

Reduction of Budget Deficits: A Human Rights Perspective

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Ethics and Economics: Value of Human Life

- Claims that economics is value-free
- Value for money but not moral values
- Maximization: of utility, output, net revenue, profit etc.
- Calculus of financial valuation of human life:
 - willingness to pay: the value depends on how rich you are
 - life time loss of earnings: the value depends on your wages
- Example from fiscal policy:
 - Report on policy on smoking cigarettes by an international consultancy to government of newly 'liberated' Eastern European economy
 - Successful policy to discouraging smoking would lead to fall in government revenues from tobacco tax and to a rise in government expenditure on care of elderly
 - In context of pressure to reduce budget deficit, policy not recommended

Deficit Reduction and the Value of Human Life in the UK

- No explicit connection made : unlike economics of climate change
- Discourse that disregards the intrinsic value of human life
- Efficiency gains not well-being gains: efficiency defined in terms of financial cost reduction
- NHS is supposed to achieve financial savings of 4% a year up to 2014/15
- Royal College of Nursing reports more than half jobs being lost in NHS are clinical
- Office of Budget Responsibility (OBR) not charged with forecasting increases in ill-health and premature death, stemming not only from NHS cuts, but also from unemployment and falling real income
- OBR not charged with forecasting additional unpaid work of caring for sick family and friends
- OBR not charged with monitoring inequalities in well-being

Efficiency and Rights

- Efficiency can only be defined in a context of specific rights and obligations
- Ambiguity on what is a 'policy intervention' that will 'distort' markets, and what is a specification of rights and obligations
- Examples : ban on child labour; automobile emissions standards; labour standards; immigration controls
- Application of neoclassical welfare economics depends on what rights and obligations are taken for granted
- Just those associated with property contracts? Or a wider set of rights and obligations ?
- Rights and obligations as endogenous not exogenous
- See Ha-Joon Chang(2001) 'Breaking the Mould: An Institutionalist Political Economy Alternative to the Neoliberal Theory of the Market and the State', Social Policy and Development Programme Paper No. 6 , UNRISD.

Human Rights as an Ethical and Institutional Framework for Economics

Discussed by several progressive economists:

- Amartya Sen (2005) 'Human Rights and Capabilities', *Journal of Human Development and Capabilities*, 6(2)
- R. Balakrishnan and D. Elson (2008) 'Auditing Economic Policy in the Light of Obligations on Economic and Social Rights', *Essex Human Rights Review*, 5(1)
- S. Reddy (2011) 'Economics and Human Rights: A Non-Conversation', *Journal of Human Development and Capabilities*, 12 (1)
- A way of providing an ethical framework and an anchor for the specification of rights and obligations
- May also, in some cases, provide some legal remedies

The Universal Declaration of Human Rights

UDHR is a moral framework that takes as its starting point the intrinsic value of human life and the equal value of each human life. It includes:

- The right to life and liberty
- The right to an adequate standard of living
- The right to food and housing
- The right to water and sanitation
- The right to work and to just and favourable conditions of work
- The right to social security (including social assistance)
- The right to the highest attainable standard of physical and mental health
- The right to education
- The right to information

The Universal Declaration of Human Rights

The Universal Declaration also includes

- The right to privacy and family life
- Freedom of religion, opinion, speech and expression
- Freedom of association
- The right to participate in the political process
- The right to participate in cultural life
- Freedom from slavery and servitude
- The right to security of person (physical integrity)
- The right to be free from arbitrary arrest or imprisonment
- Freedom from torture and from cruel, inhuman or degrading treatment or punishment

An Institutional Framework for Economic Policy

- International Treaties and Treaty Monitoring Bodies
- E.g. International Covenant on Economic, Social and Cultural Rights
- Regional Human Rights procedures
- National Human Rights Law
- National Human Rights Commissions
- NGOs and activists campaigning for human rights
- UK
 - Equalities and Human Rights Commission
 - Public Sector Equality Duty and the Equalities Act, requires equalities impact assessment of public policy
 - Fawcett Society- women's rights

Human rights obligations

- The obligation to *respect* requires states to refrain from interfering with the enjoyment of economic, social and cultural rights.
- The obligation to *protect* requires States to prevent violations of such rights by third parties.
- The obligation to *fulfil* requires States to take appropriate legislative, administrative, **budgetary**, judicial and other measures towards the full realization of such rights.
- 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.

