



TOPIC ONE | GOVERNMENTS' OBLIGATION TO INVEST "MAXIMUM AVAILABLE RESOURCES" IN HUMAN RIGHTS

Main Takeaways

- Resources are critical to fund the policies, plans, and programs needed to protect our socioeconomic rights from the pandemic now and to build fairer and more resilient economies in the future.
- Investing maximum available resources to guarantee these rights means governments must raise, allocate and spend money in a way that targets the inequalities amplified by the crisis and is tailored to people's lived realities.
- In line with this obligation, we need a massive redistribution of resources—through sustainable borrowing, progressive taxation, and bold global action—to finance vital investments in universal health and social protection.

How is the obligation to invest resources relevant to COVID-19?

Public services that secure our wellbeing and underpin our economies have been ravaged by years of austerity. Neoliberal policies have shrunk the role of government. This has made economies unequal, insecure, and unsustainable. Across the world, deteriorating public health infrastructure, precarious labor markets, heavy and unequal burdens of care work, and weak social protections have all made it harder to respond to COVID-19—making the virus deadlier as a result.

To protect people's rights at risk from the pandemic now—and to build more resilient economies that care for people and the planet in the future—we need a raft of public health and economic policies, plans, and programs. Whether or not these are successful depends on the way they are financed.

It's important to remember that, in an unequal globalized economy, some countries have more resources than others to invest in relief and recovery from COVID-19. A cascade of economic shocks has accompanied the pandemic. These have hit Global South countries especially hard. A bold global response is therefore essential.

What does this obligation involve?

Most of the world's governments have signed up to binding international treaties that commit them to taking concrete steps to guarantee people's rights using the *maximum of their available resources*. This obligation has been clarified through the work

of national courts and United Nations experts, tasked with interpreting these treaties.

There's wide agreement that the obligation has three dimensions to it:

- Resource generation: i.e. how governments raise money;
- Resource allocation: i.e. what governments earmark money for in their budgets; and
- Resource expenditure: i.e. how allocated money is actually spent and who is benefitting.

To use the classic pie metaphor: How big is it? How is it being sliced? Who's eating it?

Governments generate resources in two main ways:

- they raise money—mostly through taxation, but also through fees and fines, profits from state-owned enterprises, foreign aid, and various other sources;
- they borrow money—from public and private lenders, both domestic and foreign.

Human rights law directs governments to raise money in a way that generates adequate or sufficient revenue. This means it should be enough to finance the infrastructure, goods and services needed to guarantee people's rights. Taxation must also be fair, progressive or socially equitable. This means, for example, that poorer people don't have a heavier tax burden than richer people and that the tax system doesn't favor men over women.

When governments borrow money, they must avoid loan conditions (such as structural adjustment measures) that harm human rights. They must also make sure repayment costs don't eat up finances



needed to guarantee people's rights or unfairly burden future generations. Governments that lend money bilaterally or through international financial institutions (who in reality are in a stronger bargaining position) are also obligated to make sure this doesn't happen.

When it comes to allocating resources, government budgets must give due priority to the infrastructure, goods and services needed to guarantee rights, including in the care economy. Resources should be allocated in an equitable and effective way. This means prioritizing disadvantaged groups.

Allocated funds must be spent efficiently and not be wasted. This means governments must tackle corruption and strengthen financial management systems, so that money reaches the frontline providers to whom it has been allocated (such as schools, health clinics, job centers, etc.).

A cross-cutting dimension of this obligation relates to the policymaking processes through which resourcing decisions are made. These processes must be transparent (relevant information is shared); participatory (people can play a meaningful role in shaping policy); and accountable (policymakers justify their decisions and there is redress when they don't meet obligations).

What actions should governments take to meet this obligation?

In terms of allocating resources, universal public healthcare must be ramped up urgently, in order to address shortages of supplies and equipment; boost support to hospitals and clinics; scale up testing; and make effective treatments and vaccines available to all. In addition, massive investment in universal and comprehensive social protection programs is essential, to ease the heavy burden of the crisis on people's everyday lives.

Such programs need to be tailored to people's lived realities in specific contexts. But, they should include protecting the jobs, wages, and benefits of all workers, including those in the informal economy; supplying childcare for essential workers; providing rent relief and mortgage assistance; granting social relief and income support to ensure food security, particularly for households caring for children or sick family members; delivering water, soap and sanitizer to communities that lack them; running shelters for survivors of gender-based violence; and adopting specially tailored measures to protect the lives and livelihoods of at-risk groups.

In terms of generating resources to finance these programs, central banks should play a more active role in facilitating favorable terms for domestic borrowing. A number of proposals for progressive taxation have also been made, including:

- Enacting a temporary tax on "excess" profits for companies (such as the tech giants) who have benefited disproportionately from COVID-19.
- Introducing or substantially increasing taxes on wealthy individuals.
- Introducing taxes on particular sectors—e.g., on luxury and highly carbon-intensive goods; financial transactions; and digital sales.
- Raising corporate tax rates and fighting tax avoidance and tax evasion more aggressively.

In terms of spending, it's time for governments to rethink their overdependence on the private sector. Lucrative outsourcing contracts and public-private partnerships (PPPs) allow corporations to reap massive profits. These are often presented as "cost-saving". But there's plenty of evidence that they're not and examples of them harming rights (e.g., by making water unaffordable) abound.

Stronger international cooperation is needed so countries are able to get the financing they need. Proposals include forgiveness, relief or restructuring of existing sovereign debt. It's also important that new debt and fiscal deficits created to respond to COVID-19 don't result in another round of austerity that will undermine socioeconomic rights.

Critical Questions

- ▶ Has your government introduced a COVID-19 relief or recovery package?
- ▶ Does the package boost the healthcare system and protect essential workers?
- ▶ What kind of support does the package offer individuals and households? Is this enough for them to meet their basic needs?
- ▶ Who is eligible for support? Are there at-risk individuals or households whose needs are not met? Have care responsibilities been taken into account, especially for essential workers?
- ▶ What existing power imbalances, if any, does the package entrench?
- ▶ Does the package include progressive tax measures aimed at tackling inequality?
- ▶ What other sources is your government relying on to finance the package? Do these raise any red flags about who will bear the cost of the package, now or in the future? Are there other sources that remain untapped?
- ▶ Whose interests were represented in the process for developing the package?