

The world looks different when we use a human rights lens

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The occasion of Human Rights Day allows an opportunity to step back and reflect with some distance on the larger picture. This year, I would like to reflect on the unfolding scene in the development sphere, and what it means for Cambodia. The picture becomes clearer when we look through a human rights lens.

Looking back to this time last year, the world closed a chapter in global development and opened a new one. We celebrated important achievements of the MDGs. The data was in many respects encouraging, and motivated us to set about adopting an even more ambitious new set of Sustainable Development Goals. However, there was a shadow over this picture, a long shadow of extreme inequality.

Over the same 15 years that countries marched towards the MDGs, many also marched toward an unprecedented concentration of wealth, most of it accelerating in just the past six years. By last year, the unimaginable became reality: 1% of the world's population now owns the equivalent of the wealth of the *rest of the world combined*.¹ Even after reducing poverty by half, we stand on the cliff of an inequality crisis. Contrary to conventional wisdom, poverty is not due to scarcity. The UN Special Rapporteur on the right to food has been saying for over a decade that famine and malnutrition is not caused by a shortage of food.² The world is capable of producing enough, not only food but all the basic necessities of life, for everyone on earth. Today. And yet, 836 million people still live in extreme deprivation.

Is it that the poor are not working and should simply get a job? The ILO points out that "Almost one-third of the extreme and moderate poor in emerging and developing countries actually have a job."³ Having a job used to mean a better life, even at the lower rungs of the ladder. It used to be that productivity increases would lead to wage increases, often hard won by trade unions. By strengthening the capacity of all people both as producers and responsible consumers, the rights to freedom of expression, peaceful assembly and association among other rights are also a foundation for economic growth.

Today, however, there is a distinct disconnect between productivity and wages, although more pronounced in the developed countries⁴. It coincides with a generally more restrictive environment

¹ *An economy for the 1%: How privilege and power in the economy drive extreme inequality and how this can be stopped*, Oxfam, 18 Jan 2016, citing extrapolated data from Credit Suisse (2015) 'Global Wealth Databook 2015'.

² E/CN.4/2006/44, Report of the UN Special Rapporteur on the right to food, para. 3, citing the Food and Agriculture Organization, *State of Food Insecurity in the World – 2002 Report*: "the planet could produce enough food to provide 2,100 kcals per person per day to 12 billion people, that is, almost twice the existing world population."

³ *World Employment and Social Outlook 2016*, International Labour Organization, page xiv.

⁴ *Ibid.*, Figure 7, page 8.

for trade unions⁵. Wages have stagnated, growing by only 1.2% p.a. in real terms since 2006 (excluding China).⁶ This is compounded by the trend toward more precarious work.⁷ In this regard, I would stress that the role of trade unions does not end at wage negotiations, for they fight for the right to decent working conditions which improve the health and well-being of workers and their families in ways that may not show in wages. In Cambodia, while recent wage increases are starting to make up for the gap, through some of the elements of the draft Minimum Wage Law, Cambodia risks falling back into the trap of this disconnect.

The emergence of the working poor is concurrent with the rise of the hyper-wealthy. The poorest half of humanity (3.6 billion people) are said to have seen their wealth reduced by 38% since 2010. The equivalent of the wealth of that bottom half is said to be concentrated in the hands of 62 individuals, who saw their wealth increase by 45% over the same period.⁸

With economic power comes political power. A study of public policies in one country traced public opinion on a number of government policies, and the views of affluent citizens, mass organizations and the well-resourced business lobby groups to assess which among them have greater influence on policy decisions. Is it any surprise that the views of the lobby groups and affluent citizens usually prevailed?⁹ Misuse of political power sometimes plunges whole communities into poverty, for instance, when development or environmental policies lead to forced displacement and evictions. We do not benefit from studies on conflicts of interest and the influence of money on public decision-making in all countries, which are increasingly important with the rise of the businessman-politician.