States must pay regard to six key principles with respect to economic and social rights

- requirement for progressive realization over time of human rights
- (relates to fiscal and monetary policy)
- avoidance of retrogression (i.e. of measures that reduce enjoyment of human rights)
- minimum core obligation for satisfaction of minimum essential levels
 - attention first to the most deprived; an immediate obligation
- non-discrimination and equality, applies to economic as well as social status
 - substantive not just formal
 - all lives are of equal value
 - an immediate obligation
- participation, transparency and accountability

Application the UK Deficit Reduction Strategy

Here will focus on two immediate obligations:

- minimum core obligation for satisfaction of minimum essential levels
- non-discrimination and equality

Here will focus on obligation of conduct: up-to-date data not available on many relevant outcomes.

Is the deficit reduction being conducted in ways that ensure that the most deprived are able to enjoy the minimum essential levels of economic and social rights?

Is the deficit reduction being conducted in ways that are compatible with the obligation for non-discrimination and equality?

Distribution of cuts

Are the most deprived relatively protected from cuts?

Is there equality across different social groups?

Cuts to welfare benefits/ tax credits/changes in direct and indirect taxes

Research by IFS finds that the poorest deciles will lose a bigger percentage of their incomes than the better-off, though the very rich (top 1%) will lose most

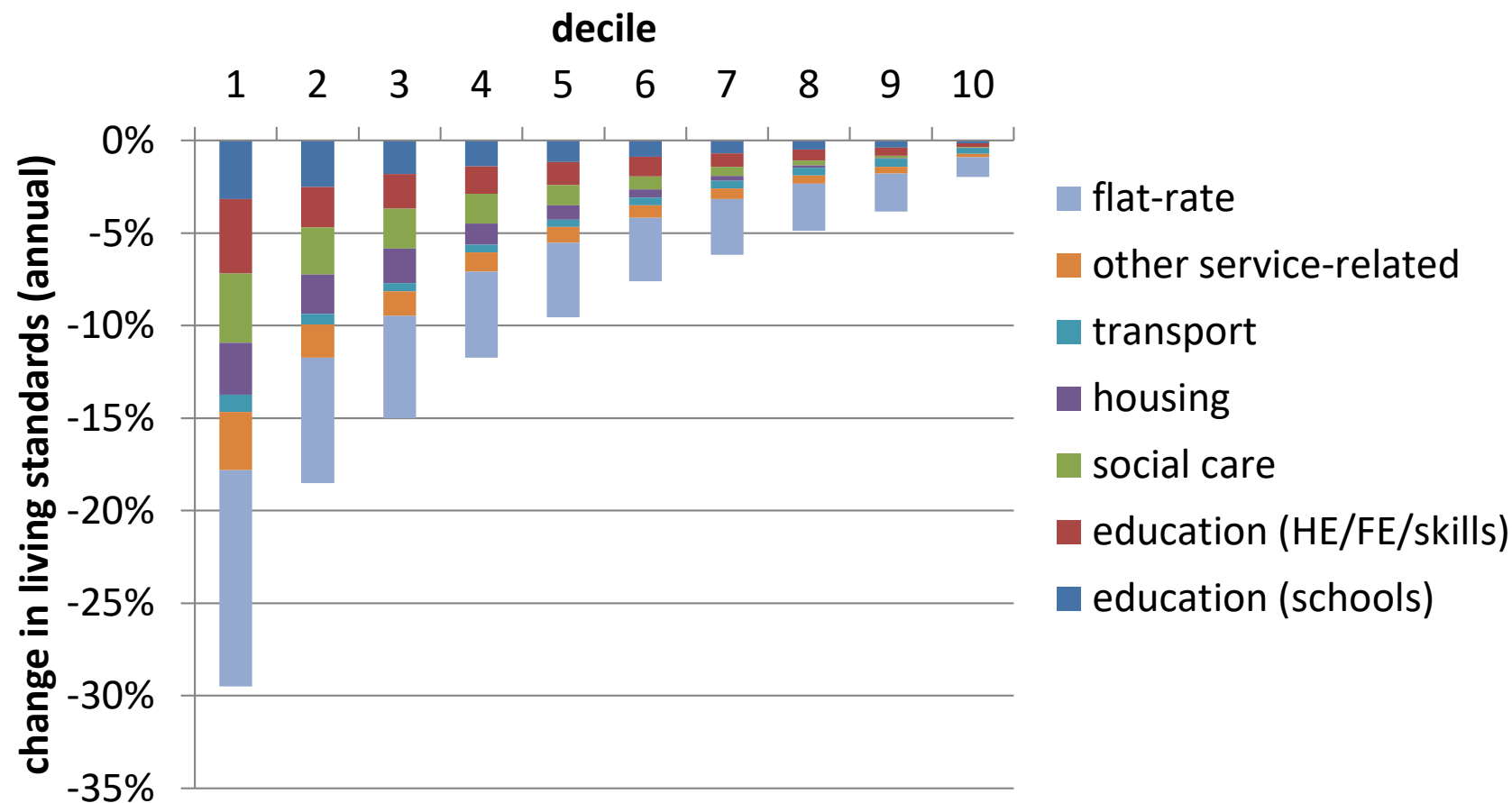
Cuts to public services

Research by Howard Reed finds that the expenditures cuts are regressive across all income groups

