

UNIVERSIDADE DE ÉVORA



DEPARTAMENTO DE ECONOMIA

DOCUMENTO DE TRABALHO Nº **2007/02**July

Economics Against Human Rights

Manuel Couret Branco
Universidade de Évora, Departamento de Economia

UNIVERSIDADE DE ÉVORA
DEPARTAMENTO DE ECONOMIA
Largo dos Colegiais, 2 – 7000-803 Évora – Portugal
Tel. +351 266 740 894 Fax: +351 266 740 807
www.decon.uevora.pt wp.economia@uevora.pt

Resumo/Abstract:

It is said that economics value individual and economic freedom and from that many hastily conclude that mainstream economics value human rights. The purpose of this paper is to show that on the contrary mainstream economics is fundamentally contradictory with many human rights especially Economic, Social and Cultural Rights. The main reason for this is that mainstream economics and human rights have trouble in communicating, the latter speaking the rights language and the former the needs language. Within the needs language, capability to pay is the key question whereas within the rights language, entitlement is. If in the first case exclusion and inequality are acceptable in the second case the only acceptable situation is the one characterized by inclusion and equality. In other words goods and services can be unequally distributed, rights cannot. For this reason one cannot count on the market alone to ensure economic, social and cultural rights. Therefore, considering the introduction of different logics into the economic equation as unbearable interferences with economic logic, mainstream economics stands against human rights. In order to give a better illustration of this contradiction the particular conflicts between economics and the right to work, the right to water and the right to social security will be presented. The main conclusion of this paper is that in order to favour human rights economics should either suffer a paradigmatic revolution or accept to play just a supporting role in the process of global development.

Palavras-chave/Keyword: Human Rights, Economic Theory, Social Utility, Rights-Approach, Right to Work, Social Security

Classificação JEL/JEL Classification: A1, B4, H4, H5, I3, J8, K0

INTRODUCTION

Human rights are, undoubtedly, one of the most influential and fruitful concepts of modern times and by many of the planet's poor and oppressed considered the miraculous lenitive that will bring them that justice and dignity indispensable to dress up their ephemeral earthly existence. Despite the probable controversy of the following statement I strongly believe that, in its essence, economics is supposed to aim at exactly the same purpose. How can one explain, then, why economics and human rights seem to have been divorced for quite a while? It makes very poor sense, indeed, that the two concepts which, I dare say, have contributed the most to free human kind, human rights from fear and economics from need, should stand apart from one another. Besides the fact that they share a common object, human rights and economics are yet otherwise intimately connected. On the one hand, one must admit that asserting human rights demands economic means, and on the other hand efficacy and efficiency of the agent's economic decisions presupposes a significant degree of liberties. There is, therefore, an economic dimension to human rights as much as a human rights dimension to economics.

The main reason for this unjustifiable divorce seems to be the fact that economics and human rights do not share the same language. Indeed, one can seldom find the concept of human rights within economic reasoning with the remarkable exceptions of its explicit incorporation of property rights and its implicit references to freedom of speech. Both these rights constitute essential pillars of economic rationality as there is no such thing as personal interest without property rights and, although history has given us many examples of an unnatural cohabitation of economic liberty and political repression, I firmly sustain that separating rational choice from freedom of choice and, therefore, from freedom of speech, is unconceivable. Following this line of thought, other rights, namely economic and social rights, should be treated likewise. Indeed, one may legitimately question the substance of the individual's right to choose when facing the possibility of death because of a lack of economic means to obtain medical treatment. To its own advantage, nevertheless, economics prefers to concentrate on merely satisfying needs, solvable needs one should add, rather than to exhaust itself by trying to capture human rights into its theoretical body.

NEEDS VERSUS RIGHTS

One must admit that economic theory feels more comfortable dealing with needs rather than with rights. Within economic analysis satisfying needs implies the use of concepts like cost, benefit, and price, and therefore, the issue at the bottom is capability to pay, in other words purchasing power. With rights, on the other hand, the issue is quite different; the heart of the matter here concerns entitlement, the criteria according to which an individual should qualify to enjoy rights, purchasing power being obviously excluded, and the consequences of the use of such criteria. Furthermore, whilst dealing with needs economics can take shelter in a positivist approach; dealing with rights, on the contrary, pushes it to risk normative stands, adding supplementary embarrassment to economics' traditional insight.

In traditional economic theory efficiency and equity are dealt with separately. Whereas efficiency, being essentially a technical issue, can be approached through positive analysis, equity, on account of its value judgement content, demands a normative approach. This separation has been severely questioned by many economists for a long time, but the fact is that economic resources can be unequally allocated without economic efficiency being the least troubled. As a matter of fact, from a normative liberal standpoint, inequality is perfectly compatible with social justice as long as the least favoured layers of a community can better their living conditions, as it ensues from the wording of John Rawls' second principle of justice (Rawls, 1972). Besides inequality, economic efficiency can also tolerate exclusion of individuals from the distribution of resources when fastened by tight budget constraints.

None of this is tolerable when rights are at stake. Rights, if they are to be fully taken as rights, must be equally allocated amongst all those entitled to enjoy them within the community. Basic liberties, for instance, do not admit another allocation than an equalitarian one (see Rawls, 1972). Indeed, one cannot accept that some individuals may deposit more votes in the ballot box than others. Needless to remind that universal suffrage, confers one, and only one, vote to every citizen of age. Beyond the legitimate statutory exceptions, basic liberties do not admit exclusion either. If a citizen is arbitrarily excluded from participation in an election, this means not only that he was denied his right to vote but also that the right to vote is not ensured in the community to which he belongs, even if all except one are allowed to participate in the voting. Indeed, rights are either guaranteed for all or they aren't for none.

