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Exploring alternatives to austerity

Even as living costs soar and economies flag, governments everywhere are cutting back on spending, dealing a further blow to already struggling populations. Instead of paring down public services and social protection, states should consider financing options to promote post-pandemic recovery – and such options are indeed available, from taxation of super-profits to sovereign debt restructuring.

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Rising inflation causing a marked fall in real wages, says ILO

Wages have declined in real terms globally for the first time this century as inflation takes its toll, according to the UN labour body.

by Kanaga Raja

GENEVA: Rising inflation combined with a slowdown in global economic growth is causing real wage growth to dip into negative figures in many countries, reducing the purchasing power of the middle class and hitting low-income groups particularly hard, the International Labour Organization (ILO) has said.

In its *Global Wage Report 2022-23*, released on 30 November, the ILO estimates that global monthly wage growth fell in real terms to -0.9% in the first half of 2022 – the first time this century that real global wage growth has been negative.

If China, where wage growth is higher than in most other countries, is excluded from the computations, the fall in real wages during the same period is estimated at -1.4%.

Among the G20 countries, which account for some 60% of the world's wage employees, real wage growth in the first half of 2022 is estimated to have declined to -2.2% in the advanced-economy members, while wage growth in the emerging G20 economies slowed but remained positive at 0.8%.

This clearly indicates that nominal wages in many countries have not been adjusted sufficiently in the first half of 2022 to offset the rise in the cost of living, said the ILO.

"The multiple global crises we are facing have led to a decline in real wages. It has placed tens of millions of workers in a dire situation as they face increasing uncertainties," said ILO Director-General Gilbert F. Houngbo.

"Income inequality and poverty will rise if the purchasing power of the lowest paid is not maintained. In addition, a much-needed post-pandemic recovery could be put at risk. This could fuel further social unrest across the world and undermine the goal of achieving prosperity and peace for all," he added.

Global economic context

According to the ILO report, after the collapse of global economic growth in 2020 owing to the measures taken worldwide to control the spread of COVID-19, global output rose strongly during 2021 in both advanced and emerging economies.

It said this was the strongest post-recession jump in growth in 80 years and may be explained by a rapid rebound in aggregate demand as many countries started to gradually relax the pandemic-related measures in the course of 2021.

Thus, by the end of 2021, global economic growth had increased to 6.1%, with economic growth increasing to 5.2% among advanced economies and 6.6% among emerging market and developing economies.

The ILO said that one critical factor behind this remarkable growth recovery was the progress in vaccination against COVID-19. By early October 2021, the share of fully vaccinated people worldwide had reached about 35%, and as vaccination rates started to increase in countries where vaccines were swiftly rolled out, there followed a gradual relaxation of lockdown measures and a decline in workplace closures.

However, the report said that vaccine access and coverage remain unevenly distributed across the world. According to the latest World Health Organization (WHO) estimates, more than 74% of people were fully vaccinated in high- and upper-middle-income countries, compared with 57% and 19% in lower-middle- and low-income countries, respectively.

"Unfortunately, most emerging economies and almost all low-income countries did not have the fiscal capacity to launch the stimulus packages required to mitigate the socioeconomic effects of the COVID-19 crisis and kick-start their economic recovery," said the ILO.

"The IMF [International Monetary Fund] estimates that, out of the US$17 trillion spent globally on such packages up to the end of 2021, only about 0.4% can be attributed to developing countries, while advanced and emerging market economies accounted for, respectively, 86% and 14% of the total."

This clearly points to a "fiscal stimulus gap" that is likely to cause advanced and emerging economies to follow diverging paths in the recovery process, said the ILO.

The war in Ukraine since February 2022 and other growing crises of a regional nature or with a global dimension (such as the cost-of-living crisis) have dampened expectations of progress in the post-COVID-19 recovery, the ILO stated. Accordingly, IMF projections suggest that the global economy will grow by 3.2% in 2022, down from the 3.6% forecast in April 2022, and by between 2% and 2.7% in 2023.

"In advanced economies, the unprecedentedly massive public spending during the COVID-19 crisis has led to a significant increase in government debt," noted the ILO report. Debt among these countries increased from 103% of real gross domestic product (GDP) before the pandemic (2019) to 121% in 2020, a ratio that seems to have stabilized at around 119% after 2021. In contrast, debt in emerging market and developing economies increased less steeply, from 57.6% to 67.4% of real GDP over the same period.

Following the outbreak of war in Ukraine, the fiscal outlook is increasingly uncertain, particularly for countries in Europe, said the report. It said that, according to the IMF, in a positive geopolitical scenario involving a quick end to the war, debt in advanced economies would fall to about 113% of GDP by 2024.

The ILO report noted that advanced economies have far more fiscal leeway than emerging market and developing economies, where debt is also expected to decline but there is greater uncertainty owing to a weak recovery, limited fiscal space and volatile commodity prices.

Across all regions of the world, the war in Ukraine has accelerated the increase in prices, which were already rising markedly in the course of 2021, said the report. This has alarming implications for wages, since rising inflation is likely to erode their real value unless nominal wages keep up with price levels.

Significantly, the report said the October IMF projections for inflation in 2022 are 0.8 percentage points and 0.9 percentage points higher for the advanced and developing economies, respectively, than the projections originally published in April 2022.

Inflation is currently one of the major concerns of policymakers at the national and multilateral levels, said the ILO.

"As suggested by the available data, consumer prices had been on the rise throughout 2021 and have continued to increase even faster since the start of 2022."

The report said that inflation among advanced economies rose by 2.4 percentage points year on year over the period 2020-21, whereas over the period 2021-22, it is expected to increase by a further 4.1 percentage points. Among emerging market and developing economies, the increase over the period 2021-22 is expected to be 4.0 percentage points, with inflation reaching 9.9% by the end of 2022. During 2023, it is expected that inflation will drop considerably in both groups.

The report said that the recent surge in inflation is often ascribed to the supply bottlenecks resulting from COVID-19-related restrictions, but analysts are also citing additional factors. In particular, it has been suggested that inflation was inevitable because of the stimulus packages adopted to overcome the COVID-19 crisis coupled with the loose monetary policy of central banks over the past few years. "The war in Ukraine has compounded the influence of these earlier developments to push inflation even higher. It has also been pointed out that some large corporations may have taken advantage of the inflationary environment to raise their prices and profits."

The items in the basket of goods and services that are most likely to experience large price increases are those with an inelastic demand, such as food, housing, transport and energy, said the report. For example, annual inflation in the eurozone was expected to reach 8.1% by May 2022, driven largely by a 39% increase in energy and food prices.

Labour market context

The lockdown measures imposed during 2020 and 2021 to contain the spread of the coronavirus plunged labour markets around the world into an unprecedented crisis, said the report.

It said that from the second quarter of 2020, there was massive destruction of employment and economic activity, which affected both women and men but reduced the global employment of women by 1.2 percentage points more than for men.

"The crisis also resulted in a significantly smaller share of lower-paid workers in the labour force in 2020 than in 2019, as low-wage earners suffered disproportionately in terms of employment and working-hour losses."