For methodology see: Tim Horton and Howard Reed *Where the Money Goes: How we benefit from public services*

<http://www.tuc.org.uk/extras/wherethemoneygoes.pdf>

Effects of spending cuts by income group: as % of net income, all services



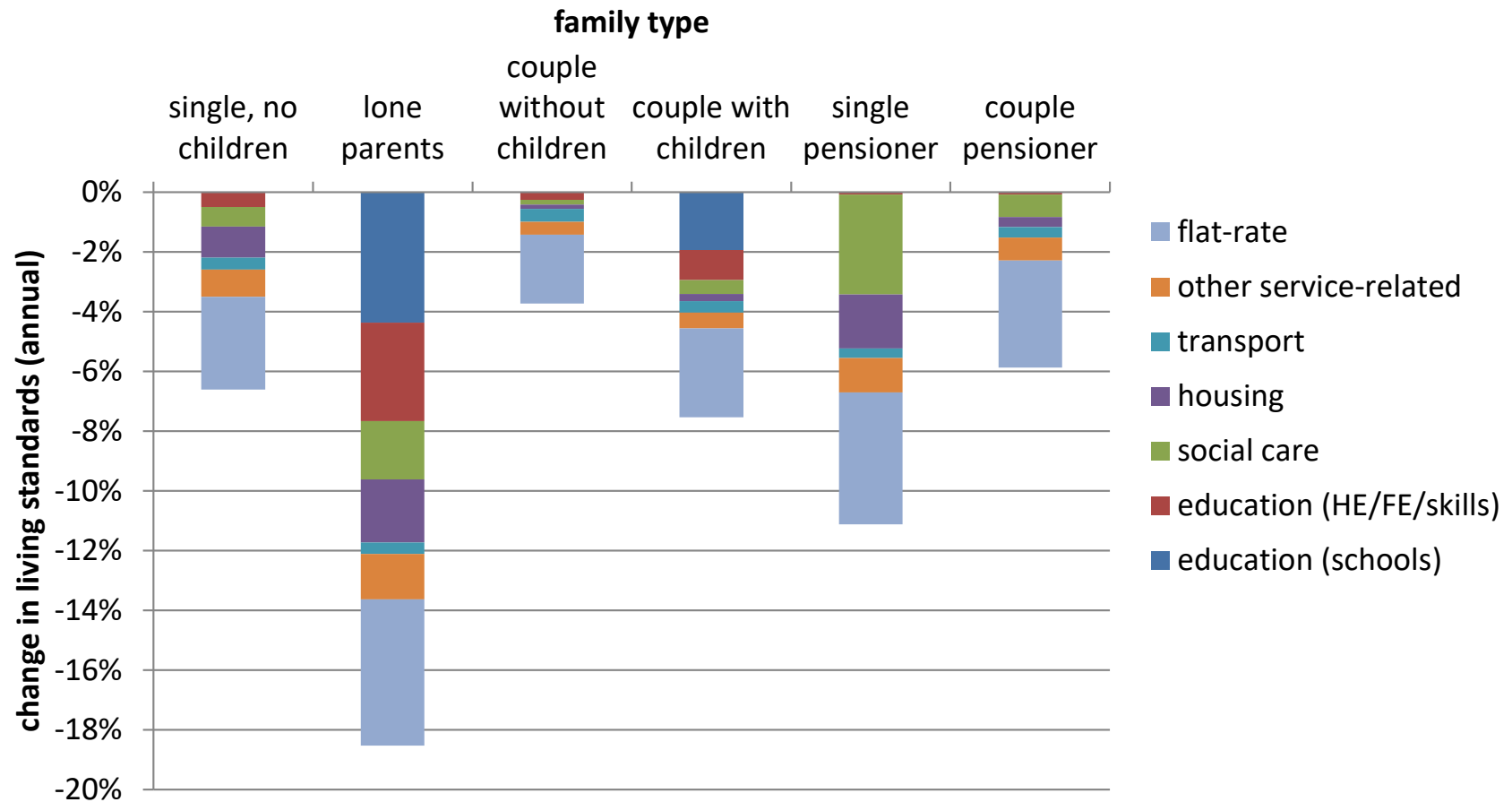
Assessing gender equality impact of deficit reduction

