

Third Session of the Forum on Minority Issues
Minorities and effective participation in economic life

15 December 2010

Venue: Room XX, Palais des Nations, Geneva, Switzerland

**Intervention by Roberto Bissio,
coordinator of Social Watch
on concrete steps and measures to promote economic participation of minorities**

Social Watch is an international network of civil society coalitions in over 70 countries monitoring policies aimed at eradicating poverty and achieving gender justice. Since its creation, 16 years ago, Social Watch has published and disseminated over 650 national reports on those issues, many of them focusing on minorities.

In the process of advocating for social, economic and cultural rights and monitoring how governments are implementing their international commitments on gender justice and poverty eradication, Social Watch has produced evidence from a variety of countries on the importance of “affirmative action” to promote specific vulnerable groups. Historically, discrimination based on ethnicity, caste, language or religion has produced deep inequities. Equal treatment under the law, while necessary, is not enough.

To illustrate this point let me refer to the Gender Gap Index, that Social Watch computes every year, ranking the country situations in relation, not to the “absolute” situation of woman, but to the gap between males and females, averaging indicators in three categories: education, economic participation and political empowerment.

On global average, the educational dimension reaches 90 in a scale where 100 represents perfect equality. Yet, the scale for economic activity only reaches 60 and empowerment, on global average, lags behind with a mere 34. Some countries like my own, Uruguay, have recognized women citizenship for more than 70 years and have more girls studying than boys in primary, secondary and tertiary education. There are more female university graduates than male, and yet the average female salary is still 25% less than that of males.

This means that equality under the law, and even superior education does not produce an immediate impact in terms of equal participation in the economy, without vigorous affirmative action. What is true for women also applies to minorities, subject to similar prejudices when it comes to claiming a role in the economy, even in its simplest form of salaried workers.

The tools of affirmative action can be many. Governments can subsidize certain sectors of the economy where minorities concentrate, they can exempt certain activities from taxation, or reduce their tax burden, they can channel government procurement to buy from specific providers, they can demand investors to hire a certain quota of workers from members of certain minorities. This is a very common practice in many countries for persons living with disabilities.

Yet, in the last two decades, bilateral and multilateral trade and investment agreements have proliferated that may severely constrain the ability of governments to apply these tools of affirmative action. Paradoxically, this

is being done in the name of “non discrimination”. The principle of non discrimination in Human Rights law and practice admits and even requires affirmative action to achieve results, in terms of human capabilities, that ensure equal opportunities.

In trade and investment law and international agreements, “non discrimination” means legal equality among unequals. Individuals and corporations, large or small, national or foreign, are deemed equal and governments are **forbidden** from applying affirmative action by, for example, imposing performance requirements on foreign investors or tilting procurement rules in favor of those who employ workers from vulnerable sectors. Further, foreign investors are empowered under those rules to sue the host country governments where they operate using mandatory international tribunals. Local investors, and particularly small and medium enterprises, are discriminated against, since they can only resort to local courts.

The global financial and economic crisis of the last two years has had a disproportionate impact on developing countries, even when those had no responsibility at all in creating the crisis and on minorities within these countries. This is due to a variety of transfer mechanisms, such as a decline in volume and price of export commodities, less incoming tourism and a reduction in remittances by workers abroad, which in turn lead to increased indebtedness of many countries.

Large debt overhang acts as an impediment to the fiscal capacity of governments to meet their human rights obligations. The consequences of such indebtedness and their impacts on the progressive realization of economic and social rights and the rights of minorities cannot be ignored. Human rights norms and principles are critical in guiding the assessment of borrowing that needs to be undertaken and the demands that should be met through grants rather than loans. Principles of accountability and transparency are especially essential pieces to developing an orderly, transparent and fully participatory debt audit process and workout mechanism, and to ensuring new lending is engaged in a responsible way, with appropriate social control.

While debt cancellation for countries which had no hand in spawning the global economic crisis is a way to increase the fiscal space for governments to undertake spending without further borrowing there has been limited consideration of this option among the international responses to the crisis.

Furthermore, the IMF continues to condition disbursement of debt relief funds on the reduction of fiscal deficits, despite a broad consensus on the need for fiscal stimulus actions to restore growth. As a result, several governments have been left with no room or freedom to engage in the countercyclical measures necessary to support economic and social rights and the rights of minorities.

Public expenditure reductions, fiscal consolidation plans, public sector wage cuts, the phased elimination of subsidies, capping pension payments and postponing social benefits are just a few ways such restrictive fiscal measures are carried out, posing clear threats to the measures in favour of minorities. By preventing, rather than supporting, the type of countercyclical spending (and autonomous policy space) highly required in times of crisis, pro-cyclical conditionalities undermine minority rights.