Thus, the introduction of human rights, namely economic, social and cultural rights, into the economics theoretical body, forces economics to adopt an unnatural behaviour, for to accept rights should mean to accept that the allocation of many goods and services must not forcibly observe market distributive rules. Economic efficiency does not oppose to this when public goods and services are concerned; but satisfying rights, economic and social rights in particular, goes way beyond the definition of distributive rules referring only to public goods and services. It regards private goods and services also, as determined by article 11 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) which declares the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. As a simple private good, housing, for example, can be unequally distributed and can contemplate exclusion, that is to say homelessness. As a right, housing not only

demands a distribution such as nobody is deprived of a shelter, but also that some basic qualitative criteria must be met, normative issues which traditional economics is unwilling to address.

Another aspect that can enlighten us on the divorce between economics and human rights is the fact that there is an institution within which vocabulary equity and inclusion can be found; the State. Indeed, one of the State's functions is to promote equity and inclusion in the allocation of its resources; therefore, the introduction of human rights language in economics means that the responsibility for the process of private goods and services' allocation might have to be transferred from the market to the State. Well, given that traditional economics abhors State intervention, seen as an unbearable interference with the market, one shouldn't be surprised if economics ends up displaying a notable distaste for a concept which contributes, precisely, to legitimise such interference.

UTILITY VERSUS RIGHTS

Within traditional economics the individual seeks to maximise his utility function, in other words he looks for the highest income possible. Considering all humans alike, this same traditional economics interprets social utility as the sum of individual utilities, the utility of the community being, therefore, measured by national income. This calculation system, despite being theoretically contested by many economists, has obtained, nevertheless, a recognition that overcomes the orthodox versus heterodox methodological fracture. Within this system it is perfectly conceivable, either from a formal or a moral point of view, that disutility, or negative utility, for an individual, may end up not only not affecting social utility but even contributing to raising it. Indeed, in Europe, since the 1970s, despite unemployment having been multiplied by a factor of three, meaning that many workers saw their individual utility being considerably reduced; national income, in other words social utility, kept growing vividly almost everywhere.

The introduction of the rights language, on the contrary, radically changes the common welfare function. Indeed, depriving an individual from a particular right, or simply reducing its enjoyment, affects negatively the entire community. As opposed to utility, the degree in which a right is guaranteed cannot be measured by the sum of the number of individuals enjoying it, but rather by the degree in which the purpose of that right is guaranteed for every individual. Therefore, the degree of democratic participation, for instance, cannot be measured by the number of individuals benefiting from the right to vote, but rather by the extent of the decisions that are submitted to the scrutiny of all. As we have seen before arbitrarily denying an individual the right to vote is equivalent to denying it to the whole of the community; even if, taken one by one, no other citizen seems to be affected. In this case, thus, arbitrary individual deprivation of the right to vote not only affects the maximisation of democracy but can also represent a deprivation of democracy for the community as a whole. In this sense seeking for the maximisation of utility can be conflicting with promoting human rights.

A very well-known legal dilemma in the United States (see Harvey, 2002) perfectly illustrates the essence of this conflict. In the beginning of spring 1841 an American ship collided with an iceberg when crossing the North-Atlantic, and rapidly

sunk leaving 41 passengers and crew members squeezed in a precarious lifeboat. In spite of the lifeboat being overcharged the crew managed to keep it afloat for 24 hours thanks to favourable weather conditions. However, the following day these conditions got worse and began swamping the lifeboat hopelessly. Then, fully convinced that this precarious craft would soon sink and drag every castaway into the frozen depths of the ocean, the officer in charge of the lifeboat ordered the crew members to throw overboard every male adult unaccompanied by their wives. Fourteen men, and two women that chose the same fate as their brothers, were sacrificed. Thus relieved, the lifeboat resisted to the inclemency and by the following dawn all the remaining passengers were rescued by a ship passing at a distance.

From the strict utilitarian point of view, the officer involved limited himself to maximise social utility given the constraints in terms of the lifeboat's capacity and the weather conditions. The only alternative left to him was keeping every passenger aboard the lifeboat and condemn the lot to be swallowed by the liquid fury, depriving all, and not just a few, from their certainly very much esteemed life expectations. Comparing both solutions' final degrees of utility, sacrificing sixteen passengers was perfectly legitimate, therefore. From the rights point of view, however, the outcome is manifestly contrasting. Indeed, the sacrificed passengers were not only deprived of their lives but also of their right to live, and consequently the rescuing of the remaining passengers could be considered a criminal act. That is exactly what happened in this story when the survivors were brought ashore. Anticipating all the legal complications their decision might bring them, all crew members fled, with the exception of one, who ended up being taken to court and sentenced to six months in prison for manslaughter.

The judge who pronounce the verdict, nevertheless, considered that the officer's procedure could have been legitimate had he taken one of two options, the first being that members of the crew could have been sacrificed instead of passengers, this being interpreted has the fulfilment of a duty, and the second that the sacrificed could have been either voluntary or picked by drawing lots. In both these cases, the attempt on the victims' lives could have been acceptable from a rights point of view. Indeed, I strongly believe that voluntary renunciation to the right to live often constitutes a substantive assertion of this same right much more eloquent than its protection. It is the case of all those that in the course of history have died for causes they manifestly valued more than their own lives.

The verdict pronounced by the judge and his comments reveal that, at the bottom, it was not the result of the officer's decision that was condemned, but the process that led to it. In other words it was not the maximisation of social utility, the sacrifice of passengers, that was illegitimate, but the arbitrariness of the process through which the victims were picked. Bear in mind that both the officer's behaviour and the alternatives proposed by the judge are equivalent in terms of the result. This result, though, can be valued differently whether one looks at it from the point of view of social utility or from the point of view of individual rights. In the court's verdict social utility constitutes a perfectly legitimate goal but under no circumstances it should overrule human rights.