- Failure of government to provide gender impact assessment of June 2010 budget
- Fawcett Society application for judicial review of budget (advised by UK Women's Budget Group)
- Government provided gender impact assessment of November 2011 expenditure review
- But piecemeal and incomplete, not providing an overall quantitative assessment, unlike assessment of distribution of impacts as between households in different income groups
- EHRC Section 31 Assessment of HM Treasury on compliance with Public Sector Equality Duties is proceeding

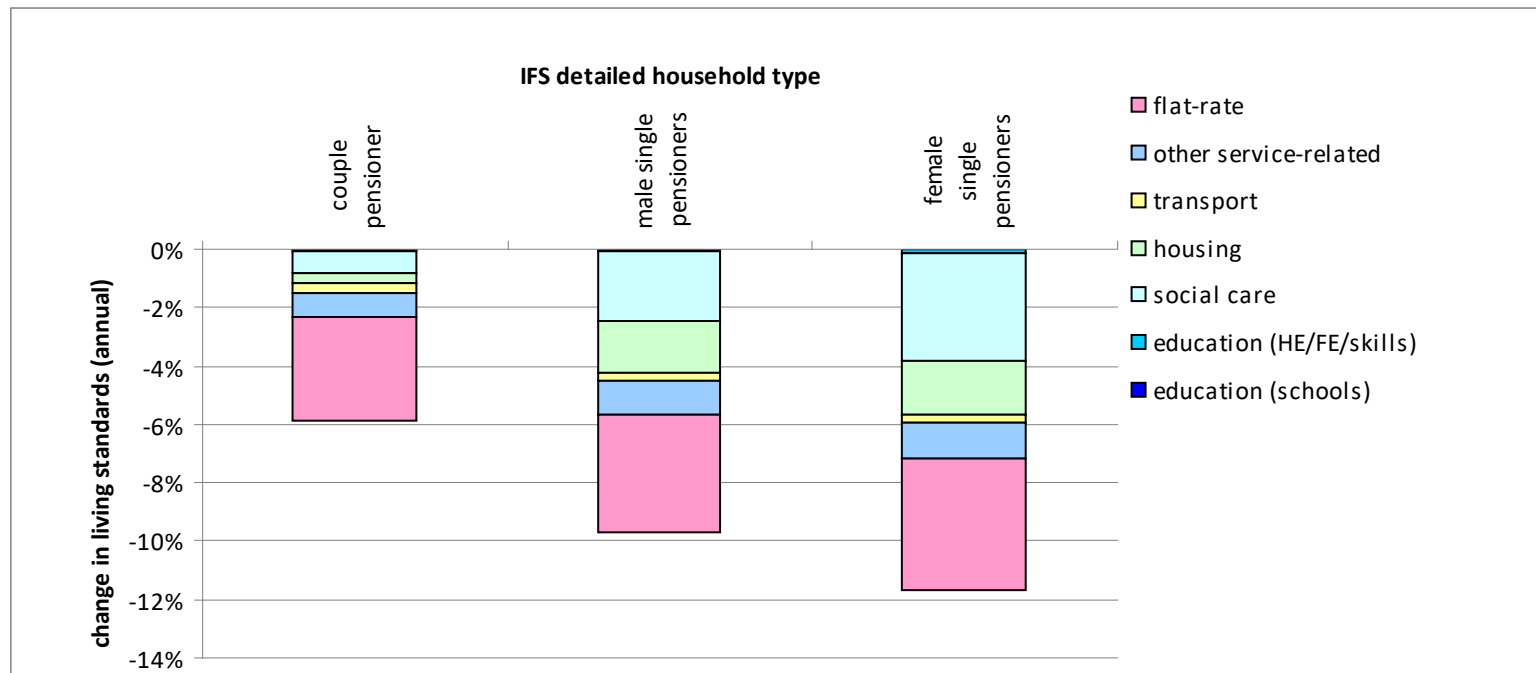
Women's Budget Group assessment of gender impact of expenditure review

- Key findings of analysis of November 2010 Public Expenditure Review, conducted in co-operation with Howard Reed
- Comprehensive data is not available for use of public services at individual level
- Assessment examines the distributional effects of spending cuts by household type, according to their gender characteristics
- For full assessment see www.wbg.org.uk