This contributed to an increase in income inequality, possibly reversing the decline in inequality observed in some emerging and low-income countries in the years before the COVID-19 pandemic, said the report.

"At the same time, the crisis has expedited the adoption of novel modalities of work, including telework, that would otherwise have taken much longer to gain traction," said the report. For example, approximately 34% of all employees in the EU countries started teleworking during 2020. In Latin America and the Caribbean, it is estimated that around 23 million workers embraced teleworking during 2020-21, which is approximately 23% of the 98 million wage employees in the region.

"The full impact of COVID-19 on the use of telework in the future remains to be seen. However, it is likely that teleworking rates will remain significantly higher than they were previously," said the report. It said post-pandemic telework is expected to follow a hybrid pattern, with people working part of the time in an employer-provided workplace and part of the time remotely.

"Another important policy measure adopted to counteract the economic and labour market effects of the crisis was the use of public funds to support the wages of workers in enterprises directly affected by the pandemic so that they could continue in employment," the ILO said.

It said that by the end of 2021, as lockdown measures were lifted, employment had returned to pre-crisis levels or even surpassed them in most high-income countries, but employment deficits persisted in some middle-income countries.

Although data for all of 2022 are not yet available, estimates for the first quarter suggest that global working hours remain about 3.8% below the level of the last quarter of 2019.

Across country income groups, low-income countries are lagging behind in the first quarter of 2022, with 5.7% fewer hours worked compared with the last quarter of 2019, while high-income countries have recovered the most, with 2.1% fewer hours worked in the first quarter of 2022 compared with the last quarter of 2019.

Estimates also show that certain groups in the labour market suffered more severely than others, particularly during the period leading up to the end of 2020, said the report. These include low-wage workers, workers in the informal economy, wage workers in temporary employment, women and young workers.

"The further recovery of global, regional and national labour markets depends very much on the socioeconomic impact of the ongoing crises – particularly the cost-of-living crisis, but also geopolitical turmoil, driven mainly by the war in Ukraine," said the report.

Current geopolitical tensions, together with the rising cost of living, could in fact cause the recovery in employment levels to deviate from the trajectory that had been projected for the end of 2022, it added.

It said that this will certainly be the case if the war in Ukraine does not end before long. In such circumstances, the war's impact on energy prices and further bottlenecks in the supply of goods needed for production will continue to slow down global growth during 2022. "With only a few exceptions (such as oil- and gas-exporting countries), employment and economic output in most countries are likely to remain below pre-pandemic levels till the end of 2026."

Wage trends

According to ILO estimates, although the COVID-19 crisis destroyed many wage and salaried jobs during the first full year of the pandemic, with global wage employment dropping from 1.75 billion in 2019 to 1.69 billion in 2020, the number of wage and salaried workers had almost recovered to pre-pandemic levels by the end of 2021, reaching 1.74 billion, or 53% of global employment. The remaining 47% are employers, own-account workers (that is, independent workers without employees) and contributing family workers, many of whom operate in the informal economy.

Applying a longer-term perspective, ILO estimates indicate that wage and salaried employment rose by 36% between 2005 and 2021, compared with a 16% increase in total global employment over the same period.

> A cost-of-living crisis could well dominate wage trends until the end of 2023, said the ILO.

The increase in wage employment, which was especially pronounced in low- and middle-income countries, shows that this form of employment continues to gain ground and is becoming an increasingly important factor in shaping households' income and, therefore, income inequality, said the report. It is for this reason that the regular and rigorous analysis of global and regional wage trends should be considered a key empirical tool by policymakers around the world, it added.

The report estimates that global monthly wage growth fell in real terms to -0.9% in the first half of 2022 – the first negative global wage growth recorded since the first edition of the *Global Wage Report* in 2008. If China, where wage growth is typically higher than the global average, is excluded from the computations, global real wage growth during the first half of 2022 is estimated to fall to -1.4%.

In view of these developments, a cost-of-living crisis could well dominate wage trends until the end of 2023, said the ILO.

Another significant finding is that global wage growth slowed down from 2.0% in 2019 to 1.5% in 2020, the first year of the pandemic. The ILO said this decrease, which seems surprisingly modest, may be explained by the restrictions implemented in 2020 to contain the coronavirus, which led to a reduction in the number of hours worked and to frozen or reduced nominal wages in many places. "However, the pandemic's relatively limited impact on average wages – and indeed the fact that global wage growth was positive at all in 2020 – may largely be ascribed to a change in the composition of employment, particularly in some big countries." In many countries a large proportion of wage employees who lost their jobs (and hence their earnings), particularly at the onset of the crisis, were low-paid employees, whereas their higher-paid counterparts remained employed. This change in the composition of employment increased the estimated average wage through a "composition effect".

In 2021, global wage growth rebounded and was estimated at 1.8%, which is quite close to the estimate for 2019, the year immediately before the pandemic. However, when China is excluded from the global computation, real wage growth in 2021 was estimated at 0.9%, that is, 0.5 percentage points less than in 2019.

"This comparatively lower growth rate may to some extent reflect the fact that during 2021 the average number of hours worked by employees had not yet fully recovered to pre-pandemic levels."

In addition, the lower rate in 2021 is also likely to be a consequence of inflation having already started to erode real wage growth during that year, the report said.

This trend has gained momentum since then, causing global real wage growth to plummet into negative numbers in 2022, it said.

The report said that rising inflation can have a greater cost-of-living impact on lower-income households. "This is because such households spend most of their disposable income on essential goods and services, which generally experience greater price increases than non-essential items." In Mexico, for example, households in the bottom decile (the lowest 10%) of the income distribution spend 42% of their income on food, whereas those in the top decile spend only 14% on food.

The report said that a comparison of the evolution of the prices of different groups of items with that of the general consumer price index (CPI) for about 100 countries from all the regional groups indicates that the prices of food, housing and transport have all increased more rapidly than the general CPI.

By estimating the change in the cost of living between 2021 and 2022 at each decile of the household income distribution, the ILO found that the increase in the cost of living among low-income households can be between 1 and 4 percentage points higher than that faced by high-income ones.

This means that even if wages were adjusted to compensate for the increase in the average cost of living as measured by the CPI, low-income households would still suffer in many countries from an erosion in the purchasing power of workers' wages.

Minimum wages, noted the ILO, are a widely used instrument around the world to protect the incomes and the purchasing power of low-paid workers and their families. However, owing to the effect of accelerating price inflation, minimum wages have decreased in real terms in various countries, even when measured against the average CPI. For example, during 2020-22, the minimum wage decreased in real terms owing to rising inflation in Bulgaria, the Republic of Korea, Spain, Sri Lanka, the United Kingdom and the United States. These trends reflect the way in which the cost-of-living crisis has hit low-paid workers particularly hard, the ILO said.

Regional wage trends

Highlighting some regional trends, the ILO said one can observe, consistently across regions, a decline in estimated real wage growth during the first half of 2022 due to the acceleration of price inflation.

