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COVID-19 triggers income losses, slavery risk

The devastating economic and social fallout from the COVID-19 pandemic is further brought to light in three recent reports coming out of the United Nations system. Two publications by the International Labour Organization respectively highlight the labour income losses suffered by the world's workers and reveal gaps in the social protection measures that could otherwise mitigate such losses. These detrimental impacts could in turn, cautions a UN rights expert, push many into bonded labour, forced labour or other contemporary forms of slavery for survival.

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CONTENTS

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COVID-19 could push millions into modern slavery, says UN expert

The hardships wrought by the COVID-19 crisis are putting the poorest at risk of falling into bonded labour, forced labour and other contemporary forms of slavery, a UN rights expert has warned.

by Kanaga Raja

GENEVA: The social and economic consequences of the COVID-19 outbreak have been particularly detrimental to those who were already in vulnerable situations before the crisis, including people trapped in slavery-like conditions and other forms of exploitation.

This is one of the main conclusions highlighted by Tomoya Obokata, the United Nations Special Rapporteur on contemporary forms of slavery, in his report presented to the UN Human Rights Council. The Council held its forty-fifth regular session from 14 September to 2 October.

"Historical levels of under-employment or unemployment, loss of livelihoods and uncertain economic perspectives are some of the complex consequences of the COVID-19 pandemic which have hit the most vulnerable hardest," said Obokata.

"Combined with weak safety nets and a dismantling of labour rights and social protection regulations in some countries, there is an acute risk that the poorest will be pushed into bonded labour, forced labour or other contemporary forms of slavery for survival," he added.

According to the report by the Special Rapporteur, states have been slow in fulfilling their anti-slavery obligations and honouring the global commitments made to meet target 8.7 of the Sustainable Development Goals to end modern slavery and eradicate forced labour by 2030 and to end child labour in all its forms by 2025. COVID-19 is likely to further stall this process and reverse the progress that has already been made, if states fail to take genuine and decisive steps to accelerate their anti-slavery efforts without further delay, it said.

According to the Special Rapporteur, the socioeconomic impacts of the pandemic have already exposed the gaps in national responses to contemporary forms of slavery, causing further deterioration of the precarious situations of the victims, survivors and those at risk of being subjected to such practices. Taking no action is not an option.

The unprecedented crisis caused by COVID-19 has affected all segments of the population on a global scale, but the social and economic consequences of the outbreak have been particularly detrimental to those who were already in vulnerable situations before the crisis, said the report. "This includes people trapped in slavery-like situations, as well as those subjected to different human rights violations, discrimination, marginalization, social and economic inequalities and limited or no social and labour protection."

Unemployment and poverty

According to the report, the pandemic and the measures adopted to contain the spread of the disease through quarantines, travel restrictions and lockdowns have had a sweeping impact on the economy. This has resulted in the reduction of economic growth, a global recession and historic levels of unemployment, which will likely have long-term consequences.

Labour markets have dramatically worsened and will take years to recover because the reopening of economies is likely to remain tentative, said the report. Around 38% of the global workforce are employed in manufacturing, hospitality, tourism, trade and transportation and other service sectors that are facing a collapse in demand, a sharp fall in revenue and potential bankruptcies.

The massive losses of employment and income due to the crisis will exacerbate global poverty and inequality, disproportionally hurting those with no adequate social protection coverage, especially in the poorest countries and in the poorest neighbourhoods, said the rights expert. Globally, only 20% of unemployed people are covered by unemployment benefits, which leaves at least 152 million unemployed workers without income security during the pandemic. These make people more vulnerable to coercion into exploitative employment, particularly in informal or even illegal economies.

The World Bank estimates that the impacts of the pandemic could push up to 60 million people into extreme poverty in 2020 alone, causing the first increase in global poverty since 1998. Globally, acute hunger could double in 2020, affecting more than 260 million people, and the rise in extreme poverty and inequality is likely to reinforce disparities, magnify social and economic tensions and generate more migration flows. These are well-known factors which increase people's vulnerability to slavery, including trafficking in persons, debt bondage, forced labour, worst forms of child labour, forced marriage and other contemporary forms of slavery, said the report.

Vulnerable groups

The Special Rapporteur said he has received multiple submissions raising concerns about the worsening situation of people who were already in situations of or at risk of contemporary forms of slavery before the COVID-19 outbreak.

He noted that the socioeconomic impact of the outbreak will be much harsher for the 2 billion people in the informal economy, constituting 62% of the global workforce. Their employment relationships are more easily broken and the safety nets available to them are fewer and weaker than those available to people in the formal economy. Informal workers have no access to paid or sick leave entitlements, and are less protected by conventional social protection mechanisms and other forms of income support. This concerns day labourers and temporary, non-contracted and own-account workers, including those in the so-called gig economy, promoted by digital labour platforms which employ, for example, taxi drivers and delivery workers.

Based on estimates by the International Labour Organization (ILO), almost 1.6 billion informal economy workers have suffered massive damage to their capacity to earn a living due to lockdown measures and/or because they work in the hardest-hit sectors. Furthermore, it is estimated that around 70% of gig workers, many of whom quit their jobs due to a lack of demand or to protect their own safety, now have no income.

"In the absence of alternative choices, informal economy workers are more likely than before the outbreak to accept abusive and exploitative employment and may become tricked into forced labour," said the Special Rapporteur.

Those living in low-income and middle-income countries will be particularly affected, as informal employment represents 90% of total employment in low-income countries and 67% of total employment in middle-income countries.

Experiences from previous pandemics show that women often encounter the effects of such crises in different, more negative ways than men, said the rights expert. They tend to be over-represented in low-paid jobs and the sectors most affected by the crisis. They include those employed in the garment industry, where large numbers from low- and middle-income countries are employed. "In light of the massive layoffs and lack of access to social protection mechanisms, they are in an extremely vulnerable situation."

While informal work is a greater source of employment for men, women are more often exposed to vulnerable categories of work, such as domestic work, where they face low wages, excessively long hours, risk of physical, mental and sexual abuse or restrictions on freedom of movement and other exploitation.

These risks are further amplified by COVID-19, said the Special Rapporteur. For example, in the United Kingdom, domestic workers are reportedly experiencing increasing pressure to comply with demands by their employers, fearing that their contracts might be terminated. The ILO estimates that nearly three-quarters of domestic workers around the world, predominantly women, are at risk of losing their jobs, with many having no access to social security or other safety nets.

In addition to bearing the brunt of massive job losses, women have been increasingly subjected to intimate partner violence and gender-based violence as a result of the lockdown measures. "Domestic violence may also become a push factor, increasing the vulnerability of victims to trafficking in persons and sexual exploitation."

Young people aged between 15 and 24 years old will be among the most affected by the longer-term impact of the global recession and unemployment, said the report.

More than three-quarters of young workers in 2019 were in informal jobs (most notably in Africa and South Asia), which render them vulnerable to economic crises and shocks. In addition to unprecedented job losses, the crisis has disrupted their education and training.

It is estimated that between 42 and 66 million children could fall into extreme poverty, adding to the 386 million children who were already in extreme poverty in 2019.

"Temporary school closures, combined with pressure from the sudden loss of livelihoods, food shortages and breakdown of community safety nets, may result in a permanent end to education for many children and a rise in child labour, including the worst forms of child labour."

Currently, there are 152 million children in work, 72 million of whom are in hazardous work. The ILO and the United Nations Children's Fund (UNICEF) have warned that the crisis is expected to push millions more into child labour. Indeed, said Obokata, an increasing number of children are reportedly working on farms and/or selling vegetables or fruit in the streets. Once they enter the workforce, it becomes difficult to incentivize them and their parents to return when schools reopen.

The rising number of children in street situations is yet another reflection of the pandemic, said the Special Rapporteur. Reports from some countries indicate their increasing engagement in street begging due to loss of livelihoods, family violence or sexual exploitation. As a result, they are also at higher risk of being exposed to trafficking in persons.

