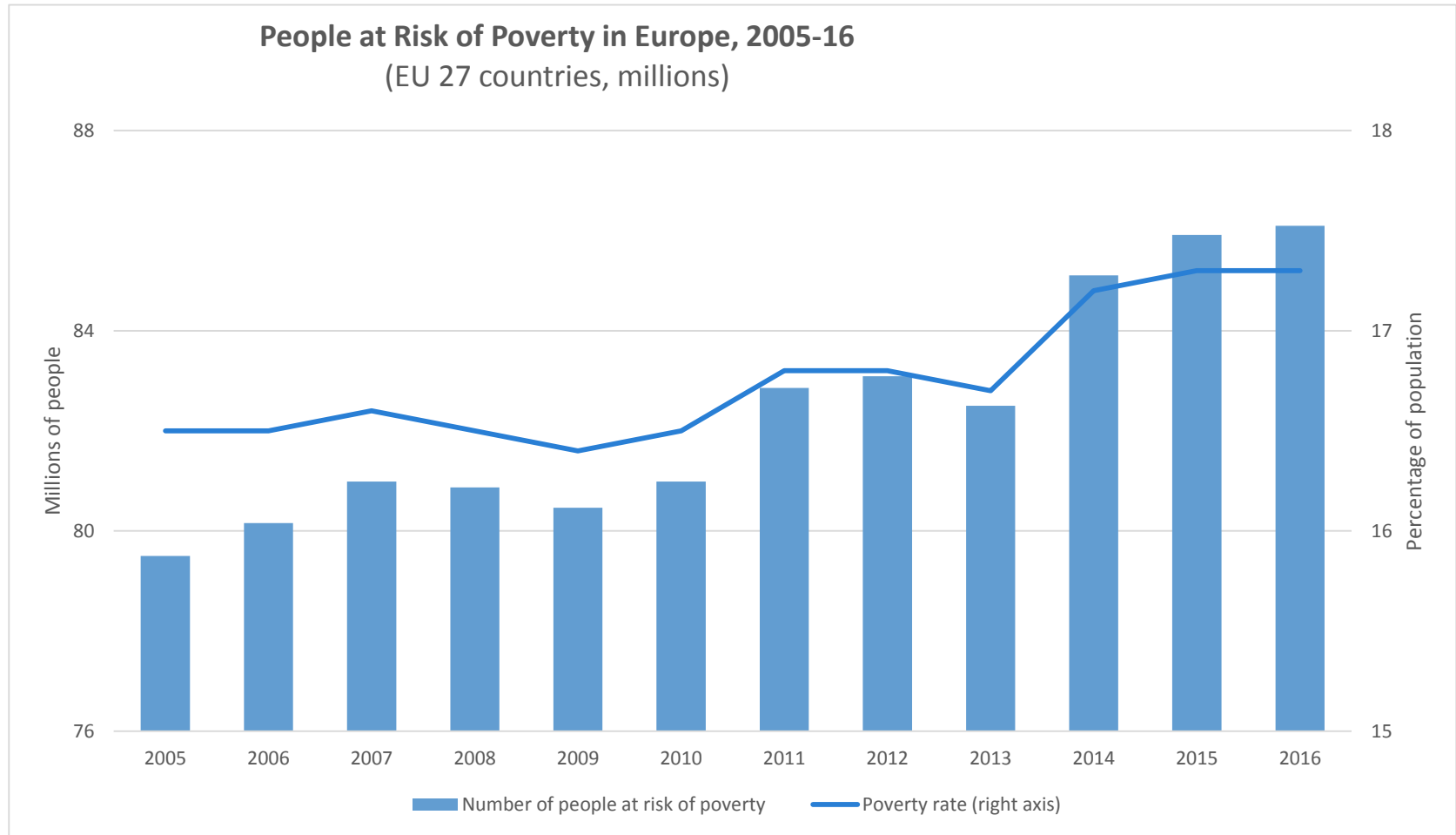
Source: [The Adjustment Decade](#), ILO/IPC/South Centre, based on 616 IMF Country Reports

# **Fiscal Consolidation/Austerity a “new normal”: Where is the Right to Food, Social Security, Health, Education and Labour Rights... and the SDGs?**