In Northern America (Canada and the United States), real wage growth fluctuated between 0% and 1% in most years between 2006 and 2019, including the years immediately before the outbreak of the pandemic. "In 2020, as the pandemic destroyed the jobs of millions of low-wage workers, the composition effect manifested itself clearly, with average real wage growth suddenly rising to 4.3%."

The subsequent decline in real wage growth, first to 0% in 2021 and then to -3.2% in the first half of 2022, is due to the composition effect fading away after 2020 (that is, from the moment that low-paid workers returned to the labour market) and the rise in inflation, which eroded real wages in 2021 and especially in the first months of 2022.

In Latin America and the Caribbean, the composition effect was clearly observable, with real wage growth jumping to 3.3% in 2020, a much higher increase than in any of the pre-pandemic years, when real wage growth fluctuated at very low rates. In 2021, the collapse in real wage growth to -1.4% was driven largely by a sharp decline in real wages in Brazil, estimated at -7.0%. Although real wages in Brazil increased somewhat during the first half of 2022, they declined on average across the region as inflation started to make itself felt. The data for Chile, for example, show that real wages have been trending modestly downwards since January 2022.

> The increase in the cost of living among low-income households can be between 1 and 4 percentage points higher than that faced by high-income ones.

In the European Union, real wage growth fluctuated between approximately 1% and 2% before the outbreak of the pandemic. In 2020, real wages froze – but did not decline on aggregate – most likely as a result of a combination of forces pulling in different directions, including: (a) declining wages for some workers; (b) the massive use of temporary wage subsidies to maintain the wages of millions of workers, even though their hours of work declined; and (c) composition effects pushing average wages up, since even moderate employment losses disproportionately affected low-paid workers. After a temporary recovery in 2021, real wage growth in the EU fell to -2.4% in the first half of 2022 as inflation cut into the value of wages.

In Eastern Europe, the report said, real wages increased relatively fast before the pandemic, growing at rates above 5% between 2017 and 2019, and even above 8% during 2018. "The outbreak of the pandemic slowed down real wage growth to 4.0% in 2020 and 3.3% in 2021, whereas in the first six months of 2022 accelerating price inflation caused real wage growth to decline to -3.3%."

In Asia and the Pacific, the impact of high wage growth in China before the pandemic is significant, with real wage growth in the three years before the pandemic ranging from 3.0% to 3.3% in the region when China is included, and reaching even higher rates in some of the earlier years. However, when China is excluded, regional wage growth in the three years before the pandemic drops to 1.5% or less.

In 2020, wage growth in the region fell to 1%, and even turned negative when China is excluded. After a recovery in 2021, wage growth declined again but remained positive at 1.3% as inflation began to rise in 2022.

In Central and Western Asia, real wages grew at a relatively fast pace in the two years before the pandemic, as well as more generally between 2006 and 2019. In 2020, the first year of the pandemic, real wage growth fell to -1.6% before rebounding very strongly in 2021. Estimates for 2022 show that in this region, too, real wage growth is being eroded by rising inflation.

In Africa, wage statistics remain patchy in many countries and sometimes display surprisingly large fluctuations, the report said, adding that regional estimates are therefore merely tentative. "The available data suggest slow real wage growth (if any) in the years before the pandemic, a sharp fall in real wage growth of -10.5% in 2020 and thereafter real wage growth of -1.4% in 2021 and -0.5% in the first half of 2022."

In the Arab states, wage statistics likewise remain patchy and their coverage is limited, with regional wage growth estimates thus also being tentative at best. The scant available data suggest low positive wage growth of 0.8% in 2020, 0.5% in 2021 and 1.2% in 2022. *(SUNS9703)*

TRIPS chair proposes diagnostics-therapeutics decision be deferred

With the WTO membership divided over the matter, a decision on easing intellectual property restrictions on production of COVID-19 tests and treatments looks set to be pushed further back down the line.

by D. Ravi Kanth

GENEVA: The chair of the WTO's TRIPS Council, Ambassador Lansana Gberie of Sierra Leone, on 7 December submitted a draft report to the WTO General Council stating that "there is currently no consensus among members" on extending the Ministerial Decision on the TRIPS Agreement to COVID-19 diagnostics and therapeutics.

The chair added that "members agree to continue discussions in the TRIPS Council and to report to the General Council no later than 30 June 2023."

However, it is unclear if there is agreement on the chair's draft report.

As per paragraph 8 of the Decision on the TRIPS Agreement adopted by the WTO's 12th Ministerial Conference (MC12) on 17 June, members were to decide on extending the Ministerial Decision on vaccines to diagnostics and therapeutics within six months, i.e., by 17 December.

In his draft report, the TRIPS Council chair noted that since the adoption of the Ministerial Decision at MC12, members have held discussions in this regard in formal and informal meetings of the Council on 6 July, on 19 September, on 3 and 12-13 October, on 2 and 22 November, and on 6 December.

He said that delegations "have exchanged views, asked questions, and provided responses, clarifications, and information, including through new submissions circulated as documents RD/IP/49, IP/C/W/693, RD/IP/51 and IP/C/W/694."

In document IP/C/W/694 of 6 December, many developing and least-developed countries stated that the Ministerial Decision is "far removed" from the comprehensive original TRIPS waiver proposal co-sponsored by 65 WTO members.

The developing and least-developed countries, including Argentina, Bangladesh, Bolivia, Egypt, India, Indonesia, Pakistan, South Africa and Venezuela, said that "a more comprehensive waiver decision as envisaged in the original TRIPS waiver proposal would support the efforts to ensure timely, equitable and universal access to safe, affordable and effective therapeutics and diagnostics, ramping up of production and expanding supply options."

They said that the MC12 Ministerial Decision, which is "the result of over one and a half years of arduous and lengthy discussions on the original TRIPS waiver proposal and intense negotiations heading towards the 12th Ministerial Conference in the midst of a global crisis", is "of limited scope covering only vaccines."

They stressed that "diagnostics and therapeutics are essential tools for a comprehensive approach to fight the pandemic." "[O]mitting these vital tools will deter the effectiveness of the decision that aims [at] timely and affordable access to effective vaccines against the ongoing COVID-19 pandemic."

"At a minimum," they emphasized, "the extension of the policy tools provided in [the Ministerial Decision] to therapeutics and diagnostics will result in a holistic approach to enable developing countries to address those IP [intellectual property] barriers that prevent the expansion and diversification of production and increase accessibility to crucial life-saving COVID-19 tools."

Further, "the current outcome represents a narrow-conditioned Decision due to demands of some WTO members, requiring significant compromises on the part of the co-sponsors [of the original TRIPS waiver proposal] that had hoped for greater solidarity among WTO members during a public health emergency and consequently a more comprehensive waiver decision as envisaged in the original TRIPS waiver proposal that would support ramping up of production and expanding supply options."

The developing and least-developed countries, in document IP/C/W/694, proposed that the WTO General Council, which was scheduled to meet on 19 December, "immediately extend the 17 June TRIPS Decision ... mutatis mutandis to therapeutics and diagnostics."