The Special Rapporteur also said that he is concerned about anecdotal information from Burkina Faso, Mali, Mozambique and Niger suggesting that the combination of severe economic shocks, food shortages, school closures and deteriorating security situations creates fertile ground for the forced recruitment of children by armed groups.

"Ethnic, racial, religious and linguistic minorities are particularly vulnerable to contemporary forms of slavery due to discrimination, marginalization, economic inequalities and poverty, lack of access to social protection and obstacles in accessing justice," said Obokata. Although data about the impact of COVID-19 on these groups is limited at this stage, there is emerging evidence of increased risk, he said.

Concerns have also been raised about the precarious situation of indigenous peoples and people of African descent in Latin America. The Special Rapporteur said that in Mexico, members of Afro-Mexican communities and indigenous groups were facing discrimination, marginalization and forced labour before the outbreak, and that currently, they are exposed to food shortages and further deprivation.

The socioeconomic crisis emanating from COVID-19 has also been disproportionally affecting people on the move, including migrants, refugees, asylum seekers and internally displaced persons, said Obokata.

Migrant workers, representing 4.7% of the global labour pool (164 million workers, nearly half of whom are women), have been especially vulnerable to the socioeconomic impacts of COVID-19. The majority of them work in the informal economy, predominantly in jobs characterized by low wages and a lack of social protection. Employers may pressure migrant workers to work despite health risks, impose longer working days, and refuse to pay their wages or cease employment without any compensation or notice.

In light of these severe social and economic impacts, more people will be compelled to seek protection and/or livelihood opportunities outside of their countries of residence, said the Special Rapporteur. However, the stricter border regimes imposed by many states create opportunities for human smugglers and traffickers to raise the cost of facilitating irregular migration, using increasingly precarious and dangerous routes. The vulnerability of forcibly displaced individuals and economic migrants to debt bondage and forced labour may also increase in this context.

Rising unemployment, broken safety nets and a lack of access to income security and social protection will likely force more households to turn to predatory lenders for loans, accepting extremely high interest rates, said the rights expert. Consequently, they might be forced to work under threat of violence or other forms of coercion to pay the loans off. Many may fall into debt bondage situations, which may trap families in an inter-generational cycle of poverty, he said.

Systemic gaps

"COVID-19 has exposed pre-existing systemic gaps in social protection and justice systems, including with regard to identification and prosecution of contemporary forms of slavery, despite commitments made by states to meet target 8.7 of the Sustainable Development Goals."

Many governments are overwhelmed with responding to the crisis, which may further delay the adoption or implementation of anti-slavery measures, said the rights expert. Furthermore, reports indicate a wider global trend where the provision of services to survivors of contemporary forms of slavery has been disrupted as a consequence of the pandemic.

At the same time, slavery-like practices have continued and the precarious situations of the victims and survivors are further compounded by health risks, deteriorating economic hardship, increasing isolation, adverse impacts on mental health, and the inability to access assistance.

In summary, although the situation is still evolving, the multi-faceted impacts of the COVID-19 pandemic on contemporary forms of slavery are clear. There is an urgent need to take action to mitigate these impacts by identifying those who are in slavery situations, reaching out to those at risk, and providing the survivors with access to justice and remedies, said the Special Rapporteur.

"While it is crucial to secure access to justice, protection and other remedies for the victims and survivors of contemporary forms of slavery, it is not sufficient, as relevant measures have not been designed to address the underlying problem of unemployment caused by COVID-19."

States should therefore implement additional measures such as provision of financial assistance and incentives for businesses, as well as income support and social security benefits for unemployed workers in order to mitigate the impact of unemployment, which in its worst form includes a risk of falling prey to slavery, the rights expert concluded. *(SUNS9202)*

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COVID-19 leading to substantial labour income losses, says ILO

Global working hours have declined considerably in 2020 due to the coronavirus outbreak, causing trillions of dollars in income losses for workers, according to International Labour Organization estimates.

by Kanaga Raja

GENEVA: The high losses in working hours caused by the COVID-19 pandemic have resulted in substantial losses in labour income for workers around the world, the International Labour Organization (ILO) has said.

In the sixth edition of its *ILO Monitor: COVID-19 and the world of work*, published on 23 September, the ILO said estimates of labour income losses (before taking into account income support measures) suggest a global decline of 10.7%, or $3.5 trillion, during the first three quarters of 2020, compared with the corresponding period in 2019.

Labour income losses are highest in middle-income countries, reaching 15.1% in lower-middle-income countries and 11.4% in upper-middle-income countries, it added.

"Just as we need to redouble our efforts to beat the virus, so we need to act urgently and at scale to overcome its economic, social and employment impacts. That includes sustaining support for jobs, businesses and incomes," said ILO Director-General Guy Ryder.

"As the United Nations General Assembly gathers in New York, there is pressing need for the international community to set out a global strategy for recovery through dialogue, cooperation and solidarity. No group, country or region can beat this crisis alone," he added.

According to the *ILO Monitor*, altogether, 94% of the world's workers currently live in countries with some sort of workplace closure measure in place. This share reached a peak of 97% on 25 April 2020, then slowly declined until mid-July, after which it started to increase slightly again.

Lockdowns of workplaces for all but essential workers (that is, the most stringent of possible measures) continue to affect a sizeable share of the global workforce, said the ILO. As at 26 August, almost a third (32%) of the world's workers were living in countries with such lockdowns. More recently, the most stringent workplace closure measures have begun to be targeted at highly infected areas in countries, rather than covering a country's entire economy.

A further 50% of the world's workers were living in countries with required workplace closures for some sectors or categories of workers (again, with this type of closure increasingly being targeted at specific areas within a country), while just 12% of workers were living in countries that have only recommended workplace closures in place.

Working hour losses

According to the ILO, its latest estimates indicate a considerably greater decline in global working hours during the first three quarters of 2020 than was previously estimated. Furthermore, the severe and protracted economic impact of the pandemic has significantly aggravated the outlook for the fourth quarter, it said.

During the first quarter of 2020, an estimated 5.6% of global working hours (up from 5.4% as estimated previously) were lost relative to the fourth quarter of 2019, equivalent to 160 million full-time jobs (assuming a 48-hour working week).

Given the earlier spread of the virus in China (which implemented strict containment measures already in late January) and other countries in Asia and the Pacific, it is not surprising that this region accounted for approximately 80% of the global reduction in working hours during the first quarter of the year, said the ILO. More specifically, the Eastern Asia sub-region experienced a decline in working hours of 12.0%, or 100 million full-time equivalent (FTE) jobs, during that quarter.

The ILO said since the impact of the crisis has proved to be much greater than previously estimated, particularly in developing countries, the estimated decline in global working hours in the second quarter of 2020, relative to the fourth quarter of 2019, has been further revised upward to 17.3% (up from the previous estimate of 14.0%), which is equivalent to 495 million full-time jobs.

Lower-middle-income countries were the hardest hit, experiencing a decline of 23.3% (and also the largest upward revision of all the income groups, namely 7.2 percentage points, the previous estimate being 16.1%).

The Americas suffered a reduction in working hours of 28.0%, or 105 million FTE jobs, in the second quarter of 2020, compared with the previous estimate of 18.3%. The ILO said this is the largest loss in hours worked among the major geographical regions and also represents the largest upward revision since the fifth edition of the *ILO Monitor*. Within this region, South America and Central America had particularly high working hour losses in the second quarter, at 33.5% and 35.8%, respectively. In contrast, Northern America, including Canada and the United States, experienced a smaller, yet still substantial, decline of 18.4% in working hours.

The hours worked in Europe and Central Asia are estimated to have declined by 17.5%, or 55 million FTE jobs, in the second quarter, up from the estimate of 13.9% presented in the previous edition of the *ILO Monitor*. The largest losses in this region are estimated to have occurred in Southern Europe (23.9%), followed by Central and Western Asia (23.3%), Northern Europe (16.6%), Western Europe (14.8%), and Eastern Europe (13.6%).