On a different register, but sharing the same matrix of the above mentioned dilemma, Jean Paul Fitoussi, in a seminar on Social Europe that took place in Lisbon in 1997, declared that if the economic model was to be maintained, Europe could only

become richer, in other words increase social utility based on the aggregation of individual income, if a non negligible part of its population would accept to become poorer. From the point of view of the maximisation of utility such a path could be admissible, but Fitoussi added that the consequent inequality could be intolerable from the point of view of justice and politically unsustainable from the point of view of democracy. In such circumstances the liberal quest for the maximum of wealth appears to be contradictory with some of the basic injunctions of human rights' philosophy.

ECONOMIC PROBLEMS VERSUS RIGHTS VIOLATION

Despite its positive approach to facts economics never considered people's deprivation as some of sort of fate, the result of things being what they are. Deprivation was rather the outcome of either nature's random behaviour or human's incompetence. In other words deprivation resulted either from nature playing people nasty tricks or people being incapable of making the right decisions. The search for the good life signified, therefore, a struggle to dominate nature, or to predict and mitigate its whims, and a quest for efficiency in human action. The rhetoric of human rights, in contrast, introduces a substantially different approach to deprivation by transforming economic problems into possible rights violations, that is to say into discriminations or structures that prevent people from exerting rights (Offenheiser and Holcombe, 2003: 275).

Within the economic problems language one may have to surrender to the insolubility of deprivation; on the contrary, within the rights violations language deprivation is not inevitable and, therefore, there is no reason for tolerating it. The high level of unemployment, for instance, ceases to be seen as a fate weighing on the economies, a lesser wrong or a bitter macroeconomic instrument, becoming rather an attempt on human rights, taking Riccardo Petrella (2004) into saying that involuntary unemployment, thus, should be considered illegal. Furthermore, the idea of rights violation sends us to responsibility, in other words to identify its source, sharply contrasting with the anonymous and unaccountable character of decentralised economic decisions taken in the market. Indeed, if an individual, through his actions, deprives another individual of its welfare the former is accountable before him or a court of law; none of this occurs, however, in a problem based economic logic, revealing another contradiction, therefore, between economics' and human rights' languages.

As a matter of fact this discussion also stems from the justiciability debate regarding economic and social rights. Some consider that economic and social rights are only rights in manifesto sense and, therefore, are not justiciable and cannot be treated as individual legal claims, in other words they do not constitute a duty for others (see Donnely, 2005). In this sense the right to work can only be treated as a solemn statement of an important policy goal, implying at the most political responsibility only. For some others (see Canotilho, 1984; Queiroz, 2002, Freeman, 2004,) on the contrary, rights are always justiciable and, therefore, economic and social rights presuppose a duty for the community even if it is accepted that the realization of these rights could be in some way restrained by the availability of means.

In the economic problems language, therefore, full employment, for instance, would be the outcome of a fortunate conjugation of fruitful effort and nature's generosity, rather than of a claim's pressure. In the same spirit, universal suffrage, to

take another example, is very often considered not just a demand of democracy but a windfall of economic progress. In 1968, slightly after a successful military coup, an Argentinean government official told Albert O. Hirschman that only once the country had attained economic stability and a certain level of economic growth would it be ready for the reinstatement of civil liberties (Hirschman, 1988: 112). Thus, in claiming for the universal suffrage one should not appeal to justice but rather engage into creating the conditions for economic progress.

The difference regarding the sense of the causality reveals another clash between economics and human rights, this time about the way humans are considered in the process of meeting their needs. Indeed, when facing human welfare, rights language takes the individual as a legitimate petitioner whereas economics is more inclined to take him as being a creditor of a reward, a lucky winner or even a beggar. By putting emphasis on entitlement, human rights discourse empowers all individuals in their struggle for the good life, whereas putting the emphasis on skills, hazard or kindness, economics can contribute to legitimate potential exclusion of individuals, taken to be unfit, unlucky or plainly undeserving, from the enjoyment of a dignifying life.

AVAILABILITY OF MEANS AND HUMAN RIGHTS

The argument, according to which the realisation of economic and social rights is costly and, therefore, depends on the good performance of the economy, finds an unexpected ally in the very text of economic and social rights proclamations. In article 2 of the ICESCR, for instance, it is said that:

1. Each State Party to the present Covenant undertakes to take steps, individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realization of the rights recognized in the present Covenant by all appropriate means, including particularly the adoption of legislative measures

This article's content is likely to be interpreted in many different fashions and some do not hesitate to consider this ductility an unequivocal manifestation of economic and social rights' frivolity, especially when compared to civil and political rights. First of all, the availability of means clause constitutes a severe obstacle to economic and social rights as a loose interpretation of this clause can be used to justify disregarding its realisation. Indeed, there are no criteria determining the minimum level of available means necessary to guarantee these rights. Consequently it is impossible to define objectively which rhythm of rights implementation is compatible with signatory-states' compromise (see Chapman: 2005) or which level of resources implies which rhythm of implementation.

If rights seem to be hindered by an availability of means clause, economics cannot live without it, though. The economic basic problem consists in the impossibility of satisfying immediately every human need not only because needs seem infinite but also because this satisfaction is constrained by the availability of resources. By introducing an availability of means clause, rights are objectively placed on the same footing as needs, and, thus, not only one is complied to accept the fact that rights might not be guaranteed to everybody, as we have seen above, but also that some rights might no be guaranteed at all.