When juxtaposing the rates of income poverty against multidimensional poverty, we see that there is not always a direct correlation between the two.¹⁰ The difference can be explained through the availability of quality public services. It is not by coincidence that those countries that have established weak rules to prevent the “elite capture” of public decision-making processes, or do not enforce them effectively, tend to have lower levels of public services of poorer quality than other

⁵ Statement by Ron Oswald, Secretary-General of IUF, at Workers’ Symposium on Policies and Regulations to combat Precarious Employment, ILO, 2012: “At the core of this assault is an attack on our fundamental rights to organize and to bargain collectively. The assault is being led... by the dilution and dissolution of employment relationships in ways which makes it difficult or impossible for workers to exercise their basic rights.”

⁶ Extrapolated from *Global Wage Report 2014/2015*, International Labour Organization, Figure 2, page 5.

⁷ See footnote 5: statements, in addition to that by Ron Oswald, also by other speakers. See also Technical Paper of the Secretariat for the Special Meeting on Inequality of the UN Economic and Social Council, 30 March 2016, page 4: “about one-half of the global workforce, is estimated to work in vulnerable jobs”. It is available at: <https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/2016doc/inequality-meeting-technical-paper.pdf>.

⁸ *An economy for the 1%*, Oxfam, page 11.

⁹ “Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens”, Martin Gilens and Benjamin I. Page, in *Perspectives in Politics*, Sept 2014, available at: <http://isites.harvard.edu/fs/docs/icb.topic1259555.files/Papers%20Spring%202014/NEIMAN%20Brent%20March%202014.pdf>. See also *For Richer ... or Poorer? The capture of growth and politics in emerging economies* (2016), Oxfam.

¹⁰ UNDP Human Development Reports, particularly the global reports of 2010 for an explanation of the Multidimensional Poverty Index and 2015 for the latest data.

countries at comparable levels of per capita income.¹¹ It is the rules and their enforcement that turn goals and aspirations, including on poverty, into claimable human rights.

One may legitimately ask who should pay for these public services. Civil society organizations have long pleaded countries to institute a progressive tax regime that collects sufficient taxes to finance quality public services and are starting to demand that deviation to tax havens be prevented. Oxfam reports that corporate transfers to tax havens in 2014 were almost four times higher than in 2000.¹² Individual transfers are believed to follow this trend. This, in addition to the release of the Panama Papers, and again by the Bahama Papers, should lay to rest any lingering attachment to the now discredited theory of “trickle-down economics”.

We know now that money does not automatically trickle down. The 1% might well invest some of their wealth, and they save the rest. Their investments might well be in manufacturing and services, or they could be in financial instruments that do not in themselves produce anything in the real economy, including jobs. The outcome would not be so bad if they paid their fair share of taxes. Contrast the \$3.1 trillion¹³ estimated in 2011 to be lost globally to tax evasion, against the cynically estimated cost of paying for the full implementation of the SDGs in the order of some \$2-3 trillion annually¹⁴ and the level of global ODA, which is believed will have reached \$150 billion in 2015.¹⁵ Taken together, these figures tell us that resolving tax evasion could pay for lifting everyone out of poverty *now*, and that ODA will in no way compensate for the public services denied due to a failure to do so. The leakage needs to be halted.

Fortunately, Cambodia is making important progress in taxation matters, although it remains in the early stages of creating a rational and fair tax structure. The lack of a non-contributory universal social assistance programme has until now left the poorest to rely on family and neighbours, or the charity of NGOs or Okhnyas. Or they go into debt¹⁶, often at very high interest rates, creating the optimal circumstances to fall into debt bondage. Charity should be appreciated, but it does not compensate for weaknesses in the structural guarantees required under human rights. Fortunately, there is reason to hope that better tax collection will finally lead to implementation of the 2011 National Social Protection Strategy for the Poor and Vulnerable (NSPS) and the soon to be adopted Policy Framework on the same matter. As with other public services, there will be need for independent monitoring to ensure that the intended beneficiaries actually benefit, without discrimination, as well as to continuously review the adequacy of these strategies.

