The U.S. financial crisis is a human rights issue

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Global Research, October 28, 2008
www.ushrnetwork.org 28 October 2008

Region: USA
Theme: Global Economy, Poverty & Social Inequality

The U.S. financial crisis and the $700 billion rescue plan do not simply involve huge monetary costs. Both the crisis and the proposed bailout involve violations of the human rights of millions of Americans. Any short- and long-term solutions to the problems must take human rights into account.

The Universal Declaration of Human Rights, crafted under the leadership of Eleanor Roosevelt in the aftermath of the great depression and the Second World War and signed by the U.S., declares that everyone has inalienable political and civil and economic and social rights. Governments have obligations to respect, protect and fulfill those human rights, which include the right to an adequate standard of living, the right to housing, and the right to education, as well as the right to freedom of peaceful assembly and association.

The obligation to respect requires that states refrain from interfering with the enjoyment of human rights. The obligation to protect requires that governments prevent violations of human rights by third parties. The obligation to fulfill requires that governments take appropriate legislative, administrative, budgetary, judicial and other measures towards the full realization of human rights. The system of international human rights law provides a framework through which governments can be held accountable for their discharge of these obligations.

While neither the financial crisis nor the rescue plan violates the obligation of the U.S. government to respect human rights, the former reflects a lack of compliance with the obligation to protect and the latter with the obligation to fulfill.

The U.S. government has been complicit in the emergence of the financial crisis. It deregulated the financial sector, failing to provide adequate protection for Americans against violations of their human rights by financial institutions. It failed to provide sprotection for Americans needing safe assets to achieve an adequate standard of living in their retirement, and good-quality affordable mortgages to purchase housing. The U.S. government allowed the financial sector to become dominated by speculation, creating an unstable house of cards that was bound to collapse. Financial institutions have now lost all confidence and trust in one another, and are failing to provide the credit required for businesses to produce and workers to be paid and houses to be bought and sold. Americans have been left unprotected against the loss of their businesses, homes and jobs; against the falling value of their savings, and homes; against the falling value of revenue from property taxes, leading directly to a decrease in the availability of resources for public education.

Belatedly, the government has awoken to the idea that it has some responsibility. But neither legislators nor the administration have proposed to re-regulate the financial sector in order to end the abuses that have violated the human rights of Americans. Instead, they have proposed to divert resources which could have been used to fulfill human rights to bail out the financial sector. Think of what could be done to fulfill human rights with $700 billion – improvements in public education, support for job creation, support for homeless people and health care for all to name a few. The financial sector does not need a bailout, but rather thorough reform and restructuring. It is legitimate to spend public money to reconstruct the financial sector, if that is done in a way that serves to fulfill human rights through regenerating the flow of productive, rather than speculative, credit that are essential to prevent a recession. The $700 billion plan, even as amended by the Senate, does not do that. As several respected economists and financial commentators have been explaining, the government should not be spending money to buy the bad debts of banks; instead, it should be organizing a restructuring of the capital of banks in ways that make those who have profited from financial deregulation bear the bulk of the costs, and give the public more control and oversight over what banks do through forms of social ownership.

Better regulation, control and oversight of banks is not a curtailment of rights and freedoms, it is an expansion of rights and freedoms: the rights and freedoms of ordinary Americans to make a decent living, have a home, have savings that won't disappear, get a good education – freedoms that are now in jeopardy. When the supposed freedoms of a few threaten to destroy the freedoms of the many, it is time to hold the U.S. government accountable to comply with obligations it undertook in signing the Universal Declaration of Human Rights.

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