"WTO Members have an opportunity to show they can act promptly to respond to the ongoing COVID-19 pandemic and the challenge of inequitable access to therapeutics and diagnostics and respond to the criticism that the Decision on vaccines came too little too late," they said.

Yet, this attempt to extend the Ministerial Decision to therapeutics and diagnostics now appears to be scuttled, with the TRIPS Council chair's draft report proposing to defer any decision till end-June 2023.

Even though the major pharmaceutical-producing countries in the North, particularly Switzerland, openly adopted "stonewalling" tactics by raising questions on the need for an extension, the chair, in his draft report, did not provide an account of the tone and tenor of the discussions, said people who asked not to be quoted.

The chair maintained that "delegations engaged actively and their detailed substantive exchanges helped clarify various aspects and nuances of positions."

He said that "while delegations remain committed to the common goal of providing timely and secure access to high-quality, safe, efficacious and affordable medical technologies for all, disagreement persists on whether an extension of the Decision to cover the production and supply of COVID-19 diagnostics and therapeutics is necessary or appropriate to address any inequitable distribution of such COVID-19 related products."

The chair noted that "on 6 December 2022, a group of Members tabled a proposal for the General Council to extend the Decision mutatis mutandis to COVID-19 therapeutics and diagnostics." However, "other Members preferred to continue fact- and evidence-based discussions on whether there are IP- and TRIPS-related barriers to accessing COVID-19 therapeutics and diagnostics, and on the exact scope of a potential extension of the Decision."

"A spanner in the works"

It seems to have become a constant practice at the WTO for decisions aimed at providing even limited flexibilities to developing and least-developed countries to be vetoed on one ground or another.

Paragraph 8 of the Ministerial Decision on the TRIPS Agreement merely sought to extend the decision on COVID-19 vaccines to cover diagnostics and therapeutics by 17 December. However, hours before the beginning of the informal meeting of the TRIPS Council on 6 December, the Office of the United States Trade Representative (USTR) announced that it had asked the US International Trade Commission (USITC) "to launch an investigation to provide information on COVID-19 diagnostics and therapeutics." In effect, the US asked for additional time to enable the USITC to complete its investigation.

Yet, if the US had had doubts about paragraph 8 from the beginning, it could have initiated the investigation six months ago, instead of "throwing a spanner in the works" days before the deadline, said a person who asked not to be quoted.

Once the US decision was made public on 6 December, the WTO Director-General Ngozi Okonjo-Iweala convened a "green room" meeting of selected trade envoys, apparently to discuss what could be done on the paragraph 8 decision.

At the closed-door meeting, which lasted for about two hours, there was a divide between the major pharmaceutical-producing countries in the North on the one side, and developing and least-developed countries such as South Africa, India, Indonesia, Bangladesh and several other members, on the other, said people who asked not to be quoted.

The co-sponsors of the original TRIPS waiver proposal called for the MC12 decision to be extended mutatis mutandis to therapeutics and diagnostics. But several industrialized countries, including the US, the European Union and Canada, called for extending the 17 December deadline for an unspecified period, ostensibly for holding more discussions and consultations at various levels.

Switzerland was apparently the only country that outright opposed extension of the decision to diagnostics and therapeutics, on grounds that there is no need at this juncture, said people who asked not to be quoted.

Subsequently, at the informal TRIPS Council meeting on the same day, several industrialized countries echoed their positions from the "green room" meeting, said people who asked not to be quoted.

It has been clear almost from day one that the major pharmaceutical-producing countries may not agree to extend the MC12 Ministerial Decision to diagnostics and therapeutics, given the opposition from Big Pharma. *(SUNS9707/9706)*

DG frustrated over "disconnect" among members at WTO

Lack of headway on the trade negotiations front has disappointed the Director-General of the WTO.

by D. Ravi Kanth

GENEVA: As the year comes to a close at the World Trade Organization, its Director- General, Ngozi Okonjo-Iweala, has expressed frustration over the "persistent disconnect" between the views expressed in the recent G20 summit declaration about the successful conclusion of the WTO's 12th Ministerial Conference (MC12) and "here in Geneva where we cannot make decisions on housekeeping matters."

Almost six months after MC12 concluded on 17 June, there is little or no progress on any of the outstanding issues in fisheries subsidies, agriculture and the extension of the MC12 Ministerial Decision on the TRIPS Agreement to cover diagnostics and therapeutics.

WTO members also remain divided on who should chair the Doha negotiating bodies on agriculture and rules, amidst growing levels of distrust.

At a formal meeting of the WTO's Trade Negotiations Committee (TNC) on 30 November, which was preceded by an informal meeting of heads of delegation (HoD), differences came into the open on all major issues, as there was little common ground between many developing countries on the one side, and major developed countries on the other, said participants who asked not to be quoted.

Significantly, the remarks made by the DG at the TNC meeting revealed her growing frustration that instead of things being "positive" at the WTO, the overall mood seems to be "negative" and "sullen".

She was rather perturbed that the failure to choose the chairs of the negotiating bodies on agriculture and rules did not augur well at a time when the leaders of the Group of 20 major economies meeting in Bali on 15-16 November had expressed confidence in the WTO.

Okonjo-Iweala highlighted paragraph 36 of the G20 Bali Leaders' Declaration that commended "the successful conclusion of the 12th WTO Ministerial Conference (MC12)" and expressed "commit[ment] to seize and advance the positive momentum by engaging in active, constructive, pragmatic, and focused discussions on WTO reform to improve all its functions, including reform of the dispute settlement mechanism, on the path leading to MC13."

"This positive view is what I have also expressed in my meetings with Ministers and stakeholders across the Membership," the DG said at the TNC meeting.

"So, it's frankly somewhat frustrating and puzzling to see the disconnect between this positive view, and here in Geneva where we cannot make decisions on housekeeping matters," she added.

"I do not think we can afford to continue in this way for an international organization that is expected to contribute to resolving urgent global challenges," the DG said, arguing that members will "have to find a way out of this impasse."

At the meeting, the chair of the WTO's General Council (GC), Ambassador Didier Chambovey of Switzerland, reported on the consultations with different members that he had held along with the chair of the Dispute Settlement Body, Ambassador Athaliah Molokomme of Botswana, and the former GC chair, Ambassador Dacio Castillo of Honduras, to resolve the impasse on who should chair the agriculture and rules negotiating bodies.

The Asian Group of Developing Countries (AGDC) had proposed Ambassador Gothami Silva of Sri Lanka to chair the rules negotiating body and Turkiye's Ambassador Alparslan Acarsoy to chair the agriculture negotiating body.

The developed countries had proposed Ambassador Petter Olberg of Norway to chair the rules negotiating body, and Ambassador Clare Kelly of New Zealand to chair the agriculture negotiating body.

The GC chair said that, following consultations with members in different configurations, "consensus could only be reached if the two vacancies are filled at the same time." Yet, the deadlock remained, he said, expressing serious concern at the impasse.