Fair and effective tax regimes, however, will need to be coupled with efforts to combat corruption and cronyism, which affect all the drivers of economic growth, distort policies and their implementation, allow patronage to flourish, and breed distrust in State institutions. While the

¹¹ Observations from a contrast of the Transparency International Corruption Perceptions Index and the UNDP Multidimensional Poverty Index. See also *Banks and Dirty Money: How the financial system enables State looting at a devastating human cost*, Global Witness, October 2015.

¹² Oxfam, 1%, citing IMF data, p. 20.

¹³ Richard Murphy, 2011. See:

http://www.tackletaxhavens.com/Cost_of_Tax_Abuse_TJN%20Research_23rd_Nov_2011.pdf.

¹⁴ *The Economist*, 28 March 2015: <http://www.economist.com/news/leaders/21647286-proposed-sustainable-development-goals-would-be-worse-useless-169-commandments>.

¹⁵ Based on a preliminary estimate of OECD DAC ODA data, available at <http://www2.compareyourcountry.org/oda?cr=20001&cr1=oeecd&lg=en&page=1>.

¹⁶ *Cambodia Country Poverty Analysis 2014*, Asian Development Bank, pp. 14-15.

lessons from successful measures are still being learned, we know that some actions work. We know that the promotion of transparency in government decisions, budget management, and the private wealth of public officials by a credible, independent institution with the meaningful participation of civil society has impact. Countries would be well advised to follow these recommendations. Corruption is not only an impediment to growth generally,¹⁷ but widespread public dissatisfaction with was a major factor in the Arab Spring and the fall of the regime in Ukraine.¹⁸

It is not just that inequality has increased, but it has increased to dangerous levels that are destroying the social fabric and threatening security. The hyper concentration of wealth has eroded the middle class in many countries¹⁹, leaving large swaths of their populations feeling vulnerable. When this happens, people will feel tempted to lay the blame somewhere, and often it is on those who are more vulnerable than they, such as migrant workers, asylum seekers, refugees, women, or minorities. Earlier this year, the High Commissioner for Human Rights denounced the rise of xenophobia worldwide and the populist politicians that capitalize on it.²⁰ Some of these politicians are benefitting from the backlash against globalization, which increasing numbers of people are seeing as competition to produce more for less, shifting jobs to places with weaker guarantees for labour rights or, for that matter, construction regulations. With the sound of Rana Plaza crumbling still ringing in our ears, it is difficult to argue with the opponents of globalization that globalization is anything but a race to the bottom. The sense of general insecurity is not a remote phenomenon; it affects us at the personal level as well. Studies also show that higher levels of social inequality are associated with higher levels of psychosocial stress and criminality.²¹

In such an environment, women will fare worse. Countries with higher income inequality tend to have larger gaps between women and men with respect to nearly all of their rights, including in health, education, labour market participation, and representation in public institutions. Much of this is due to the fact that women often face power inequality and discriminatory social norms, which tend to worsen when economic inequality is exacerbated.

There was a time when the human being was considered to be, not a holder of rights, but a commodity. Commodities are what people become when they are trafficked for exploitation or forced into bonded labour, as are increasing numbers of children, when they are killed for body parts as are African albinos, or when they are sold into marriage in foreign countries. Working conditions amounting to slave labour have been observed in unregulated fisheries, plantations, and factories, many operating on a huge scale. The ultimate manifestation of this might be the trafficking of human organs, which is said to be on the rise.

¹⁷ *Global Competitiveness Report 2016*, World Economic Forum, Table on the “Most problematic factors for doing business”, p. 134.

¹⁸ *Corruption: Costs and Mitigating Strategies*, by the staff team of the Fiscal Dept and the Legal Dept, IMF Staff discussion note SDN/16/05, May 2016, page 2.