The separation between negative and positive rights also contributes to this attributed frivolity of economic and social rights. Positive rights demand from society a positive intervention, in other words the provision of goods and services, which means bearing a cost. To ensure negative rights, on the other hand, one just needs non-objection from society, meaning that no cost is supposed to be involved in guaranteeing these rights, and therefore that they are not submitted to any sort of availability of means clause. Ensuring the right to property would, therefore, be exempted from mobilising resources as opposed to ensuring the right to social security, for example. Consequently economics can easily take negative rights as formal constraints and, therefore, insert them as so in its welfare function. On the contrary, taking positive rights as an outcome of this same welfare function, economics deal with economic and social rights as dependent variables.

There would be nothing wrong with this handling of rights if ever this distinction could be relevant. It is not true that what are usually considered negative rights do not involve a mobilisation of resources In other words it is absolutely fallacious to claim that there is no cost involved in ensuring negative rights. Indeed, does it occur to anyone in his right mind that one can guarantee an individual the right to a fair trial by simply not opposing to this same individual having a fair trial? Negative rights are submitted as much as positive rights to an availability of means condition, then. The insistence on the availability of means clause of economic and social rights, to which one should add progressiveness in its implementation, sharply contrasts, with their absence in the proclamations of civil and political rights, reinforcing the idea that guaranteeing economic and social rights is not, whatsoever, an obligation of society, but at the most a mere happy consequence of expanding economic resources.

There are clearly two weights two measures in dealing with rights, revealing a manifest bad will, to say the least, as far as implementing economic and social rights is concerned. The Chairperson of the Committee on Economic, Social and Cultural Rights during the Vienna Conference in 1993 passed on this idea stating that:

(we continue) to tolerate all too often breaches of economic, social and cultural rights, which if they were committed against civil and political rights, would provoke expressions of horror and outrage and would lead to concerted calls for immediate remedial action. In effect, despite the rhetoric, violations, of civil and political rights, continue to be treated as though they were far more serious, and more patently intolerable, than massive and direct denials of economic, social and cultural rights" (in Albuquerque, 2005: 2).

To help us grasp more vividly the varied shades of the contradiction between the economic and the human rights discourses, the conflict between economics and the rights to social security and to work will be slightly more thoroughly discussed in the following lines. The starting point of this discussion concerns the demands of article 3 of the Universal Declaration on Human Rights (UDHR) which states that everyone has the right to life, liberty and security of person.

ECONOMICS AGAINST THE RIGHT TO SOCIAL SECURITY

If all humans are born free and equal in dignity and rights, as it is declared in article 1 of the UDHR, inequalities in the access to goods and services necessary to support the right to life can only be due to natural inequalities that determine different needs. The major inequalities that prevail in society do not stem from this logic, though. Inequality in the access to health does not stem from poor people's lesser needs but from poor people's lesser purchasing power. The same happens with income inequalities in the old age, they do not stem from any natural discrepancy in the natural degradation of the capability to work of the poor in relation to the rich, but from the inequality of income accumulation during their respective lifetimes.

Social security, then, consists in a correcting mechanism of the inequalities imposed by society to humans with the purpose of bringing them closer to the natural state of equality. It should be stressed that one shouldn't mistake social security with social assistance. The inequalities referred above, therefore, do not include all inequalities but only those perceived before the uncertain, the misfortune, or in the case of old age, the inevitable.

Thus, in article 22 of the UDHR it is proclaimed that:

Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

In article 9 of the ICESCR, in turn, it is stated that:

The States Parties to the present Covenant recognize the right of everyone to social security, including social insurance.

In contempt of this general recognition, economics does not internalise social security as a necessity but rather as a constraint. Indeed, several objections to social security can be found in the economics discourse, the most common amongst these are its alleged excessive cost and the consequent loss of competitiveness imposed on the economies. Friedrich von Hayek went even farther in his objection to the very idea of social security arguing that it would jeopardize other rights considered more important. He claimed that freedom is threatened every time the State arrogates itself the power to exclusively supply certain services, because this would imply a redistribution of income and, therefore, an undue expropriation of the individual (Hayek, 1960: 289-290).

Despite the fact that Hayek's argument perfectly fitted the orthodox economics discourse, the alleged attempts of social security on fundamental rights did not take as much as he would expect, even amongst liberal economists. From the 1970s on the arguments against social security insisted mainly on the idea of it being a burden for the economy. In May 2006, during a meeting of the Committee on Economic, Social and Cultural Rights of the United Nations, the regional vice-president for Europe of the International Organisation of Employers, Michel Barde stated on social security that any model had to conform to the socio-economic realities of a country and that there had to be a balance between the resources needed for social security and the need to maintain employment, competitiveness, and economic growth (CESCR, 2006).

Firstly, it absolutely amazing that one can consider social security to be too expensive today when this system was born after the second world war in a ruined Europe, and that income per head has been multiplied by three between 1950 and 1980 (Bairoch, 1986: 393) and again by the same factor since then in the OECD countries (UNDP, 2000: 181). Even if wealth had stagnated this argument could hardly sustain the expensiveness critique. Amartya Sen shows how, in the United Kingdom, progress in life expectancy during the twentieth century did not result from increasing wealth but from political options. Indeed, the strongest increases in life expectancy of the civilian population happened precisely while the United Kingdom displayed the lowest rates of economic growth coinciding with both world wars. According to Sen these progresses were obtained thanks to the social transformations allowed by the wave of national cohesion and solidarity produced by the state of war, consubstanciated in raising public expenditure directed to social services (Sen, 1999). It is, indeed, hard to conceive what the United Kingdom managed to achieve during the most dramatic periods of its twentieth century history as being a luxury in times of peace and unequivocal prosperity?