The DG insisted that "despite the ratcheting up of geopolitical tensions," the WTO is accorded importance in resolving global trade issues. She called on members not to "squander" this opportunity.

Budget opposition

On the day following the 30 November TNC meeting, members rejected the DG's controversial budgetary proposal that would increase the trade body's budget from CHF 197.2 million to CHF 212.45 million in 2023.

At a meeting of the WTO Committee on Budget, Finance, and Administration (CBFA), the major industrialized countries including the United States, several members of the European Union, and some other members continued to respond negatively to the DG's budget proposal, said people familiar with the development.

There have been repeated rejections of the much-criticized proposal since October, said a person who asked not to be quoted.

The DG may have had some "questionable" success in the negotiations, but on her budget proposal, the major members have refused to budge in their continued opposition to an increase in the WTO budget at this juncture, the person said.

Another participant maintained that there is a "long, long way to go", given the questions of integrity swirling around the budget proposal, particularly at a time when the world economy is in the doldrums.

Yet, the DG again went on to tout her budget proposal at a town hall meeting with staff of the WTO secretariat on 1 December.

She is understood to have said that "I am not the one to leave this battle", even for the annual budget, where the overall mood among the staffers was "sullen" with her overall management of personnel, said several staffers who asked not to be quoted.

She claimed success in choosing new secretariat directors from outside, including the new director of the Council and Trade Negotiations Committee Division, Santiago Wills, who was previously the trade envoy of Colombia and chair of the fisheries subsidies negotiations.

"I am proud to say that, of the six posts [for directors], we have managed a 50-50 gender balance – three women and three men," said the DG.

Meanwhile, on the controversial "transformation process" for the secretariat, the DG claimed at the TNC meeting that "we have also made progress ... We have completed work on two aspects – rewards outside promotions and procurement. We expect to launch new approaches on rewards outside of promotions on 16 December. These are new policies. We will begin implementing them in January." *(SUNS9704)*

Third World ECONOMICS No. 759, 16-30 November 2022

Taxing super-profits to beat inflation, defend rights

Pandemics, wars and recessions do not exempt states from human rights commitments. They must tax multinationals and the richest more to protect the most vulnerable.

by Magdalena Sepúlveda

For many, it began with cancelling a doctor's appointment, not buying clothes for their children, giving up on visiting relatives because of the cost of transport, and paying only the most urgent bill. Quickly, they were forced to cut back on food, by reducing first quality and then quantity, then even skipping meals. Even though they are working and receiving a salary, today they find themselves lining up at food banks to feed their children and themselves.

Everywhere, households are losing the inflation battle. Once their coping mechanisms are exhausted and nothing more can be dispensed, what remains are feelings of anguish and lack of control. No longer having a say in decisions affecting their lives, they are forced to depend on others, resulting in a loss of dignity. This is, in fact, a violation of their human rights.

At the forefront of the victims of the cost-of-living crisis are, as always, the most vulnerable: children, women, the elderly, people with disabilities, minorities and migrants. In the United Kindgom, for example, 2.2 million more people have been forced this year to forgo expenditures essential to their wellbeing. The UK's New Economics Foundation calculates that soaring costs weigh nine times more on the poorest than on the richest 5%, in proportion to their income. In the United States, while 38% of white households say they are facing serious financial problems, the proportion rises to 48% among Latino families, hits 55% for their black counterparts and peaks at 63% among Native Americans.

Worldwide, women, especially when also single parents, are the primary victims of the price spike, which the Institute for Women's Policy Research in the US calls "she-flation". And the impact on children is devastating: a recent report by the United Nations children's charity UNICEF and the World Bank calculates that, worldwide, three-quarters of households with children have experienced a drop in income since the beginning of the pandemic. In one in four households, adults have gone without food for days at a time to try to feed their children.

It is obviously in developing countries – even more exposed because of the pandemic, the rise in interest rates on their debts and the volatility of capital movements – that the situation is most worrying. In sub-Saharan Africa, at least 12% of the population is now acutely "food insecure", where lack of access to adequate food puts a person's life in immediate danger. Even in Brazil, a country off the UN hunger map since 2014, 33 million people now have nothing to put on their plates.

Increasing fiscal space

Economic recovery, itself highly hypothetical, will not be enough. And the austerity programmes several states are implementing – Oxfam has calculated that three-quarters of governments are planning to cut spending, with total cuts of $7.8 trillion – will only make the situation worse, by reducing the resources for already very fragile public services. Along with social protection systems, these are the most effective instruments states have to fight poverty and inequality.

Equally, if governments try to replenish their coffers via indirect taxes, such as value-added tax, this is once again at the expense of the poorest. Sales taxes are not progressive and, unable to save, the poorest have the highest relative propensity to consume.

Neither resort is inevitable. States can instead increase their "fiscal space" by taxing companies and the super-rich more.

The energy multinationals have posted record profits: Shell reported more than $20 billion in one half-year, Total $29 billion and BP $16 billion – previously unheard-of figures. They owe this only to the political situation – in particular, the war in Ukraine – rather than any jump in their productivity. Everywhere, taxes on super-profits must be put in place, as recommended by the UN Secretary-General António Guterres and as some countries, especially in Europe – such as the UK, Czechia and Spain – have started to do.

But focusing on the energy sector is not enough, as explained by the Independent Commission for the Reform of International Corporate Taxation (of which I am a member, along with such figures as Joseph Stiglitz, Jayati Ghosh and Thomas Piketty). Pharmaceutical companies have seen their profits soar thanks to the pandemic, especially as vaccines were developed thanks to public subsidies. The food sector, where oligopolies are common, has also benefited greatly from the situation. It is by speculating on the markets of basic food products such as wheat that another sector, finance, is now making unprecedented profits. And let's not even talk about digital companies, the big winners of the pandemic and the champions of tax avoidance strategies.

Multinationals are not phantom entities. When their profits explode, it is their principal shareholders who benefit, even if they do so discreetly. Take Cargill, which controls, along with three other companies, 70% of the world's food market. It made more than $5 billion in profit last year – the highest in its 156-year history – and is expected to do even better this year. Thanks to this windfall, the family now has 12 billionaires. There were "only" eight of them before the pandemic.

Indeed, 573 new billionaires emerged in the first two years of the pandemic, or one every 30 hours, according to Oxfam calculations. The total wealth of billionaires is now equivalent to 13.9% of the world's gross domestic product, three times more than in 2000. The world's 10 richest men have more wealth than the poorest 40% of humanity – 3.1 billion people – combined.

With the world having celebrated International Human Rights

Day on 10 December, we must remember that pandemics, wars and recessions, terrible and painful as they are, do not exempt states from meeting their human rights commitments. Nor do they allow them to prioritize other issues.

On the contrary, it is in the midst of crises that the commitment to human rights is most meaningful, as it is through social protection and public services that states succeed in protecting the livelihoods – and so the economic, social and cultural rights – of the most vulnerable. This is also the only way to make democracy meaningful for all.