¹⁹ The ‘middle class squeeze’ is most pronounced in the advanced economies. In the emerging economies, the middle class has fared relatively well. See, for example, *Causes and Consequences of Income Inequality: A Global Perspective*, by Era Dabla-Norris, Kalpana Kochhar, Nujin Suphaphiphat, Frantisek Ricka, and Evridiki Tsounta, IMF Staff discussion note SDN/15/13, June 2015, pp. 10 and 13.

²⁰ Statement by the UN High Commissioner for Human Rights Zeid Ra’ad Al-Hussein at the Peace, Justice and Security Foundation, The Hague, 5 September 2016, text available at: <http://www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=20452&LangID=E>; in video at: <https://youtu.be/2FgipIiN4nQ#sthash.twvHtIzH.dpuf>.

²¹ *The Spirit Level: Why Greater Equality Makes Societies Stronger* by Richard Wilkinson and Kate Pickett.

We are in the midst of an inequality crisis, and we didn't get here by accident. If we understand better how we got here, we will see better how to remedy it. The researchers behind the World Happiness Index have found that the countries with the happiest populations overall are those that demonstrate a high level of trust in society. They readily accept inconveniences when they know it is necessary for the public good. They pay taxes honestly and respect the law because they are confident that others are doing the same, and that effective institutions will ensure that they do. These societies happen to have the most successful and independent anti-corruption mechanisms, the highest levels of quality public services.²² They also coincidentally tend to have the lowest levels of wealth inequality.

The starting point for the rest of us to catch up on the World Happiness Index begins with the quality of data. We must *measure what we treasure*. I have alluded to several areas that require more research, particularly in the governance sphere. Noting that civil society organizations pioneered many of the studies I referred to, and are also often those in closest touch with the grassroots, where the impact of inequality is most felt, I would underscore that the whole of society benefits from their contributions when their work is valued, not impeded. CSOs, trade unions and the media are important vehicles by which people exercise the vital rights that are key to combatting inequality.

In the economic sphere, we fortunately have today better instruments to measure inequality and poverty than the simple benchmark of \$1.90 a day. For instance, when poverty is measured by the UNDP Multidimensional Poverty Index, we find that there are in fact many more people still waiting to be lifted out of poverty – nearly twice as many as measured under income poverty alone.²³ This is a global observation, which holds true for Cambodia as well. But there are other important gaps. The level and impact on inequality of household debt is still assessed regularly only in a limited number of countries. All countries need to trace this, particularly in respect of their poorest.

The world looks different when we use a human rights lens. The same applies to Cambodia, which could take a head start over the rest of the world by compiling such data, squarely based on human rights principles. One of the advantages of latecomers to any field is that they can learn from the experiences of those who took the same road earlier and avoid their mistakes. Some measures can be taken immediately, with immediate impact. They can leapfrog to a better future – and present.

At the time of the adoption of the SDGs, we were shocked by the emergence of the 1%. Through the 2030 Agenda, the world decided to make up for that oversight. It is, in large measure, an agenda for equality. The SDGs reunited the development field with the normative human rights framework, a framework that drives us to aim for, not just what the market can bear, but true “justice,” “access,” “remedy” and “equality” by “guaranteeing,” “protecting,” “ensuring,” and “monitoring.” This is the language of human rights and its call to action. It was the lack of this normative basis that allowed, among other things, the Kuznets curve and the Laffer curve to lead us to accept that inequality and tax benefits for the wealthy were somehow natural and necessary. It was the lack of this normative basis that led us to fail to set the rules and mechanisms in place while we had the chance to prevent

²² The World Happiness Report 2016, Chapter 8, available at: http://worldhappiness.report/wp-content/uploads/sites/2/2015/04/WHR15_Sep15.pdf.

²³ The data suggests that about 1.5 billion people live in multidimensional poverty, UNDP Human Development Report 2015, page 61.

this crisis. It is the human rights lens that will ensure that this time around, we will *leave no one behind*.

Thank you for your attention.