Secondly, as Paul Krugman (1994) has shown the concept of competitiveness applied to nations is senseless. A company can be competitive because it is by nature ephemeral; but a nation, even when it transforms itself into another nation, is not ephemeral, it simply does not vanish, except in the case of a cataclysm. A nation as opposed to a company does not cease its activity. According to Krugman, this "corporatisation" of nations is not only a mistake but also a danger because it leads policies into the wrong direction. Furthermore, from a global point of view, growing national competitiveness for all in world markets is a mathematical impossibility as there cannot be only nations that export more than they import. Indeed, at a given moment in time exports must forcibly be globally equal to imports, in other words all national trade surpluses must match all national trade deficits; therefore, a strategy resting on national competitiveness is senseless. Even if one considerers the hypothesis that there may be global winners and losers, trade surpluses do not forcibly make global winners and, in turn, trade deficits do not automatically make global losers.

Thirdly, the much propagated trade-off between competitiveness and social security has no unequivocal empirical support. According to the International Labour Organisation (ILO) there is a strong positive correlation between expenditure in social protection and high labour productivity (ILO, 2005: 7). As one knows a correlation can be interpreted in several manners. One can say that social expenditure stimulates rather than hinders high productivity, but one can also state that it is high productivity that allows high social expenditure and, therefore, that it is abusive to take social expenditure as a productivity enhancer. The above mentioned correlation allows an undeniable conclusion, though, which is that the alleged trade-off between social protection and labour productivity does not exist. Indeed, high labour productivity is a good indicator of economic efficiency which in turn is a good indicator of competitiveness. Therefore, even if one feels reluctant to accept that social expenditure enhances competitiveness one should at least recognise that obliging people to choose between social protection and competitiveness is a fallacy.

All these objections to social security fall within what Albert O. Hirschman has called the rhetoric of reaction, a set of arguments regularly put forward to counteract

social progress since the nineteenth century. The first argument of this rhetoric sustains that every action directed at improving a given aspect of the political, social and economic order ends up aggravating the situation that it was supposed to correct; the second that every attempt to transform social order is vain and the third that the cost of these reforms is too high (Hirschman, 1991).

This standpoint shared by a majority of economists stems from a biased and old fashioned interpretation of the social. Indeed, within mainstream economics the social has always been seen as a by-product, a happy consequence, even a palliative, of the economic. According to this philosophy the economic designates the set of activities submitted to profitability and the social, in turn, the set of operations implemented to correct the intolerable human costs of market economy that will eventually affect this same profitability (Bartoli: 1996). Thus, social redistribution is only possible by means of a good performance of the economy. In the hierarchy of spheres the social comes after the economic, it depends of the economic. The social becomes, then, some sort of cession accepted by the economic as the outcome of a peculiar diplomatic game which the market appears to be playing with the people.

ECONOMICS AGAINST THE RIGHT TO WORK

Although there are several references to the right to work from 1848 on (see Harvey, 2002), it was not until 1948 that, in the surge of the discussion about universal human rights by the recently created United Nations Organization (UN), the right to work got explicit general recognition as a human right. In article 23 of the Universal Declaration of Human Rights (UDHR) it is proclaimed that:

- 1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
- 3. Everyone who works has the right to just and favourable remuneration ensuring himself and his family an existence worthy of human dignity, and supplemented if necessary by other means of social protection.

This proclamation clearly states not only that people have the right to a job but also to a decent job. Furthermore, people have the right to protection against unemployment, which should be understood as a set of mechanisms protecting an individual from becoming unemployed and not only from the consequences of being unemployed. In other words, not only should he have the right to a monetary compensation for being out of a job, for example, but also that he is entitled to some kind of job security.

Concerning the right to work, the International Covenant on Economic, Social and Cultural Rights (ICESCR), approved by the General Assembly of the United Nations in December 1966, proclaims the following:

Article 6

- 1. The States Parties to the present Covenant recognize the right to work, which includes the right of everyone to the opportunity to gain his living by work which he freely chooses or accepts, and will take appropriate steps to safeguard this right.
- 2. The steps to be taken by a State Party to the present Covenant to achieve the full realization of this right shall include technical and vocational guidance and training programmes, policies and techniques to achieve steady economic, social and cultural development and full and productive employment under conditions safeguarding fundamental political and economic freedoms to the individual.

Article 7

The State Parties to the present Covenant recognize the right to everyone to the enjoyment of just and favourable conditions of work which ensure, in particular:

- (a) Remuneration which provides all workers, as a minimum, with:
- (\ldots)
- (ii) A decent living for themselves and their families in accordance with the provisions of the present Covenant.

There are two main dimensions to the right to work in both the UDHR and the ICESCR. The first one is quantitative and sustains that the right to work means the existence of sufficient jobs for everyone, not only the right to compete on terms of equality for scarce employment opportunities (Harvey, 2005: 9; Canotilho, 1984: 35). It is not incidentally that The United Nations Charter, drafted in 1945, proclaims in article 55 that the United Nations shall promote "Higher standards of living, full employment and conditions of economic and social progress and development". The second dimension of the right to work is qualitative and regards those criteria that determine whether a particular job qualifies as decent work. These criteria sum up what could also be called the rights of an individual at work and concern wages, working hours, working conditions, the right to join and form unions to protect one's interests, and so on. Different policies are usually demanded to secure each of these dimensions, and although trade-offs between them could be expected, asserting the right to work should not tolerate them. That is why some public action aiming to just create jobs may not qualify as right-to-work securing policy if it despises the rights at work.

The first contradiction between economics and the human right to work regards the fact that according to traditional welfare economics too much concern for rights could lead to the pursuit of policies that reduce rather than enhance human welfare, and in the particular case of unemployment, instead of creating jobs, would end up boosting unemployment. The argument is based on the perverse effects on welfare of pursuing notions of fairness (see Kaplow and Shavel, 2003).