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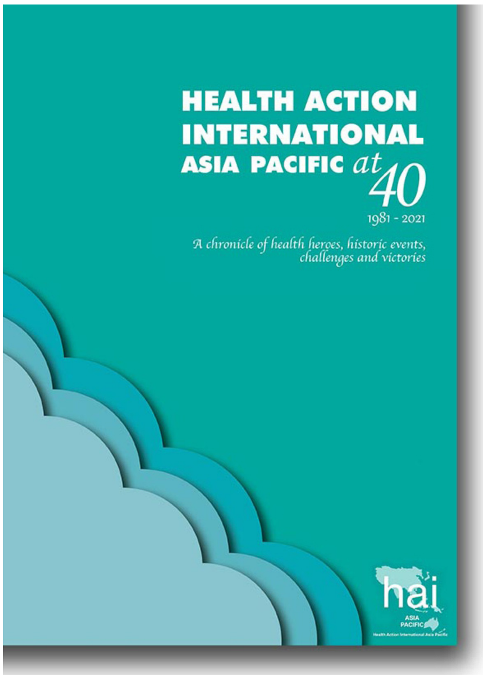
Health Action International Asia Pacific at 40 (1981-2021)



A Chronicle of Health Heroes, Historic Events, Challenges and Victories

Prepared and edited by Beverley Snell

Published by Third World Network, Health Action International Asia Pacific, International Islamic University Malaysia, Gonoshasthaya Kendra, and Drug System Monitoring and Development Centre

This book commemorates the 40th anniversary of Health Action International Asia Pacific (HAIAP), an informal network of non-governmental organisations and individuals in the Asia-Pacific region committed to resistance and persistence in the struggle for Health for All Now.

HAIAP is the regional arm of Health Action International – upholding health as a fundamental human right and aspiring for a just and equitable society in which there is regular access to essential medicines for all who need them. HAIAP works with governments, academic institutions and NGOs at community, national and regional levels on issues such as promoting the essential medicines concept, equitable and affordable access to essential medicines, rational use of medicines, ethical promotion and fair prices. While promoting awareness of the impact of multilateral agreements, particularly TRIPS and GATT, on access to affordable healthcare and essential medicines, HAIAP advocates for poverty eradication and action on other priority themes relevant to countries in the Asia-Pacific region.

Available at https://twn.my/title2/books/HAIAP%20at%2040.htm

Third World ECONOMICS No. 759, 16-30 November 2022

Alternatives to austerity: Fiscal space and financing options for a people's recovery

In the last issue of *Third World Economics*, *Isabel Ortiz* and *Matthew Cummins* drew attention to an ongoing wave of government budget cuts that are inflicting hardship on populations worldwide. In the following article, they contend that such cutbacks are not unavoidable, pointing to the availability of funding options that can support national development efforts.

The publication *End Austerity: A Global Report on Budget Cuts and Harmful Social Reforms in 2022-25* sounds the alert on a new austerity shock affecting 143 countries that are home to 85% of the world population, and puts forward alternatives to avoid it. Some argue that austerity cuts are an unavoidable necessity. This is not the case. Drawing on the report, this article presents nine alternatives to prevent a post-pandemic austerity shock, so that governments and citizens can end austerity.

Austerity is not inevitable; there are alternatives, even in the poorest countries. There is no need for populations to endure adjustment cuts: instead of cutting public expenditures, governments can increase revenues to finance a people's recovery. There is a wide variety of options to expand fiscal space and generate resources. These options are supported by the United Nations[1] as well as the International Monetary Fund (IMF), Organization for Economic Cooperation and Development (OECD) and others. Many governments around the world have been applying most of them for decades, showing a wide variety of revenue choices. While it is promising that some of these options have emerged in recent policy discussions, much more ambition is needed to effectively provide countries with the funding required to emerge from the COVID-19 pandemic and deliver on the Sustainable Development Goals (SDGs).

A fundamental human rights principle is that states must utilize the maximum amount of resources to realize human rights. The main options to avoid austerity and instead finance human rights and the SDGs are:

1. **Increasing progressive tax revenues:** This is the principal channel for generating resources, which is achieved by altering tax rates – e.g., on corporate profits, financial activities, wealth, property, imports/exports, natural resources, digital services – or putting an end to "special economic zones" and other tax exemptions/breaks to big corporations. Given increasing levels of inequality, it is important to adopt progressive approaches, taxing those with more income; consumption taxes should be avoided as they are generally regressive and hamper social progress. It is recommended to implement a minimum corporate tax rate of at least 25%, in line with the proposal from the UN Financial Accountability, Transparency and Integrity (FACTI) Panel. It is important to strengthen the efficiency of tax collection methods and overall compliance, including by fighting international tax dodging, corporate tax avoidance and evasion. Many governments are increasing taxes to achieve greater social investment. For example, Bolivia, Mongolia and Zambia are financing universal pensions, child benefits and other schemes from mining and gas taxes; Ghana, Liberia and the Maldives have introduced taxes on tourism to support social programmes; Belgium, Canada, France, India, Indonesia, Kenya, New Zealand, Tunisia and Türkiye on digital services; Algeria, Angola, Australia, Canada, Kazakhstan, Italy, Mauritania, Mozambique, Norway, Papua New Guinea, Russia, Saudi Arabia and the United Kingdom are taxing windfall profits in the energy sector; Hungary and Spain are introducing taxes on banks for windfall profits; and Argentina and Brazil introduced a tax on financial transactions to expand social protection coverage. Argentina, Iceland and Spain have implemented wealth taxes; encouragingly, wealth and corporate windfall taxes are being proposed in many countries as a best policy for post-pandemic recovery.[2]
2. **Restructuring or eliminating debt:** For the majority of countries that are indebted, in particular those in high debt distress, reducing or eliminating existing debt may be possible and justifiable if the legitimacy of the debt is questionable and/or the opportunity cost in terms of worsening deprivation of the population is high – when debt service repayments derail human rights and development. As former president Julius Nyerere of Tanzania demanded publicly during the 1980s debt crisis, "Must we starve our children to pay our debts?" The concept of illegitimate debt looks at the responsibility of not only debtors but also creditors.[3] Citizens' public debt audits are very useful tools for transparency and debt action that can lead to the cancellation or repudiation of illegitimate debts.[4] There are five main options available to governments to reduce or eliminate sovereign debt: (i) debt relief/cancellation; (ii) renegotiating debt; (iii) debt swaps/conversions; (iv) repudiating debt; and (v) defaulting. In recent years, over 60 countries have successfully renegotiated debts, over 50 have implemented debt swaps and more than 20 have defaulted or repudiated public debt, such as Ecuador, Iceland and Iraq, which invested debt service savings in social programmes. A fair and transparent arbitration process between debtors and creditors is needed, an international debt workout mechanism. Since COVID-19, the G20's Debt Service Suspension Initiative (DSSI) and the IMF's Catastrophe Containment and Relief Trust (CCRT) have provided some temporary debt service relief to highly indebted poor countries; this is a step in the right direction, but more and better debt relief is needed.[5]
3. **Eradicating illicit financial flows:** Estimated at more than 10 times the size of all development aid received, a titanic amount of financial resources illegally escapes developing countries each year. To date, little progress has been achieved, but policymakers should devote greater attention to cracking down on money laundering, bribery, tax evasion, trade mispricing and other financial crimes

that are both illegal and deprive governments of revenues needed for social and economic development.[6]