In Asia and the Pacific, the total working hour losses for the second quarter of 2020 are estimated at 15.2%, or 265 million FTE jobs, up from the previous estimate of 13.5%. Among the sub-regions, the greatest reduction in working hours is estimated to have occurred in Southern Asia (with a decline of 27.3%), followed by South-Eastern Asia and the Pacific (16.7%) and Eastern Asia (5.5%).

In Southern Asia, the public health situation and strict control measures have resulted in major labour market disruptions. In contrast, in Eastern Asia, the spread of the pandemic was quickly brought under control, resulting in relatively small losses during the second quarter, said the ILO. Reflecting contrasting trends, the estimated working hour loss was revised upward by 9.4 percentage points for Southern Asia but downward by 4.9 percentage points for Eastern Asia.

Working hours in the second quarter of 2020 are estimated to have declined by 16.9%, or 10 million FTE jobs, in the Arab states, an upward revision of 3.7 percentage points.

In Africa, the total working hour losses in the second quarter are estimated at 15.6%, or 60 million FTE jobs, up from the previous estimate of 12.1%. In terms of sub-regions, the new estimates for working hour losses indicate that Northern Africa experienced the sharpest decline (21.2%), followed by Southern Africa (20.3%), Central Africa (14.7%), Eastern Africa (14.0%) and Western Africa (13.9%).

The ILO said that its estimates of working hour losses for the third quarter of 2020 point to a decline in global working hours of 12.1%, equivalent to 345 million full-time jobs, relative to the pre-crisis baseline (fourth quarter of 2019).

"Although it is an improvement on the global working-hour losses of 17.3% estimated for the second quarter, this still represents a considerable decline, suggesting that full job recovery continues to be hampered by the persisting public health and economic challenges posed by the COVID-19 crisis."

According to the ILO, from a regional perspective, the Americas are expected to remain the most affected region in the third quarter (a decline in working hours of 19.8%). The losses of working hours in the Arab states are estimated at 12.4%, closely followed by Europe and Central Asia (11.6%), Africa (11.5%) and Asia and the Pacific (10.7%).

Across income groups, lower-middle-income countries are expected to register the highest rate of hours lost, at 15.6%, a situation similar to that of the second quarter. Low-income countries are expected to register a decline of 11.0%, while upper-middle-income and high-income countries are projected to experience the smallest losses, namely 10.4% and 9.4%, respectively.

In light of the rapidly evolving situation in recent months, the ILO said that the projections for the fourth quarter have been updated.

In this context, it highlighted three scenarios: (a) a baseline scenario, which uses the latest projections of gross domestic product (GDP) growth; (b) an optimistic scenario, which assumes that working hours will recover at a faster rate than GDP growth; and (c) a pessimistic scenario, which assumes a further wave of strict workplace closures.

The new projections for working hour losses in the fourth quarter are greater than the previous estimates, it said.

Under the baseline scenario, global working hour losses are expected to amount to 8.6% in the fourth quarter, equivalent to 245 million full-time jobs, representing a significant upward revision from the projection of 4.9% presented in the fifth edition of the *ILO Monitor*. Working hour losses are projected to be 14.9% in the Americas in the fourth quarter, while losses could fall to 7.3% in Asia and the Pacific. In all regions, working hours will remain far below the levels seen in the fourth quarter of 2019, indicating that the severe job crisis is likely to continue well into 2021, said the ILO.

In the pessimistic scenario, global working hour losses in the fourth quarter are projected to reach 18.0%, equivalent to 515 million full-time jobs. Under the optimistic scenario, working hour losses would still amount to 5.7% in the fourth quarter, or 160 million FTE jobs, said the ILO.

Labour income losses

Working hour losses translate into a substantial loss of income for workers around the world, said the ILO.

According to the *ILO Monitor*, global labour income (which includes wages for employees and part of income for the self-employed) is estimated to have declined by 10.7% during the first three quarters of 2020, compared with the corresponding period in 2019.

The ILO said the estimates show that the loss in labour income reaches 15.1% in lower-middle-income countries, 11.4% in upper-middle-income countries and 10.1% in low-income countries.

In contrast, workers in high-income countries experience a labour income loss of 9.0%. Moreover, drops in income in these countries are more frequently offset by income replacement schemes, said the ILO.

Across geographical regions, income losses are highest in the Americas, followed by Africa.

In total, the global loss in labour income during the first three quarters of 2020 amounts to $3.5 trillion (using 2019 market exchange rates), which is equivalent to 5.5% of global GDP for the first three quarters of 2019.

When those significant losses are not mitigated by other sources of income, such as social protection transfers, they can push households into poverty while reducing aggregate demand, said the ILO.

"If households deplete their savings over time and stimulus packages are phased out, the fall in aggregate demand could steepen, reducing incomes further and rendering a job recovery even more difficult," it added.

The fiscal stimulus gap

The *ILO Monitor* noted that in response to the massive labour market disruptions, governments have launched fiscal stimulus programmes on an unprecedented scale, particularly in high-income countries.

The *Monitor* examined the extent to which fiscal policy has helped to mitigate working hour losses during the second quarter of 2020 in countries for which data are available.

ILO estimations show that, on average, an increase in fiscal stimulus by 1% of annual GDP would have reduced working hour losses by 0.8 percentage point in the second quarter. To put this effect into perspective, the estimated working hour losses would, on average, have been as high as 28% if no fiscal stimulus had been implemented.

"This also suggests that the comparatively smaller stimulus programmes in low- and middle-income countries may account for at least part of the large working-hour losses estimated for those countries."

Although expansionary fiscal policy has played a significant role in supporting economic activity and preventing working hours from falling further, global fiscal stimulus has been concentrated in high-income countries, said the ILO. Fiscal space remains limited in emerging and developing economies, especially in low-income countries.

This imbalance between countries is even more striking when the amount of fiscal stimulus is compared with the magnitude of labour market disruptions.

According to the ILO, the results show that global fiscal stimulus is equivalent to 4.3% of total working hours in 2019. In comparison, over the first three quarters of 2020, the average global working hour losses were around 11.7%.

Based on its analysis, the ILO said the fiscal stimulus gap currently stands at $982 billion in low-income and lower-middle-income countries, where fiscal space is most limited ($45 billion in low-income countries and $937 billion in lower-middle-income countries). This gap is equivalent to approximately 14% of aggregate GDP for these countries in 2019. Significantly, in low-income countries, the stimulus gap amounts to less than 1% of the total value of the above-the-line fiscal stimulus measures announced by high-income countries.

The ILO noted that in contrast to many emerging and advanced economies, developing countries tend to have far more modest social protection schemes to compensate for job-related income losses, which further widens the gap between the policy response and the impact of the crisis in these countries.

Moreover, it said, many of the fiscal measures announced in developing countries are being funded through a reallocation of existing budgetary resources, including reductions in capital expenditure and the public sector wage bill.

"Taken together, these figures provide a stark quantitative measure of the challenges faced by low-income countries, in particular the least developed economies, as they attempt to mitigate the economic and labour market impacts of the pandemic," said the ILO. *(SUNS9197)*

$1.2 trillion needed to guarantee social protection – ILO

The ILO has underlined the need for financing to provide adequate social protection for all in developing countries.

by Kanaga Raja

GENEVA: Developing countries will need to invest an additional $1.2 trillion – equivalent to 3.8% of their gross domestic product (GDP) – to close the annual financing gap in social protection in 2020, the International Labour Organization (ILO) has said.

In its latest policy brief, issued on 17 September, the ILO said that low-income countries represent $77.9 billion of this total financing gap, equivalent to 15.9% of their GDP.

According to the ILO, the amount required to close the financing gap in social protection has increased by approximately 30% since the onset of the COVID-19 crisis. "This is the result of: (a) the increased need for health-care services and income security for workers who have lost their jobs because of lockdown and other measures, and (b) the reduction of GDP caused by the crisis."

"Low-income countries must invest approximately $80 billion, nearly 16% of their GDP, to guarantee at least basic income security and access to essential health care to all," said Shahrashoub Razavi, Director of the ILO's Social Protection Department.

"Domestic resources are not nearly enough. Closing the annual financing gap requires international resources based on global solidarity," she added.