Stating that strict adherence to principles such as the right to work would have a perverse effect on the ability of society to provide everyone with a job could possibly be demonstrated. The present paper is not the place to analyze the perversity argument in

depth, though. Nevertheless, constituting an important pillar Hirschman's (1991) rhetoric of reaction it calls for a general comment. In relation to the quantitative aspect of the right to work, the debate on employment policies is very vivid and has not reached unanimous conclusions on which policies have contributed to creating jobs and which have not. But with respect to the qualitative aspect of the right to work, the rights at work, the validity of the perversity argument would mean that legislative measures that have been implemented in many countries around the world should have worsened the working conditions of the population. This argument seems simply preposterous. Albert O. Hirschman reminds us that in the nineteenth century, universal suffrage, one of the pillars of modern political rights, was also accused by many of having a perverse effect on democracy (Hirschman, 1991).

Another sort of opposition of economics to the right to work stems from the presupposition that guaranteeing jobs for all would mean an unbearable amputation of the right to property, an inviolable principle of mainstream economics. According to the liberals during the discussion of the French constitution of 1848, the state should be responsible for the eventual implementation of the right to work, and on account of the fact that the state doesn't have proper resources, the enforcement of the right to work would have to be done through taxation and inevitably the proprietors would end up paying it (Tanghe, 1989: 167). In this view the right to work is considered an amputation of the entrepreneur's income, and Pierre Joseph Proudhon himself says that, if profit becomes null, proprietors lose their interest in property, and if property is discouraged, property vanishes (Proudhon, 1938: 431).

The right to work would be an attempt on property, then, because it would diminish its profitability. In the nineteenth century the reduction of working hours, a qualitative aspect of the right to work, was attacked by Nassau Senior on the grounds that profit was obtained during the last hour of the working day and that, therefore, any reduction in it would end up suppressing profit (see Marx, 1977). More recently, the employers' reaction to paid vacations also brought the argument of diminishing profitability. However, economic history has showed not only that general profitability did not suffer from the reduction of the working hours and paid vacations, but also that new forms of property were developed as a result of increased leisure.

This contradiction between the right to work and the right to property can be above all understood in the light of the conflict between capital and labour. The first aspect of this conflict concerns the contradiction between labour considered as a productive factor and labour taken as end or an asset. The second aspect of this conflict regards the microeconomic and the macroeconomic role played by unemployment. In the traditional economic system, labour is both a productive factor and an end. It is a productive factor that along with capital participates in the production of value and it is an end in the sense that in compliance with the moral code of economics (see Branco, 2006) one has an obligation to work. On one hand, in order to maximise social utility through consumption, society should aim to supply the largest amount of jobs possible. On the other hand, firms in order to maximise their profits have to focus on minimising the use of productive factors, and, therefore, should aim to supply the smallest amount of jobs possible. There is, therefore, a conflict on which are the worker's and the firm's utilities.

The second aspect concerns the role that unemployment has been called to play in order to regulate microeconomic and macroeconomic variables. The microeconomic aspect of this conflict concerns the fact that for firms, unemployment is useful in attaining certain objectives. For a long time, unemployment, and the spectrum of hunger, has been seen as an explicit menace to workers in order to make them work harder and stay in line (see Linhart, 2006; Méda, 1995; Kalecki, 1971). In this respect the recent model trying to explain unemployment as a result of what has been called efficiency wages is nothing but a modern version of unemployment as an instrument to promote workers' discipline. In this case, involuntary unemployment may appear to be a nuisance for the workers, but for firms it may be considered, on the contrary, as quite a productive device (Borjas, 2005: 503-504). Furthermore it appears that, according to empirical studies, wages tend to be lower in regions where the unemployment rate is high and vice versa, giving unemployment another important role in containing the firm's costs (Borjas, 2005: 504).

In a sort of extrapolation of this last role, from the micro level to the macro level, the famous Philips curve argued that there was a long run trade-off between inflation and unemployment. Some economists like Milton Friedman and Edmund Phelps contested the nature of that relationship, but not its principle, and considered that in the long run there seems to be an equilibrium unemployment rate, called Natural Rate of Unemployment (NRU), which persists regardless of the rate of inflation (Borjas, 2005). The more modern version of the NRU takes a slightly different stand, considering the NRU an economic equilibrium that, if reached by the economy, allows inflation to remain constant (Devine, 2004), or in other words a rate of unemployment where inflation does not accelerate, this being called Non Accelerating Inflation Rate of Unemployment (NAIRU).

In one version or the other the principle is the same. Unemployment appears to be an instrument in controlling inflation and full employment is no longer a goal. The trade-off between unemployment and inflation embodies, therefore, a conflict between labour and capital. Workers are interested in the lowest rate of unemployment possible and capitalists are, on the contrary, specially interested in the lowest rate of inflation possible. The Philips curve and the natural rate theory of unemployment, in any of its versions, becomes, then, a clear theoretical and practical manifestation of the capital-versus-labour goal conflict, and more precisely the conflict between labour and financial capital, as inflation is supposed to affect primarily financial interests (see Kalecki, 1971).

Well, stable prices may be a strong preference, revealed eventually by a major part of the population, but it cannot aspire, whatsoever, to the same status as a recognized human right. In this case it seems clear that within economics and public policy intervention the preference for stable prices outweighs the human right to work. Writing about the funding of human rights, Norberto Bobbio says that the origin of the right to work and the right to property is historically determined by the nature of the power relations that characterized societies in the midst of which these claims were made. In a society where only the proprietors had active citizenship, it seemed obvious that the right to property should be taken as a fundamental right, and in the same way, as industrialization developed and the workers movements made their appearance, it became obvious that the right to work should be considered a fundamental right (Bobbio, 1992: 77).