4. **Increasing social security contributions and coverage, including adequate employers' contributions and formalizing workers in the informal economy with decent contracts:** Increasing employers' social security contributions to adequate levels, and expanding coverage and therefore the collection of new contributions are sustainable ways to finance social protection that help to formalize and protect workers in the informal economy, providing them with contracts with decent work conditions; examples can be found in the Monotax in Argentina, Brazil and Uruguay. This is particularly important for women to enter the labour force and attain formal employment.[7]
5. **Using fiscal and central bank foreign exchange reserves:** Most countries have large reserves sitting in the central bank or special funds, when they could be used to fund human rights and development today. Specifically, this option includes drawing down fiscal savings and other state revenues stored in special funds such as sovereign wealth funds (SWFs), and/or using excess foreign exchange reserves accumulated in the central bank for domestic and regional development, for example, through national development banks.[8] SWFs are state-owned investment funds which in theory are established to serve objectives such as stabilization funds, savings or pension reserve funds; however, many question the logic of using public funds for capital market growth, often by investing overseas in the stock exchanges of Wall Street, London or Tokyo, instead of prioritizing public programmes at home. With respect to keeping a large amount of foreign exchange reserves sitting at the central bank, there is an accepted safe level of reserves equivalent to three months of imports, but most governments have accumulated a vast arsenal as a precautionary policy of self-insurance against shocks, when those resources could be invested in much-needed social and economic development today.
6. **Reallocating public expenditures:** This involves adjusting budget priorities and/or replacing high-cost, low-social-impact investments such as defence or corporate subsidies with those with larger social impacts. Savings can also be achieved by improving procurement processes, including steps to tackle and prevent corruption and the mismanagement of public funds. For example, Thailand reduced spending on the military in order to fund universal health services and Costa Rica abolished its army and used the funds for the environment, health and education.[9]
7. **Adopting a more accommodating macroeconomic framework:** This entails allowing for higher budget deficit paths and/or higher levels of inflation without jeopardizing macroeconomic stability, thus allowing the central bank to support government expenditure. A significant number of developing countries used deficit spending and more accommodative macroeconomic frameworks during the global financial and economic crisis to attend to pressing demands at a time of low growth and to support socioeconomic recovery. In high-income countries, many governments used quantitative easing, a monetary policy whereby a central bank purchases government bonds or other financial assets in order to inject money into the economy to expand economic activity, though it highly benefited financial corporations and more equitable policies are a preferable option. These measures have also been common in the early phase of the COVID-19 response.[10]
8. **Lobbying for official development assistance (ODA) and transfers:** This option and the next are of an international character and require bilateral or multilateral agreements. In the case of ODA, it requires engaging with different donor governments, international financial institutions and regional organizations to ramp up North-South, South-South or regional transfers, preferably through grants and concessional loans. However, this option is limited given the many pitfalls of ODA, including its low levels, transaction costs, limited predictability, tied aid, concentration, conditionality and, recently, the frequent use of ODA for in-country refugee costs (and, in the future, for the reconstruction of Ukraine) displacing support to developing countries.
9. **Special Drawing Rights (SDRs):** To address countries' development financing needs, SDR allocations are an option gaining more attention. SDRs are a kind of money created by fiat through the international financial institutions (IFIs).[11] There was an extraordinary SDR allocation of $650 billion implemented in August 2021 during the COVID-19 pandemic for all countries. The injection of these assets by the IMF could be used by governments to shore up their reserves and stabilize their currencies, pay down debt and/or support the national budget, including for social or economic policies. However, with about two-thirds ($420 billion) of the new allocation going to developed economies, there is an urgent need to channel SDRs to developing countries, not just once but periodically to ensure that these resources are made available to redress the chronic lack of development. However, the mechanism that the IMF has proposed towards this end has received criticism as it would turn SDRs from an international reserve asset (which can be converted to hard currency, not a loan that would increase debt) into IMF loans/programmes that must be repaid and have IMF conditions attached to them. It is essential to ensure a better mechanism that does not increase debt and conditionalities, as well as a fairer and periodic distribution of SDRs.[12]

Assessing feasibility

Each country is unique, and all options should be carefully examined, including the potential risks and trade-offs. As a first step, it is important to identify which funding possibilities may or may not be feasible in the short and medium term. As shown in the table below most countries combine multiple options. Governments normally start enhancing fiscal space by carving up a little from each feasible option, and then increase their actions in later years.

Examples of fiscal financing strategies adopted in selected countries

	Bolivia	Botswana	Brazil	Costa Rica	Lesotho	Iceland	Namibia	S. Africa	Thailand
Reallocating public expenditures				X	X	X		X	X
Increasing tax revenues	X	X	X		X	X	X		X
Expanding social security contributions			X	X	X		X	X	X
Reducing debt/debt service	X	X	X	X	X	X		X	X
Curtailing illicit financial flows						X			
Increasing aid							X		
Tapping into fiscal reserves	X	X	X						
More accommodative macro framework	X		X						X

Source: Ortiz et al. (2019), *Fiscal space for social protection: A handbook for assessing financing options*, Geneva and New York: ILO and UNWOMEN.

The political feasibility of these options depends on, among others, political will, citizens' awareness of their rights and entitlements, political pressures, and the behaviour of vested interest groups – both domestic and external. For example, the expansion of social security coverage by formalizing those in the informal economy tends to be welcomed politically; however, increasing social security contribution rates may face resistance from employer groups. Similarly, raising revenues through higher tax rates may face challenges from those who have to pay more, just as proposals to reallocate the government budget away from defence or energy subsidies will be opposed by the military and energy corporations. On the other hand, using fiscal and central bank reserves and issuing government debt (bonds) are relatively less contentious options since they are under the sole discretion of most governments, unless fiscal restrictions were in place. Ultimately, successfully creating fiscal space requires understanding who would be the winners and losers under a specific option and effectively debating the pros and cons publicly in national social dialogue.

Citizens have challenged and sometimes successfully reversed austerity measures over the past decade. People in more than 100 countries protested policies that were designed behind closed doors in finance ministries, and many were victorious. For instance, following demonstrations and protests, governments reinstated subsidies (Bolivia in 2010, Ecuador in 2019 and 2022, Nigeria in 2012), reversed tax increases on basic goods (Burkina Faso, Cameroon and Ivory Coast in 2008), restored social grants (South Africa in 2022), and reversed increases in water charges (Ireland in 2016) and student fees (South Africa in 2016). Older persons and citizens in Europe protested pension and social security reforms and brought legal cases; courts in Latvia (2010), Romania (2010) and Portugal (2013) declared austerity cuts unlawful and unconstitutional, and forced social benefits to be reinstated in these countries.[13] To avoid civil unrest and conflict, past experiences demonstrate the need to act early and to forge consensus thorough national social dialogue.