Lagging progress

According to the ILO study, even before the COVID-19 crisis, it was clear that the global community was failing to live up to the legal and policy commitments it had made in the wake of the last global catastrophe, the 2008 financial crisis.

Progress towards building national social protection floors, in line with ILO Recommendation No. 202 and Sustainable Development Goal targets 1.3 on social protection and 3.8 on universal health coverage, has lagged behind. Large coverage gaps persist that deny people's enjoyment of the right to social security. When the crisis hit, as many as 4 billion people had no access to social protection benefits at all. More than three-quarters of the global population had no access to comprehensive social protection and for even more people, income losses have been only partially mitigated, said the ILO.

"These large and persistent gaps in the coverage, comprehensiveness and adequacy of social protection are linked to significant financing gaps that have been further exacerbated by the COVID-19 pandemic, which has both increased the urgent demand for social protection and eroded government resources by diminishing tax and social insurance revenue."

The ILO study noted that a range of government action is under way to cushion the most adverse health and socioeconomic effects of the pandemic, including the introduction of many (though largely temporary) social protection responses. "However, mere stop-gap measures will not be enough to protect people in the current crisis and beyond. There is an urgent need for countries to fulfil their prior commitments and build and maintain national social protection floors as part of their social protection systems," it said.

In doing so, countries would guarantee access to essential healthcare and income security over the life cycle of their populations by creating and safeguarding the necessary fiscal space for social protection.

Financing needs

The study said an additional $1.2 trillion would be needed in 2020 to fully finance the total cost of a set of universal benefits that could constitute a social protection floor in developing countries, representing an additional investment of 3.8% of these countries' GDP.

Regionally, the relative burden is particularly high in Central and Western Asia, Northern Africa and Sub-Saharan Africa (9.3%, 8.3% and 8.2% of GDP, respectively). In terms of income classification, the relative size of the financing gap is much larger for the group of low-income countries (15.9% of GDP) than for lower-middle-income countries (5.1% of GDP) and upper-middle-income countries (3.1% of GDP).

Summarizing the incremental financing needs over the period 2020-30, the study said for the year 2030 alone, the annual financing gap that needs to be bridged to achieve universal coverage would amount to $1.2 trillion for all developing countries (equivalent to 2.2% of their GDP), including $686.3 billion for upper-middle-income countries (1.7% of GDP), $413.4 billion for lower-middle-income countries (3.2% of GDP) and $100.9 billion for low-income countries (11.5% of GDP).

The ILO study noted that as a response to the COVID-19 crisis, 196 countries have introduced domestic fiscal measures, amounting to $10.6 trillion (as of 3 September 2020). However, only 0.06% of this amount has been mobilized in low-income countries.

Those domestic efforts have been complemented by international resource mobilization, it said. International financial institutions and development cooperation agencies have announced several financial packages to help governments tackle the various effects of the crisis. As of 3 September, these institutions have pledged about $1.3 trillion, including $1 trillion pledged by the International Monetary Fund and about $160 billion by the World Bank; up to $126.6 billion has been effectively approved and allocated to support countries in the areas of social protection and health. The types of financial assistance vary and include emergency assistance packages, credit lines, debt service relief and grants. Most funds, however, are committed in the form of concessional loans (69%) or regular loans (28%).

"Although this national and international resource mobilization provides important short-term financial assistance in the context of the COVID-19 crisis, it represents only a small proportion of what is needed to close the social protection financing gap in developing countries," said the ILO.

Resource mobilization

For developing countries to be able to bridge these gaps and establish national social protection floors, resource mobilization efforts should be both increased and safeguarded against the austerity measures that are already emerging as the COVID-19 crisis recedes, the ILO emphasized.

"Countries should invest more to guarantee adequate and comprehensive social protection for all. They should also invest better by ensuring that resource mobilization is sustainable, efficient and equitable."

A range of options exist for countries at all levels of development to increase fiscal space for social protection, the ILO said, pointing to eight different strategies that could be considered. These strategies include: expanding social security coverage and contributory revenues; increasing tax revenues; eliminating illicit financial flows; reallocating public expenditures; using fiscal and central bank foreign exchange reserves; managing debt – borrowing or restructuring sovereign debt; adopting a more accommodating macroeconomic framework; and increasing official development assistance (ODA) and transfers.

To complement regular sources of financing and fill remaining gaps, a range of innovative sources of financing could be considered.

In principle, national social protection systems, including floors, should be financed from national sources, a process which is usually referred to as domestic resource mobilization. "However, countries whose economic and fiscal capacities are insufficient may need to seek international support, at least in the short-to-medium term," said the ILO.

The magnitude of domestic efforts required to finance social protection floor financing gaps may be significant, it said. On average, such gaps represent about 13.5% of total tax revenues, but in low-income countries the ratio is much higher, at 45% of total tax revenues. Governments may not be in a position to spend 45% of their tax revenues on social protection, because they have many other priorities to finance.

Financing the social protection floor from taxes is therefore unlikely in low-income countries. In countries with limited capacity to generate domestic resources, external assistance will therefore be required to complement national efforts to create fiscal space, said the study.

The ILO noted that social protection systems are typically designed through a combination of tax-financed non-contributory schemes and social insurance schemes that are usually funded by workers' and employers' contributions. "Increasing the contribution base by increasing the effective coverage and/or revenue from social security contributions is an important strategy to finance social protection and ensure higher levels of protection."

Additional revenue may be obtained by increasing contribution rates or else through improved administrative efficiency, better compliance in terms of contribution collection or by extending contributory schemes to previously uncovered groups (such as informal economy workers, including the self-employed).

The study said social security contributions currently amount to 0.4% of GDP in low-income countries, 2.5% of GDP in lower-middle-income countries and 5.8% of GDP in upper-middle-income countries.

Simulation results suggest that there is still some untapped capacity of contribution systems, it added. Low-income countries could potentially double their contribution levels to 0.8% of GDP over the next decade. Across all developing countries, social security contributions as a percentage of GDP could potentially be increased by 1.2% to reach 6.3% of GDP.

Despite the Addis Ababa Action Agenda's call (in 2015) for enhanced ODA to support financing for sustainable development, many countries still fall short of their commitments, said the study. At current levels, ODA would be insufficient to close social protection financing gaps even if all of it were allocated to that single priority. In reality, the share of disbursed ODA allocated to social protection represented a mere 0.0047% of the gross national income of donor countries in 2017.

To complement regular sources of financing and fill remaining gaps, a range of innovative sources of financing could be considered and some have already been implemented, said the ILO. These include taxes on the trade of large tech companies, the unified taxation of multinational companies, taxes on financial transactions or airline tickets, or a billionaires' tax.

"Combating corporate tax avoidance and evasion, including the 'base erosion and profit shifting' strategies employed by companies to shift operations from high to low tax regimes, would also increase tax revenue significantly."

Debt-based borrowing mechanisms could include debt conversions or social impact bonds, said the ILO. *(SUNS9198)*

No to IMF austerity policies

On the eve of the International Monetary Fund (IMF)'s 12-18 October annual meeting, over 500 civil society organizations and academics issued the following statement calling on the Fund to abandon its longstanding promotion of fiscal austerity.

We, the undersigned, call on the IMF to immediately stop promoting austerity around the world, and instead advocate policies that advance gender justice, reduce inequality, and decisively put people and planet first.

As those who care about governments' ability to fulfil human rights and advance progress towards the Sustainable Development Goals, we express the utmost alarm at the IMF's advice for countries to return to austerity once the current crisis recedes. This pandemic has laid bare the deadly repercussions of systematically weak investments in health, education and social protection, hardest felt by marginalized populations including women, older people, racial and ethnic minorities, informal workers and low-income families. This crisis has also shone light on the shrinking of the middle classes and worsening gap between rich and poor.

The IMF has spoken repeatedly of the need for a fair and green recovery. It has said that economic and gender inequality, climate change, and poor governance can weaken growth and undermine stability. In recent years, it developed operational guidance for staff on embedding gender and economic inequality analysis into its work and approved a macroeconomic framework for social spending. All of this would suggest that the IMF is ready to use its influence and authority to support countries in reducing inequality.