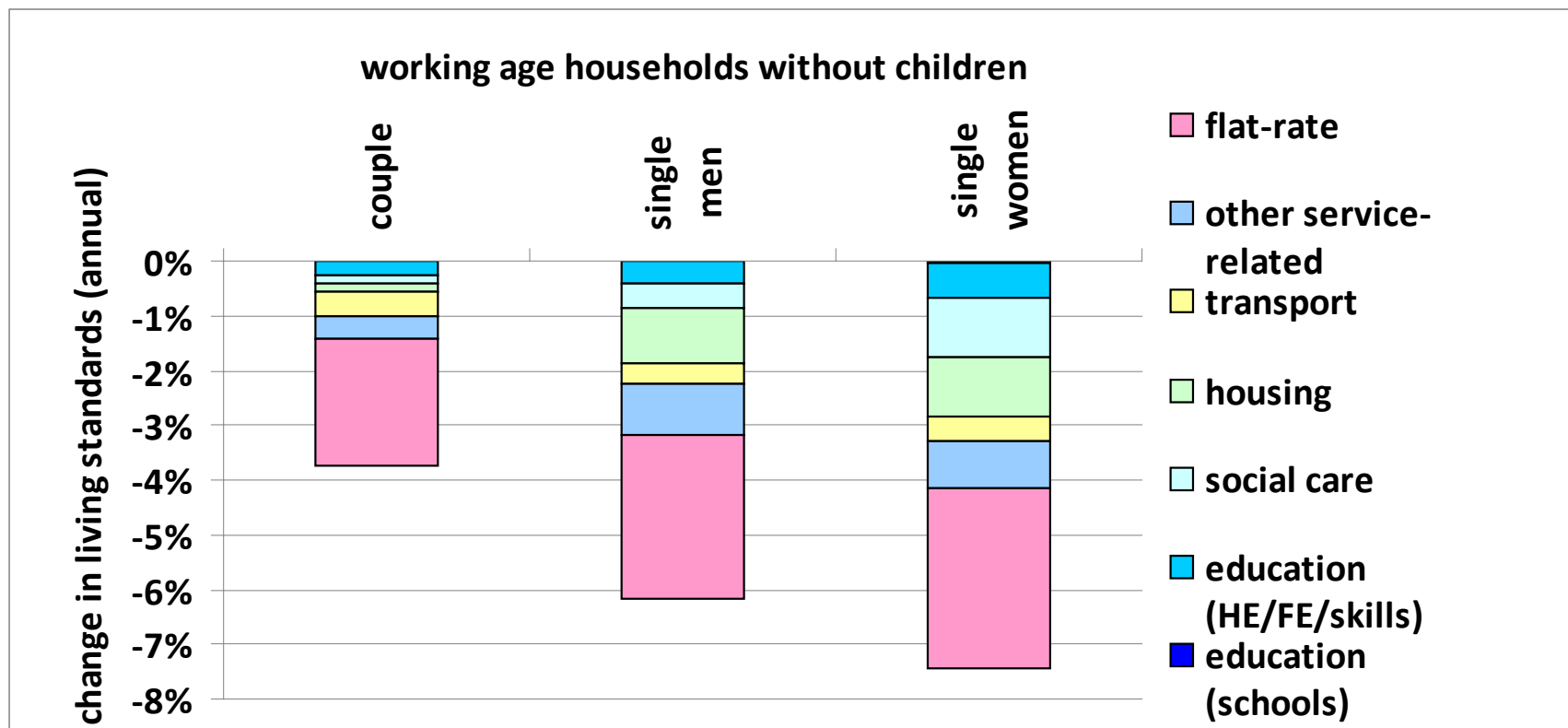
Effects of spending cuts by family type: as % of net income, all services



Among pensioners, women single pensioners hit hardest



Single women hit hardest among those without children



Employment and Conditions of Work

- Right to work and just and favourable conditions of work
- Outsourcing: efficiency gain or human rights loss?
- Bonfire of regulations to encourage enterprise or bonfire of human rights of employees?

So what? Does a Human Rights Perspective Add Anything?

- Attention to ethical values, not just financial values- employees are not just costs, they are human beings- users of services are not just profit centres , they are human beings
- Attention to human rights obligations – governments have other obligations that must take priority over those to bond holders
- A way of anchoring rights and obligations
- A way of limiting the policy choice set to policies that are human rights compliant
- An overarching discourse about a common humanity that can potentially link benefits claimants, public sector employees and users of public services across differences of class, gender, race, etc