The decisions to inflict cuts to public expenditures are taken by a few technocrats in finance ministries with the support of the IMF, without any serious assessment of the policies' social impacts, and without any national consultation or discussion of alternative policy options. These decisions affect most citizens and must not be taken behind closed doors but be agreed transparently in national social dialogue. It means that governments must negotiate agreements transparently with input from a range of stakeholders including representative trade unions, employer federations and civil society organizations, as part of good governance.

It is essential to explore all financing options to ensure a people's recovery. What is important to understand is that, while fiscal space becomes strained during economic downturns, public budgets are limited in many countries because governments have not explored all possible financing sources. Today, in a time of austerity and crisis, the need to create fiscal space has never been greater. It is imperative that governments aggressively explore all possible financing alternatives to promote post-pandemic recovery, realize human rights and achieve the SDGs.

This article is based on <u>End Austerity: A Global Report on Budget Cuts and Harmful Social Reforms in 2022-25</u> *by Isabel Ortiz and Matthew Cummins, a report published by ActionAid, Arab Watch Coalition (AWC), Eurodad, Financial Transparency Coalition (FTC), Global Social Justice, International Trade Union Confederation (ITUC), Latindadd, Public Services International (PSI), Bretton Woods Project, Third World Network (TWN) and Wemos.*

Isabel Ortiz *is Director of the Global Social Justice Program at Joseph Stiglitz's Initiative for Policy Dialogue, and former director at the International Labour Organization (ILO) and the UN Children's Fund (UNICEF).* ***Matthew Cummins*** *is a senior economist who has worked at the UN Development Programme (UNDP), UNICEF and the World Bank.*

Notes

1. See, for instance, https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_383871.pdf and https://www.unwomen.org/en/digital-library/publications/2019/10/fiscal-space-for-social-protection
2. https://www.eurodad.org/tax_justice
3. The concept of illegitimate debt refers to a variety of debts that may be questioned, including: debt incurred by authoritarian regimes; debt that cannot be serviced without threatening the realization or non-regression of basic human rights; debt incurred under predatory repayment terms, including usurious interest rates; debt converted from private (commercial) to public debt under pressure to bail out creditors; loans used for morally reprehensible purposes, such as the financing of a suppressive regime; and debt resulting from irresponsible projects that failed to serve development objectives or caused harm to the people or the environment. See: UN (2009), "Effects of foreign debt and other related international financial obligations of states on the full enjoyment of all human rights, particularly economic, social and cultural rights", Note by the United Nations Secretary-General, A/64/289, New York: United Nations; and Eurodad (2009), "A fair and transparent debt work-out procedure", Brussels: European Network on Debt and Development.
4. Christian Aid (2007) outlines a number of practical steps that debtor countries can follow to determine if debt repudiation is a sensible option: (i) assess the impact that debt servicing has on the financing of basic services; (ii) carry out a full citizens' debt audit to identify which parts are odious or illegitimate; (iii) identify what portion of the legitimate debt can be serviced without jeopardizing essential public services; (iv) hold a moratorium on servicing illegitimate debt and discuss with creditors; (v) depending on the progress of discussions, examine the possibility of withholding payments in order to increase investments in basic services; and (vi) open debt contraction processes to national dialogue and full democratic scrutiny. See Christian Aid (2007), "Debt: The repudiation option", London: Christian Aid.
5. https://debtjustice.org.uk/;
https://www. brettonwoodsproject.org/issues/debt/
6. https://financialtransparency.org/wp-content/uploads/2019/10/trapped-in-illicit-finance-report-sep2019.pdf; https://gfintegrity.org/issue/illicit-financial-flows/
7. https://www.social-protection.org/gimi/RessourcePDF.action?id=55728.
8. https://www.brot-fuer-die-welt.de/fileadmin/mediapool/2_Downloads/Fachinformationen/Analyse/

Analyse59-en-Development_banks_and_their_key_roles.pdf
9. http://www.wemosresources.org/finance-for-health/factsheet-fiscal-space-for-health-and-four-ways-to-increase-it/
10. https://www.actionaidusa.org/wp-content/uploads/2022/05/CSO-handbook.pdf
11. There have also been proposals to finance the UN or regional organizations with SDRs and, in turn, the UN or regional organizations (instead of the IFIs) could finance developing countries to implement the SDGs.
12. https://www.oxfam.org/en/tags/sdr; https://cepr.net/report/special-drawing-rights-the-right-tool-to-use/
13. https://link.springer.com/content/pdf/10.1007/978-3-030-88513-7.pdf

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Gendered Austerity in the COVID-19 Era: A Survey of Fiscal Consolidation in Ecuador and Pakistan

by Bhumika Muchhala, Vanessa Daza Castillo and Andrea Guillem

Austerity is gendered in that the power relations that shape the distribution of resources and wealth as well as the labour of care and reproduction turn women and girls into involuntary "shock absorbers" of fiscal consolidation measures. The effects of austerity measures, such as public expenditure contraction, regressive taxation, labour flexibilization and privatization, on women's human rights, poverty and inequality occur through multiple channels. These include diminished access to essential services, loss of livelihoods, and increased unpaid work and time poverty. This report examines the dynamics and implications of gendered austerity in Ecuador and Pakistan in the context of the fiscal consolidation framework recommended by International Monetary Fund (IMF) loan programmes.

Available at https://twn.my/title2/books/pdf/GenderedAusterity.pdf

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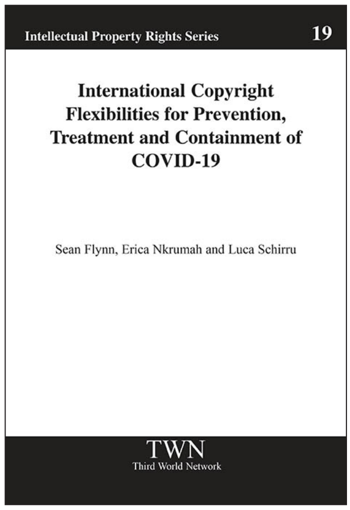
TWN Intellectual Property Rights Series No. 19

International Copyright Flexibilities for Prevention, Treatment and Containment of COVID-19

By Sean Flynn, Erica Nkrumah and Luca Schirru



Most policymaking attention with respect to intellectual property barriers to COVID-19 prevention, treatment and containment has been focused on patents. This focus is reflected in the World Trade Organisation (WTO) Ministerial Decision on the TRIPS Agreement, adopted on 17 June 2022, which provides a limited waiver of TRIPS rules on compulsory licences for production of COVID-19 vaccines. The original WTO proposal for a TRIPS waiver, however, explicitly applied to all forms of intellectual property, including copyright. This paper outlines the numerous ways in which copyright can create barriers to addressing COVID-19. It also provides a description of international copyright treaty provisions that permit uses of copyright materials in response to the barriers identified, despite the exclusion of copyright from the final TRIPS waiver.

Available at https://twn.my/title2/IPR/ipr19.htm