And yet, despite this rhetoric and its own warnings of deepening inequality, the IMF has already started locking countries into new long-term austerity-conditioned loan programmes in the past few months. Beyond the conditionality in these recent programmes, we note that a significant number of the IMF's COVID-19 emergency financing packages contain language promoting fiscal consolidation in the recovery phase. And with governments struggling to pay increased debt servicing and expected to continue to need extraordinary levels of external financing for years to come, IMF loan programmes – and the conditions that accompany them – will play a highly influential role in shaping the economic and social landscape in the aftermath of this pandemic.

Instead of austerity cuts, it is critical to create fiscal space and give governments the time, flexibility and support to achieve a sustainable, inclusive and just recovery.

Fiscal consolidation driven austerity would only worsen poverty and inequality and undermine the achievement of economic and social rights. The IMF's own research corroborates this. Time and time again, rigid and rapid fiscal consolidation conditioned in IMF programmes has meant devastating cuts in health and education investments, losses of hard-earned pensions and social protections, public wage freezes, layoffs, and exacerbated unpaid care work burdens. In all cases, it is the most vulnerable people in societies who bear the brunt of these reforms, while the elite, large corporations and creditors enjoy the benefits. Aside from the direct impacts, fiscal consolidation doesn't ensure economic recovery and the creation of new jobs, and rapid consolidation could instead deepen the downturn. It won't deliver a just transition towards climate resilient economies either.

Instead of austerity cuts, it is critical to create fiscal space and give governments the time, flexibility and support to achieve a sustainable, inclusive and just recovery. Immediate and urgent steps are needed to support the financial health of countries through grants and other highly concessional financing, supporting debt cancellation and restructuring, and issuing a new allocation of Special Drawing Rights. Medium to longer term recovery efforts, however, should continue promoting further fiscal and policy space that allows for an increase, rather than a decrease, in social spending, and progressive tax policies that collect sufficient revenue and redistribute wealth fairly.

This means systematically assessing the impacts of fiscal policy reforms on gender and economic inequality and rejecting those that have negative social impacts. It means negotiating agreements transparently with input from a range of stakeholders including civil society through national social dialogue. It means recommending and promoting progressive tax reforms such as taxes on wealth and the excess profits of large corporations, meaningfully combatting tax evasion, avoidance and illicit financial flows. And it means systematically supporting governments to restructure their debts so that they can prioritize investments in quality public services.

The global economy stands at a crossroads between further decades of austerity and debt crises, or adopting a macroeconomic framework compatible with fighting inequality, pursuing climate justice, realizing human rights and achieving the Sustainable Development Goals. Ahead of the 2020 IMF Annual Meetings, we call on the IMF to turn away from the mistakes of the past and finally close the dark chapter on IMF-conditioned austerity for good.

The list of signatories to this statement is available at https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/1062/attachments/original/1601901189/statement-against-IMF-austerity-ENG.pdf?1601901189

Rules chair suffers setback over proposed WTO fisheries deal

WTO member states have not decided what form the fisheries subsidies agreement currently under negotiation should take, stressing the need to first address the substantive issues at stake.

by D. Ravi Kanth

WASHINGTON DC: The chair of the Doha rules negotiations at the WTO appears to have suffered a setback in his concerted push to decide on the form and the institutional arrangement of the proposed fisheries subsidies agreement, after members underscored the need to focus first on the core issues and substance of the agreement, trade envoys told the *South-North Development Monitor* (*SUNS*).

At a heads-of-delegation (HoD) meeting on 29 September, the chair, Ambassador Santiago Wills from Colombia, pressed members to decide whether the agreement should be a standalone agreement or an annex to the existing WTO Agreement on Subsidies and Countervailing Measures (ASCM).

A day after the trade ministers of the G20 leading economies had pledged to wrap up the fisheries subsidies agreement by the end of the year, the chair sent an email to WTO members on 23 September stating that he wanted their endorsement to "draft the disciplines as though it were to be a standalone agreement on the understanding that, should we see an emerging convergence for an annex to the ASCM, it would be re-drafted to reflect this situation."

The chair convened the 29 September HoD meeting thinking that he would chase the "form" of the agreement even without progress on the core fisheries subsidies disciplines, said a participant who asked not to be quoted.

At the meeting, trade envoys from the developed countries, including the United States, Canada and Norway, and developing and least-developed countries discussed the various pros and cons of having a standalone agreement or an annex to the ASCM.

Members told the chair that it was premature to discuss the form of the agreement when there was little progress on all the substantive issues concerning the disciplines on overcapacity and overfishing, illegal, unreported and unregulated (IUU) fishing, and overfished stocks, said another participant who asked not to be quoted.

While some members like Canada leaned towards a standalone agreement, others said it should remain as an annex to the ASCM, which includes safeguard provisions, the participant said.

Standalone or annex?

The US, for example, spoke about the history of the negotiations and the mandate to strengthen the fisheries subsidies rules, suggesting that it considered the agreement as an annex to the ASCM. But members needed to discuss the substantive issues first before moving to deciding the form of the agreement, the US reportedly suggested.

In his statement at the meeting, China's Ambassador to the WTO Zhang Xiangchen said he would agree with the chair that "the choice of a standalone agreement or an annex to the ASCM may have implications for the drafting and the members' ability to engage in text-based discussions."

He said that members would benefit from having a "clearer direction on this institutional arrangement sooner rather than later," suggesting that "the substance of the fisheries disciplines will be different from those in the ASCM."

He added that "though we do not have a holistic picture yet, we could see that the scope, the prohibitions, the remedies, the transparency requirements and the dispute settlement mechanisms may all turn out to be quite different from the current ASCM disciplines."

Zhang said "the aim of the fisheries disciplines is to ensure sustainable fisheries, while the object and purpose of the SCM Agreement, as summarized by the [WTO] Appellate Body, is to strengthen and improve GATT disciplines relating to the use of both subsidies and countervailing measures." He added that "such a difference may result in different scope of the disciplines, especially on the specificity requirement."

The Chinese envoy said that "subsidies are categorized as prohibited and actionable in the ASCM, while the fisheries disciplines largely prohibit harmful ones and may put some cap on certain subsidies as proposed by China and some other members."

He further said that "the fisheries disciplines will not include countervailing measures as remedies as the ASCM provides."

He said that it would complicate the work of the current SCM Committee if it also took up the additional tasks for the implementation of the fisheries subsidies disciplines.

He said that members must be "cautious [in] not making the WTO a fishery management organization," adding that China "is open to the current format of the instrument we are negotiating and look forward to joining the consensus on that point."

The trade envoys of South Africa, India and several other developing countries delved into the pros and cons of having a standalone agreement or an annex to the ASCM.

South Africa's Ambassador Xolelwa Mlumbi-Peter said that the mandate was to clarify the rules on fisheries subsidies, suggesting that the overall focus was on subsidies, though seen from a fisheries perspective. She said members were called to "prohibit certain types of subsidies, which further confirms a link to the ASCM."

Mlumbi-Peter suggested that unlike the ASCM, "an outcome on fisheries subsidies does not have market access implications since the primary objective is to address sustainability."

She said that in order to make an outcome on fisheries subsidies work, members "would have to adapt the trade effects concept found in the ASCM." However, it "does not necessarily mean that the ASCM is not adaptable to the special context of the fisheries sector".

"A major issue that still needs to be addressed is that of specificity, not only in the context of fuel subsidies but more broadly. If a particular subsidy is designed to be horizontal, it escapes the disciplines that we are currently crafting, unless we have a strong link with Article 3 of the ASCM," Mlumbi-Peter said, noting that ASCM Article 2.3 provides that any subsidy that falls under the prohibition of Article 3 shall be deemed to be specific.

Consequently, "making this link to the ASCM is crucial in addressing many harmful subsidies that would otherwise escape the disciplines that we are designing," she said.