If the fact that after the great depression of the 1930s and until the 1980s priority was given to fighting unemployment could, partly, be the manifestation of a shift in democracy, from a democracy of the proprietors towards a democracy of the workers (see Pinilla, 1989: 61), the fact that, on the contrary, fighting inflation appears nowadays to be more important in public policy suggests that the weights of the scales have been inverted. Incidentally, the fact that economic literature has never talked about such a thing as a Non Accelerating Unemployment Rate of Inflation (NAURI) is revealing enough of which of the conflicting sides has captivated the more interest from economic research. Not only has capital, and especially financial capital, recovered its supremacy, but economic orthodoxy has also produced a discourse conveying the idea that labour rights clash with what has generally been called economic freedom, and that outstripping its condition of a mere clause for the efficiency of a particular regulatory system, freedom of the market has been upgraded to a fundamental right by this same orthodoxy (see Cunha, 1998).

FOR THE FUSION OF HUMAN RIGHTS AND ECONOMICS (CONCLUSION)

We have seen that for economics ignoring human rights, in other words simply unfolding its logic regardless of any other, is equivalent to denying them. Well in a democratic society economics cannot ignore human rights, not only would it be senseless, but also it would be harmful to its own purposes. But can it integrate them? When dealing with rights economics can basically take one of two approaches. The first option consists in taking rights as a constraint within which choice is made (see Weikard, 2004: 267), the second option in assuming rights as an integral part of normative economics, and in this view exercising rights is just another manifestation of making a choice.

Along the lines of the first option, economics can roughly adopt two secondary approaches that may be actually contradictory. On the one hand, economics can look for resolving its maximisation problems considering human rights as primordial and, on the other hand, economics can take human rights as an insupportable constraint rendering the maximisation exercise unattractive, obliging, consequently, people to choose between human rights and economic efficiency. The first attitude respects human rights although it does not the scare away the spectre of a paralysing conflict between both logics. The second attitude, on the contrary, contributes to hinder human rights with such arguments as them being too costly.

This is a most convenient, although biased, approach as most of the time economics only considers part of all the costs related to human rights. Indeed, if many economists, with some cynical intemperance even, devote themselves to calculate the costs of social security, for instance, with the confessed goal of demonstrating society's incapacity in paying the price of utopian policies, very few are those that, according to the same principles, are coherent enough to also calculate the costs of the inexistence of social security, revealing, thus, the ideological bias which, hiding under the mask of analytical rigour, dictates the alleged frivolity of economic and social rights.

Human rights also generate benefits though these are harder to monetise and consequently harder to handle within the typical cost benefit confrontation dear to

economics. However, even if this confrontation could produce tangible results, cost and benefit could never be the basic criteria for the integration of human rights and economics. Human rights altogether were not born from any evidence revealed to the individuals through some kind of positive reasoning like unequivocal demonstration of the social utility maximisation obtained through its adoption. Human rights resulted from a normative reasoning according to which individuals considered a dignified existence impossible to reach without them. Thus, the choice individuals are called to make does not concern whether human rights should be adopted or not given the economic system; but which is the most favourable economic system given the adoption of human rights. In a democratic society if the human-rights option collides with a definite system of economic rules, it is necessary, then, to enrich this system and modify its rules.

In its seminal work, Ronald Dworkin (1978) considers human rights, essentially, as a mechanism protecting minorities from decisions taken by majorities in their profit but resulting in prejudice for the former. This means that the enrichment of one part of the world cannot be pursued at the expense of the material, cultural and spiritual impoverishment of another part, especially if this constitutes its weakest link. Asserting economic rights cannot, therefore, be taken as an equivalent to maximising utility, better said social utility cannot be mistaken with aggregate utility. This clearly tells us that economic goals must be rephrased. Take production. Indeed, producing one particular commodity having in mind the satisfaction of demand or the assertion of human rights does not mean the same although this enterprise might be undertaken in a similar fashion.

Within economic mainstream thought, meeting effective and viable demand is satisfying enough as a social role for the producer, and that part of the population which in consequence is deprived of access to this commodity on account of budget constraints should not be of concern. On the contrary, in the case of human rights assertion through the supply of this same commodity no one should be left out, regardless of budget constraints. On the one hand one is meeting private demand, because its nature is mainly individual, and on the other hand one is meeting a public demand because, in contrast, its nature is now mainly social or collective. Well, according to corporate logic, meeting private demand is a normal procedure whereas meeting public demand is not.

The essence of the conflict between economics and human rights also resides in the ways the political and the social are apprehended. As Henri Bartoli (1996) states the social and the politic should be taken as the territories where major social choices are made rather than those where the conflicting natures of the economy and the society are expressed. It is important to stress that I believe a cohesive and sympathetic society is as important for the both the economy and human rights as courts and the market. Therefore, aiming at the integration of human rights, economics' methodology, needs to shift from the concept of satisfying individuals to the more inclusive concept of satisfying all the individuals. In other words economics should return to its basic purpose of being at the service of the people instead of demanding people to be at its service or as Robert Hamrin (1989) puts it, commanded instead of commanding.

REFERENCES

Albuquerque, C. (2005) "An UN Complaints Mechanism for Cases of Violations of Socio-Economic Rights?", paper presented at the International Conference on "Globalization and the Future of Economic, Social and Cultural Rights", Lisbon, November 24-26. Not published, available on-line at http://www.esc-rights.org/upload/XPQXKFQXX35SXkc8uRYFTzku.pdf

Bairoch, P. (1986) *Desenvolvimento/Sudesenvolvimento*, in Romano, R. (ed) *Enciclopédia*, vol 7, Lisbon: Einaudi, Imprensa Nacional Casa da Moeda, pp 364-431.