## **124 countries contracting public expenditures in 2019 (82 developing)**

- **Eliminating subsidies** (fuel, food, agriculture) in 132 countries, despite record-high food prices in many regions
- **Wage bill cuts or caps** in 130 countries, reducing or freezing the salaries and number of public-sector workers who provide essential services to the population, including education, health and social workers
- **Rationalizing and narrow-targeting welfare (“safety nets”)** is under consideration in 107 countries, like targeting universal child/family and disability allowances or gender equality programs, at a time when governments should be scaling up (not scaling down) social protection
- **Reforming pension and health care systems** in 105 and 56 countries by adjusting benefits and entitlements
- **Labour market reforms** in 89 countries
- **VAT increases** on basic goods and services that are consumed by the poor – and which may further contract economic activity – in 138 c’tries
- **Privatizations** in 55 countries

# Poverty increasing in Europe, affecting 87 million or 17% of EU's population



- Child poverty increased in 19 countries in the aftermath of the crisis
- Pensioners in at least 14 EU countries will have lower pensions (ILO World Social Protection Report 2017-19)

# Contesting Reforms: The Right to Social Security

- **Portugal:** The Constitutional Court ruled in 2013 that four fiscal consolidation measures in the budget, mainly affecting civil servants and pensioners, were unlawful and in breach of the country's constitution.
- **Latvia:** The 2010 budget proposed new spending cuts and tax increases, including a 10% cut in pensions and a 70% decrease for working pensioners; the constitutional court ruled that the pension cuts were unconstitutional on the grounds that they violated the right to social security, and the cuts had to be reversed.
- **Romania:** 15% pension cuts proposed in May 2010 were also declared unconstitutional.
- **The European Parliament** launched an inquiry into the democratic legitimacy of adjustment reforms and their social impacts in Ireland, Cyprus, Spain, Slovenia, Greece, Portugal and Italy in 2014
- **The UN High Commissioner for Human Rights** has warned that “austerity measures endanger social protection schemes, including pensions, thereby dramatically affecting the enjoyment of the rights to social security and to an adequate standard of living”

# People are Suffering Unnecessarily: There are Alternatives

- People were left behind in the run-up to the crisis
  - People were severely affected during the crisis
  - Now people are suffering from the sharp reductions in government expenditure and increases in public debt and from reduced economic growth
- **Decisions affecting people's welfare are often taken behind closed doors, without adequate consideration of their distributional impacts**
- **Austerity measures and economic reforms are a policy choice – there are alternatives.**
- **Ministers of Finance/Planning should have assess the social impacts of reforms, possible fiscal scenarios and options, risks and trade-offs, fully explored.**
- **If negative social impacts/retrogression of HRs, a set of alternative policy options for inclusive development and the achievement of Human Rights should be discussed in national social dialogue.**

# Options to extend fiscal space to achieve Human Rights exist even in the poorest countries

There is national capacity to fund human rights in virtually all countries. There are many options, supported by UN and IFIs policy statements:

1. Re-allocating public expenditures (eg. Ghana, Indonesia, Thailand)
2. Increasing tax revenues (eg. Bolivia, Brazil, Mongolia, Zambia)
3. Increasing contributory revenues (eg Argentina, Brazil, Tunisia, Uruguay)
4. Fighting illicit financial flows
5. Lobbying for increased aid and transfers
6. Tapping into fiscal and foreign exchange reserves (eg Chile, Norway)
7. Restructuring/managing debt (eg Ecuador, Iceland, Iraq)
8. Adopting a more accommodative macroeconomic framework (e.g. tolerance to some inflation, fiscal deficit)

**These different alternatives must be discussed in national dialogue**

# Social Impact Assessments and Human Rights Impact Assessments of Reforms

- Hundreds of Poverty and Social Impact Assessments (PSIAs) done at the Development Banks – known tool to policy makers.
- **Timing:** Need to be **EX-ANTE**, before the reforms are approved and implemented
- Aim to identify likely **distributional impacts** of proposed policy reforms, how reforms affect right holders
- **Must provide alternative policy options** to maximize positive social impacts and achievement of human rights
- Needs to be **an independent, non-partisan analysis** given vested interests at any level
- **Adequate consultation and participation**
- **Reforms or its alternatives to be agreed in national social dialogue.** For policy-makers, it can be a good tool for transparency and accountability to citizens through a public debate





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# Thank You

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