Mlumbi-Peter suggested that "by adding to the categories of prohibited subsidies in Article 3, we will create much stronger disciplines that target the most harmful subsidies which are likely to have adverse effects on the environment." Further, "such an approach puts the primary obligation on the subsidizing member to ensure that subsidies do not go to activities that fall within such prohibitions".

"We assume in this debate that those that cause the greatest harm through their subsidies will assume a proportionately greater obligation to refrain from doing so," she emphasized.

"This is not only a true exemplification of the concept of sustainability but also the concept of common but differentiated responsibility and respective capabilities, in light of different national circumstances," she said, adding that "as we continue to seek common ground on S&DT [special and differential treatment], this notion should be borne in mind."

Mlumbi-Peter said it was important that "the substance should inform the form of the instrument." Also, "in the case of a standalone agreement, we will need to assess whether and how we minimize/avoid the risk of possible double challenges to any offending measure under both the standalone agreement as well as the ASCM."

The South African envoy called for continuing "work on the core disciplines with the ultimate goal being to prohibit harmful subsidies as per the mandate."

She said that "a strong discipline on overfishing and overcapacity that targets the most harmful subsidies will positively reinforce other pillars of negotiations, including IUU fishing, which in many cases is carried out by distant water fishing, industrial scale fishing fleets that depend on deleterious subsidies to continue their plunder and pillage of fish stocks."

She emphasized that "the WTO is not a fisheries management institution," adding that "our view is therefore that the institutional design of any outcome would have to be crafted based on the shape of the disciplines."

She cautioned that "making an a priori choice at this stage risks deviating from the very explicit mandate given by our ministers to further clarify and improve existing subsidies disciplines."

She said a "choice in either direction (that is to say, a standalone agreement or one integrated into the ASCM) is warranted at this given point in time." She stated that her delegation was "ready to work on progressing the substantive negotiations and to make a choice regarding the institutional framework once enough progress is registered in this regard. The sequence is therefore important."

In its intervention at the HoD meeting, the African, Caribbean and Pacific (ACP) Group of countries said that the "institutional design of any instrument is dependent on the nature and scope of the substantive disciplines." The Group cautioned that "any attempt to prescribe the form of an outcome on fisheries subsidies will interfere with the substantive discussions."

"Whereas the final form of the agreement is an important consideration in the overall negotiations, the ACP believes that it is premature to bring this matter to the HoD for discussion," it said.

In a similar vein, the African Group, which raised several questions about the institutional arrangement, said it was "not in a position to endorse any option at this time."

It urged the WTO secretariat "to do a technical note (without prejudice to members' positions) on the options and their implications."

In the face of sharp opposition and lack of consensus, the chair Wills concluded the HoD meeting by saying that members needed to come back to this issue at an appropriate time. *(SUNS9201)*

Shareholder capitalism's ugly legacy

Jomo Kwame Sundaram surveys the ruinous consequences of Milton Friedman's doctrine of free markets and maximizing shareholder value.

Milton Friedman's libertarian economics advocating shareholder capitalism has influenced generations trying to understand the economy, not only in the US but all over the world.

He was not just an academic economist but an enormously influential celebrity conservative ideologue who legitimized ideas for the like-minded, including the belief that "greed is good". Now, shareholder capitalism's consequences haunt the world and threaten humanity with stagnation and self-destruction.

Friedman's lasting influence

In 1962, Friedman published his most influential book, *Capitalism and Freedom*. In September 1970, the *New York Times Magazine* published his essay "The Social Responsibility of Business Is to Increase Its Profits".

The article – reiterating the Friedman doctrine, presuming perfectly functioning markets that exist only in the minds and writings of some economists – is a manifesto for American shareholder capitalism. It inspired the counter-revolution against Keynesianism, development economics and other state interventions.

The word "competition" appears only once, in the last sentence. Yet, some supporters insist that Friedman was not "pro-business" but rather "pro-market". But, unlike capitalism, the market has been with us for several millennia and has happily co-existed with un-freedoms of various types.

Perfect competition rarely exists due to inherent tendencies undermining it. Hence, various challenges to Friedmanite wisdom. For half a century, information and behavioural economics have challenged his many assumptions, certainly much more than the Austrian School advocacy and defence of capitalism.

Thus, Friedman conveniently ignored "market imperfections" in the real world, although or perhaps because they undermined the empirical bases for his reasoning. So, even if Friedman's logic was true, reality prevents profit-maximizing firm behaviour from maximizing societal welfare, if not cause the converse.

Meanwhile, Friedman's monetarist economics has been discredited and has little practical influence anymore, especially with the turn to "unconventional monetary policies", particularly after the 2008-09 global financial crisis. Yet, his ideological sway remains strong, as it serves powerful interests.

Hence, Friedman's 1970 essay remains influential in the world, and has long served as the mainstream manifesto on corporate governance. Even then, Friedman denounced dissenting CEOs as "unwitting puppets of the intellectual forces that have been undermining the basis of a free society".

Generations of Friedmanites have insisted that "the only business of business is business", and that their sole responsibility to society is to make money. Friedman emphasized, "There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."

When Friedman insisted "make as much money as possible while conforming to the basic rules of the society", he may have presumed that market imperfections do not exist or were fully addressed by the "minimal" state, although it is well known that the rule of law has never been adequate to the challenge.

His singular focus on maximizing profits for shareholders justified ignoring all problems due to corporate practices. The doctrine thus absolved the firm of social responsibility. It justified and encouraged generations of corporate leaders committed to the primacy of "shareholder value".

Almost like religion, this thinking became the hegemonic ideology, legitimizing "greed-is-good" behaviour. Friedman's ideology spread throughout the world with the "neoliberal" counter-revolution from the 1980s.

Unsurprisingly, neoliberal economists' claims have been discredited by their policies' failure to significantly increase investments in the real economy in recent decades. And without sufficient investments to enhance productivity, growth has stagnated, if not declined, while dimming future economic prospects. With labour incomes declining relatively, if not absolutely, consumer spending has declined, reducing aggregate demand while feeding a vicious circle of stagnation.

Meanwhile, deregulatory initiatives have not increased real investments and output growth. Market finance ideology claims that the stock market can best allocate investment resources among companies. But share buybacks imply that US corporations have no better investment options than to further raise already high, overvalued financial asset prices, thus reducing resources for real investments and future growth.

The Friedman doctrine also celebrated and justified short-termism, and undermining protection for employees and the environment to maximize shareholder value by increasing corporate profits. This type of capitalism has spread throughout the world with the neoliberal counter-revolution.

"Getting government out of the way", the neoliberal "free market" mantra, was supposed to boost private investments. But more handsome corporate profits due to cost savings – from weaker anti-trust and other regulations, and lower wages and taxes – have not significantly increased real investments in the US.

The 2007-09 US financial crisis exposed some problems of short-termism, particularly related to financialization and "shareholder value extraction". The crisis cast doubt on Friedman's legacy and its implications, encouraging new challenges to corporate governance norms and regulations.

Friedman would have us believe that power and politics are not exercised in free markets. But this ostensible insulation of politics from supposedly power-free markets is a fiction which thoughtful Friedmanites knew only too well, not least from their own advocacy, behaviour and conduct.

All markets are shaped by various historical and contemporary influences, economic, cultural, social and political. These are often driven by business and other lobbies. Thus, politics, collective action and advocacy shape policies, in terms of design, implementation and enforcement.

To be fair, Friedman's view of politics and business seems contradictory. His writings argue that business should stay out of politics and not use shareholder money to influence politics. But he is remarkably understanding when it happens: "I can't blame a businessman who goes to Washington and tries to get special privileges for his company … [I]f the rules of the game are that you go to Washington to get a special privilege, I can't blame him for doing that. Blame the rest of us for being so foolish as to let him get away with it."

Neoliberal inequality

Former Clinton Labor Secretary Robert Reich has argued that larger US corporations have acquired so much influence over government as to undermine US democracy. Instead, he argues for public financing of electoral campaigns while curbing corporate influence, e.g., via lobbying and campaign spending.