Bartoli, H. (1996) L'Économie, Service de la Vie, Grenoble: Presses Universitaires de Grenoble.

Bobbio, N. (1992) A Era dos Direitos, Rio de Janeiro: Editora Campus.

Borjas, G. (2005) Labor Economics, New York: McGraw-Hill, 3rd edition.

Branco, M. (2006) *The Right to Work and the Political Economy of Human Rights*, Economics Working Papers, Universidade de Évora, Departamento de Economia, nº 8.

Canotilho, J. G. (1984) "Tomemos a Sério os Direitos Económicos, Sociais e Culturais", número especial do *Boletim da Faculdade de Direito de Coimbra, Estudos em Homenagem ao Prof. António de Arruda Ferrer Correia*.

Chapman, A. (2005) "The Status and Efforts to Monitor Economic, Social and Cultural Rights", paper presented at the University of Connecticut Human Rights Institute Conference on Economic Rights, October 27-29. Not published, available on-line at http://www.humanrights.uconn.edu/conf 2005.htm

Committee on Economic, Social and Cultural Rights (2006) *Day of General Discussion on the Right to Social Security*. Proceedings. Geneva, 15th of May. Available on-line at http://www.ohchr.org/english/bodies/cescr/discussion.htm

Cunha, S. R. (1998) "Sobre os Direitos Humanos: Questões e contra-questões em torno de uma promessa desencantada", *Economia e Sociologia*, nº 66: 59-107.

Devine, J. (2004) "The Natural Rate of Unemployment", in Fulbrook, E. (ed) *A Guide to What's Wrong with Economics*, London: Anthem Press, pp 126-132.

Donnelly, J. (2005) "Economic and Social Rights: The Myth of Western Opposition", paper presented at the University of Connecticut Human Rights Institute Conference on Economic Rights, October 27-29. Not published, available on-line at http://www.humanrights.uconn.edu/conf 2005.htm

Dworkin, R. (1978) *Taking Rights Seriously*, Cambridge, MA: Harvard University Press.

Freeman, M. (2004) *Human Rights*, Cambridge UK: Polity.

Hamrin, R. (1989) "Ethical Economics: a New Paradigm for Global Justice and Stewardship", *Futures*, December: 608-618.

Harvey, P. (2005) "The Right to Work and Basic Income Guarantees: Competing or Complementary Goals?" *Rutgers Journal of Law and Urban Policy*, 2 (1): 8-59.

Harvey, P. (2002) "Human Rights and Economic Policy Discourse: Taking Economic and Social Rights Seriously", *Columbia Human Rights Law Review* 33 (2): 363-471.

Hayek, F. (1960) The Constitution of Liberty, Chicago: University of Chicago Press

Hirschman, A. O. (1991) *The Rhetoric of Reaction: Perversity, Futility, Jeopardy*. The Cambridge MA: Belknap Press of Harvard University Press.

Hirschman, A. O. (1988) "La Confession d'un Dissident: Retour sur la Stratégie du Développement Économique", in Meier, G. e Seers, D. (eds), *Les Pionniers du Développement*, Paris: Economica, pp 93-119.

ILO (2005) Social Protection as a Productive Factor, Geneva, November.

Kalecki, M. (1971) "Political Aspects of Full Employment" in Kalecki M., *Selected Essays on the Dynamics of the Capitalist Economy*, Cambridge UK: Cambridge University Press.

Kaplow, L., Shavell S. (2003) "Fairness versus Welfare: Notes on the Pareto Principle, Preferences, and Distributive Justice", *Journal of Legal Studies* 32 (January): 331-362.

Krugman, P. (1994) "Competitiveness, a Dangerous Obsession", Foreign Affairs, 73 (2): 28-44.

Linhart, D. (2006) "Hier Solidaires, Désormais Concurrents", *Le Monde Diplomatique*, Mars, p 16-17.

Marx, K. (1977) *Le Capital*, Paris: Editions Sociales (1st edition, 1871).

Méda, D. (1995) Le Travail, une Valeur en voie de Disparition, Paris: Aubier.

Offenheiser, R. and Holcombe, S. (2003) "Challenges and Opportunities in Implementing a Rights-Based Approach to Development: An Oxfam America Perspective", *Nonprofit and Voluntary Sector Quarterly*, 32 (2): 268-306.

Petrella, R. (2004) Désir d'Humanité. Le Droit de Rêver, Bruxelles: Éditions Labor.

Pinilla, I. A. (1989) "Los Derechos Humanos de la Tercera Generación en la Dinámica de la Legitimidad Democrática", in Peces-Barba, G. (ed) *El Fundamento de los Derechos Humanos*, Madrid: Editorial Debate, pp 57-66.

Proudhon, P. J. (1938) Ouvres Complètes, Paris: Marcel Rivière et Cie.

Queiroz, C. M. M. (2002) *Direitos Fundamentais (teoria geral*), Coimbra: Coimbra Editora.

Rawls, J. (1972) *A Theory of Justice*, Cambridge MA: Belknap Press of Harvard University Press.

Sen, A. K. (1999) Development as Freedom, New York: Alfred Knopf.

Tanghe, F. (1989) Le Droit au Travail entre Histoire et Utopie 1789-1848-1989: de la répression de la mendicité à l'allocation universelle, Bruxelles: Facultés Saint Louis, Florence: Institut Universitaire Européen.

UNDP (2000) Human Development Report, Oxford: Oxford University Press.

Weikard, H. P. (2004) "On the Economics of Basic Liberties", *Social Choice and Welfare* (22): 267-280.