This context of deep, interlocking economic, social and environmental calamities worldwide hands us an historic opportunity and indeed a generational responsibility to rethink the manner in which decision-making in economic policy has so far occurred, not only to alleviate the impact of this financial crisis but to re-structure our broken global economy with concrete economic policies founded in human rights norms and principles. A minority rights policy response does not presuppose a certain type of economic system, nor preordain detailed fiscal or monetary policies in all contexts. Yet, human rights do provide a clear and

universally-recognized framework for guidance in the design, implementation and monitoring of economic policies and programs. Human rights-centered economic policies which generate real equal access to the benefits and ensures shared burdens from the harms of economic activity—protecting people and the environment—are not only necessary as a matter of morality and justice. They are crucial to ensuring a more sustainable, more equal and more resilient economic system in the trying times ahead.

Recommendations

To national governments

- Formulate, implement and oversee economic policies and development plans in non-discriminatory ways with special attention to the rights of minorities. The use of participatory human rights impact assessments—with data disaggregated by social, language and ethnic group—is essential to ensuring economic stimulus packages and other economic policies do no harm and, moreover, have positive impacts across society.
- Primary commodity-dependent countries should see the current commodity price crisis as an opportunity to move away from the export-led model. Furthermore, these countries should increase their domestic demand by focusing on their domestic and/or regional markets, especially the food and consumer goods segments where small scale producers, frequently members of minorities, are concentrated.
- Governments—domestically and in concert with others—have obligations to adopt policy and legal measures to protect minorities against abuse and fraud by preventing banking and other financial sector entities (such as hedge funds, private equity funds, derivative instruments and credit rating agencies) from actions which risk interfering with the realization of their rights. Governments in this regard must strengthen accountability and the rule of law by, for example, reigning in criminal behavior. Where certain acts are not qualified as crimes (i.e. "tax evasion" in certain countries) or as an offense that triggers legal liability, then appropriate legislation should be brought to bear.
- Banking sector reforms should preserve the space for national governments to regulate banking services to ensure that they do not discriminate against minorities, the poor or disadvantaged, but instead serve the interests of society by ensuring access to credit for all. If state-provided banking services are considered a better option for achieving those purposes, they should be fully employed.
- Central banks should recognize that their autonomy does not mean a lack of responsibility for the fulfillment of human rights obligations undertaken through policies of which they are part and parcel. Central banks must then balance the need to achieve stable and low inflation with their duties to battle income inequities and stabilize employment and means of livelihood of the minorities through various credit and supervisory instruments.

To the international community

- Principles of accountability and participation in economic policy-making are impaired when intrusive policy conditions are demanded by international financial institutions and donors. States should be empowered to assert that their obligations towards minorities and other vulnerable sectors take full priority over any other economic, trade or investment commitments. Developing countries should have policy space to implement policies that are best for all their citizens, particularly the poorest and the minorities. In this vein, conditionalities imposed by international financial institutions should be removed. Specific policy measures should be agreed upon in advance of any commitments of new resources to the IMF, including more macroeconomic flexibility, and a guarantee that countries will have choice to expand healthcare and education spending, irrespective of budget caps.
- Ensure a coordinated global macroeconomic policy response to the global financial and economic crises that focuses on counter-cyclical and expansionary monetary, credit and fiscal policies not only in developed countries, but in all countries. This could include a global stimulus package for economic growth, creation of full and productive employment and decent work, social protection, food security and human development.

- Trade and investment policies and agreements should move countries away from the imbalances and gaps of the currently prevailing regime. The ability of developing countries to use a mix of trade and investment policy tools necessary for them to promote the full participation of minorities in their economies should be supported.
- Those States that have enjoyed a more powerful position in decision-making on global economic policies have had greater responsibilities in causing, through their actions and omissions, a global economic crisis. This means that they, in turn, carry greater responsibility in the mitigation of the consequences, and in steps needed to assure a just and sustainable way forward.

To the United Nations Human Rights Council

- Review and analyze the impacts of the financial and economic crisis on minorities, and cooperate with governments and international institutions to bolster the design, implementation and monitoring of human rights-led economic policy platforms.
- Establish a multi-stakeholder Group of Experts on human rights responses to economic and financial crises, with the mandate to monitor economic policies, formulate recommendations on policy measures that could mitigate the impacts of the global financial crisis as well as ensure that the negative effects of future crises on the rights of minorities be prevented.