He cites an old study of 1,779 policy issues during 1981-2002 which found lawmakers acceding to the demands of big businesses with the most lobbying capabilities while the average American had "only a minuscule, near-zero, statistically non-significant impact upon public policy".

With the Citizens United ruling in the new century, the US Supreme Court has legally enabled powerful corporate interests to lobby politically. Unsurprisingly, corporate taxation has been dramatically reduced, while social protection and public investments, e.g., in health and education, have declined further.

Instead of gains being shared by top executives and shareholders with workers, as during the post-Second World War Golden Age, benefits have become increasingly skewed to the very wealthy in the past four decades, thanks to Friedman's increased influence.

From 1948 to 1979, US worker productivity more than doubled while wages fell slightly behind as the stock market grew over six-fold. But from 1979 to 2018, even as worker productivity rose 70%, worker pay rose by only 11.6%, while CEO compensation rose almost ten-fold and the stock market 22-fold! *(IPS)*

__Jomo Kwame Sundaram__, a former economics professor, was United Nations Assistant Secretary-General for Economic Development, and received the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought in 2007.

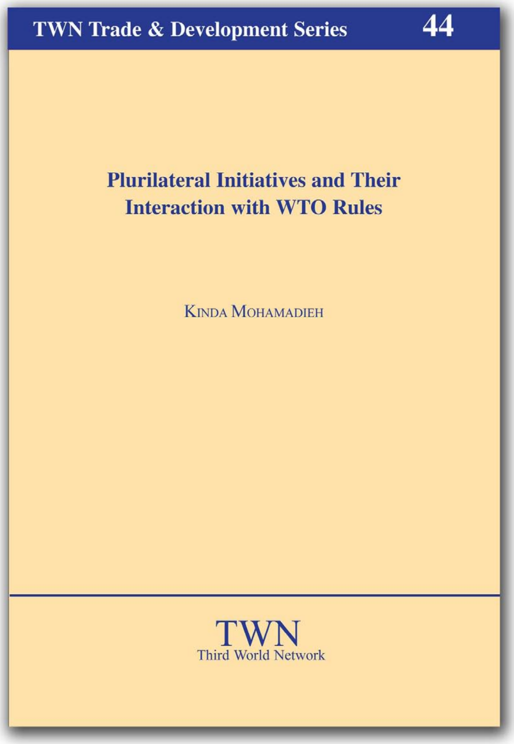
Plurilateral Initiatives and Their Interaction with WTO Rules

By Kinda Mohamadieh

Plurilateral initiatives – which involve a limited number of World Trade Organization (WTO) Member countries – on several issues such as domestic regulation of the services sector, investment facilitation and electronic commerce were announced at the 2017 Ministerial Conference of the WTO. Key players in these talks have indicated the intention to incorporate the eventual outcomes of the negotiations into the body of WTO law.

This paper looks into whether and how this can be done, examining the less-than-straightforward relation between, on the one side, the nature and scope of the issues covered under the plurilateral initiatives and, on the other, the relevant WTO rules. It also reviews plurilateral outcomes which were added to the WTO framework in the past, and finds that these are dissimilar to the current initiatives and cannot provide precedent for dealing with the latter.

Besides questions surrounding the legality of importing their outcomes into the WTO system, the proliferation of plurilateral initiatives may undermine the multilateral character of the WTO. At risk could be the collective, consensus-based approach to negotiations aimed at striking a balance among the interests of the entire WTO membership, including the developing and least developed among them.



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Taking away the land

The increasing privatization of land worldwide will likely harm the livelihoods of local communities while leading to overexploitation of natural resources. The following is the executive summary of a new report, *Driving Dispossession*, which flags the dangers posed by "a trend that threatens people and the planet".

The COVID-19 pandemic might have briefly eclipsed the escalating climate and environmental crisis facing the world. Yet, deforestation, desertification, environmental degradation, pollution and the destruction of biodiversity continue at alarming rates, jeopardizing the health and livelihoods of billions.

A common thread within these threats is the overexploitation of our natural resources. The land available to us is finite – we have access to only 149 million square kilometres, less than 30% of the surface of the earth, but we act as if it were unlimited. The "World Overshoot Day," which marks the point each year at which "humanity starts to consume the world's natural resources faster than they can be replenished", illustrates this overexploitation. In 2019, the date was 29 July, the earliest ever.

With the world's attention fixated on the current pandemic, the need to address the climate crisis remains urgent. We know what needs to happen to stop this destruction and preserve the planet for current and future generations. In addition to phasing out fossil fuels, we must stop the overexploitation of natural resources, including ongoing massive deforestation. With regard to agriculture, the 2019 report by the Intergovernmental Panel on Climate Change (IPCC) warns against the damaging effects of monocropping. It also highlights the importance of agroecology to improve the "sustainability and resilience of agricultural systems by buffering climate extremes, reducing degradation of soils, and reversing unsustainable use of resources; and consequently increase yield without damaging biodiversity."

Humanity has a decade to reduce global emissions by half or we will rocket past a global temperature increase of 1.5 degrees Celsius, an outcome scientists warn will be disastrous. Inaction will result in an immeasurable cost, as climate catastrophes will cascade and continue to intensify.

Making land available for exploitation

Despite these clear warnings by scientists, world leaders are still failing to act on the scale required. Instead of taking meaningful action, governments, corporations and international institutions are actually "doubling down," wanting to exploit more land through a euphemism-based narrative of putting it to "productive use" in the name of economic progress and "development." To attract private investment, governments are thus marketing hundreds of millions of hectares of land as "available" without regard for those whose livelihoods depend upon it.

Faced with this covert threat, communities globally continue to resist the exploitation of their lands. A major part of the land on the planet is still not controlled by private interests. As much as 65% of the world's land area is stewarded by communities under customary systems. Whether it is on legally recognized public land or customary land, billions of people rely on communally managed natural resources such as rivers, lakes, forests and savannas for their livelihoods. For most of us, land is a common good, valued as an ancestral asset with social and cultural significance.

Local communities and Indigenous groups are the stewards of these resources and are on the frontline to defend them against land grabbing and destructive practices. They courageously resist the governments and corporations that want to convert smallholder farms, grasslands and forests into monoculture plantations, cattle ranches and mines which further contribute to climate change and environmental degradation.

As people's very presence and resistance is seen as an obstacle to investment and business, many governments around the world have been prompted to adopt the Western capitalist notion of private land ownership. This includes the creation of land markets so that land can be leased or sold and put into so-called "productive use" to "unlock its value." The World Bank is a key actor in the push to privatize and commodify land. In 2017, its Enabling the Business of Agriculture report prescribed to governments the series of measures they should take in order to "enhance the productivity of land use" and encourage agribusiness expansion. The key policy prescriptions included formalizing private property rights, easing the sale and lease of land for commercial use, systematizing the sale of public land by auction, and improving procedures for expropriation.

Driving Dispossession details how this doctrine is being applied around the world. Six country case studies show how governments pass new laws, create land markets, conduct land reforms and sign public-private partnerships to open more lands and natural resources to exploitation. This trend is largely encouraged by Western governments and private foundations, as well as international institutions such as the World Bank and the International Monetary Fund (IMF).

The role played by these two international financial institutions in driving the marketization of land is fully on display in Ukraine, where the IMF has leveraged the economic fallout from the COVID-19 pandemic to coerce "Europe's breadbasket" into creating a land market despite overwhelming opposition in the country. In March 2020, Ukraine ended the moratorium on the sale of land that had stood for 19 years in order to qualify for a desperately needed $5 billion loan package from the IMF. The World Bank, along with the European Bank for Reconstruction and Development (EBRD), has been laying the groundwork for the creation of a land market to the benefit of agribusiness and private investors who promise "growth" in exchange for access to land. Farmers, agricultural workers, unions and the vast majority of the population have staunchly opposed the creation of a land market, as this major reform will allow agribusiness conglomerates, oligarchs and private foreign investors to increase their already substantial control over land and natural resources in the country.

While technological innovations can play a role in documenting and securing land rights, they can also be used to entrench existing inequalities in access to land. Blockchain technology is an increasingly used element of this push to privatize and access natural resources. In Zambia, the government is partnering with Medici Land Governance (MLG), a blockchain company and subsidiary of the US-based online retailer Overstock.com, to assist with land registration and titling. The goal of the National Land Titling Programme is to register "all property in the country in order to provide security of tenure to property owners." Former Overstock.com CEO Patrick M. Byrne explains that the use of blockchain for land titles will help unlock trillions of dollars in global mineral reserves that are inaccessible due to unclear land governance systems. In 2018, he signed a multi-country partnership with the World Bank to expand the use of blockchain for registering land around the world.

A third case study examines how Myanmar intends to put land to its most "efficient use" through amendments to the country's "Vacant, Fallow and Virgin" (VFV) Land Law. Passed in fall 2018, the amendments imposed a six-month deadline to anyone occupying so-called VFV land to apply for a 30-year permit to continue using the land, after which any unpermitted lands were made available for agriculture, mining and other purposes. Far from being vacant or fallow, these lands are used by communities for farms, gardens, orchards and forests and are governed under customary tenure systems. Those who call these regions home are confronted with the stark choice of rescinding their ancestral claims to the land in exchange for a 30-year permit, or facing eviction, jail time and fines. Hundreds of civil society groups from ethnic Karen, Kachin, Shan, Chin, Karenni and Mon communities have expressed their concerns over the law, with support from national and international NGOs, but it proceeded on schedule for its 11 May 2019 deadline. The law has already been used to seize community land for palm oil operations, which threaten people's livelihoods and the ecosystem. The law also threatens the ability to ever return home for hundreds of thousands of displaced people and refugees. Nearly half of Rakhine state, where the majority of Myanmar's Rohingya people originate from, is considered VFV land.

While 97% of the country is under customary land tenure, Papua New Guinea (PNG) is making available millions of hectares of lands for palm oil, mining and timber operations under the guise of "unlocking" the economic value of land. Despite international outcry and substantial national mobilization, PNG's most recent development plan aims to move 20% of all land into a formal market by 2022. Additionally, in 2019, the government organized a Land Summit to promote this agenda and in August of the same year, the new Prime Minister announced plans to create up to 18 special economic zones to boost economic development, which will also require seizing more customary lands. Yet, as already seen in the past four decades, rather than delivering on the promised development benefits, the takeover of customary land for the exploitation of natural resources has led to deforestation and environmental degradation, destruction of livelihoods, and caused conflicts within and between communities.

The fifth case study analyzes the compact between Sri Lanka and the United States Millennium Challenge Corporation (MCC) that could potentially shift millions of hectares of land into private control. A Land Project focused on mapping and digitizing state lands has the explicit purpose of stimulating investment and increasing its use as an economic asset. Motivated by the difficulty the private sector currently faces in acquiring land in Sri Lanka, the project will extensively map and digitize land records of up to 67% of the entire country. Civil society groups have called on the government to reject the compact and warned that it will result in "land grabs by creditors, the transfer of prime land to multinational corporations, [and] the loss of livelihoods for local farmers." For dispossessed groups and ethnic minorities, the prospect of the government determining what land is vacant poses an enormous threat given the country's history of war-related displacement, internal colonization and landlessness.

Finally, in Brazil, far-right President Jair Bolsonaro is using pro-business, anti-Indigenous rhetoric to garner public support for seizing Indigenous land. Bolsonaro assumed office in January 2019 after a campaign in which he promised to expand the exploitation of the Amazon, halt the demarcation of Indigenous lands, and arm ranchers to allow the takeover of those lands for cattle ranching. While some of his attempts have been blocked by Congress, he has succeeded at emboldening politicians and citizens alike, resulting in increased land invasions, killings of and violence against Indigenous and land rights activists, as well as an acceleration of deforestation. The budgets, staffing and enforcement of the agencies responsible for environmental and Indigenous protections have all been slashed. It was in this context that in 2019, ranchers set large portions of the Amazon on fire, threatening a multitude of Indigenous communities and the ecosystems on which they rely.

Development claim

Whereas some like Patrick Byrne or Jair Bolsonaro are explicit about their goal of accessing or "unlocking" profitable natural resources, most proponents of the privatization of land rather use a development-imperative justification. The idea that privatizing land will bring development comes in part from the – now largely debunked – claims of Peruvian economist Hernando de Soto, that "securing land rights" via private titles would improve access to credit, agricultural investment and environmental stewardship. Research reveals that private titling has not increased access to credit and loans. The claim that private titles offer tenure security while customary systems remain insecure is often repeated, yet not substantiated by evidence. On the contrary, the process of transitioning locally developed customary systems – which in many cases offer tenure security – into private titled land is likely to result in considerable social and economic displacement while placing ecosystems at risk. While research has long shown the value of customary systems, Western aid agencies and international financial institutions generally fail to recognize the evidence and continue to advocate and support the privatization of land and the creation of land markets.

Together, these six case studies sound the alarm on a trend that threatens people and the planet. Returning to normal is not an option as unfettered capitalism has brought us to this disaster. We must halt and reverse the privatization of the commons to protect and nurture these natural resources for future generations. Rather than erasing local governance and negating individual autonomy, governments must instead build systems that incorporate a diversity of ownership and tenure systems, and focus on a development path that serves the people instead of one that takes the land away from them for corporate profits.

The above is the executive summary of Driving Dispossession: The Global Push to "Unlock the Economic Potential of Land". *The report, written by Frédéric Mousseau, Andy Currier, Elizabeth Fraser and Jessie Green, with research assistance by Naomi Maisel and Elena Teare, was published by the Oakland Institute in July 2020. The full report with references is available on www.oaklandinstitute.org/driving-dispossession*

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Supplementary Protection Certificates and Their Impact on Access to Medicines in Europe: Case Studies of Sofosbuvir, Trastuzumab and Imatinib

by Yuanqiong Hu, Dimitri Eynikel, Pascale Boulet and Gaelle Krikorian

In recent years, there has been increasing pressure on public health systems in high-income countries due to high medicines prices, one of the underlying causes of which are the market monopolies granted to pharmaceutical undertakings. These monopolies have been facilitated by expanded forms of intellectual property protections, including the extension of the exclusivity period after the expiration of the patent term concerning medicinal products.

In the European Union, such an approach lies in the Supplementary Protection Certificate, a mechanism formally introduced under Regulation 1768/92/EEC (now: Regulation 469/2009/EC, amended). After more than 20 years of implementation, the common justifications for SPCs are being challenged by recent findings as to their functioning and impact. Similarly, legitimate questions have been voiced as to the negative impact of SPCs on timely access to affordable medicines.

On the basis of an analysis of three medicines for hepatitis C and cancer treatment, this paper critically engages with the policy justifications underlying SPCs. It then analyses access challenges to a hepatitis C medicine and an HIV treatment in Europe, highlighting the social cost of the introduction of SPCs. Both the normative and empirical analyses have demonstrated that the common justifications supporting the SPC regime are deeply questionable. The addition of SPC exclusivity has also heavily delayed competition and maintained high medicines prices in European countries. Ultimately, the granting of such extended exclusive private rights on medicines may result in unnecessary suffering and be a factor in the erosion of access to medicines for all.

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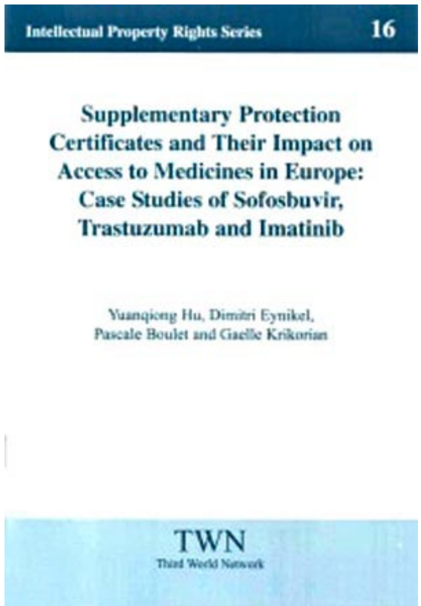

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