TOWARDS A HUMAN RIGHTS-CENTERED MACROECONOMIC AND FINANCIAL POLICY IN THE U.S.

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CWGL, ESCR-Net, and PERI along with a number of other human rights organizations are involved with the U.N.'s first Universal Periodic Review of the U.S., which is scheduled to take place November 2010. This UPR process offers organizations unique opportunities to measure how the U.S. is meeting its human rights obligations and to continue pressuring the government to live up to those obligations. The UPR assesses each country's adherence to its human rights obligations under the U.N. Charter, the Universal Declaration of Human Rights (UDHR), human rights treaties ratified by the country, its voluntary commitments, and applicable international law. During the review, in addition to the "national report" provided by the country under review and the reports of U.N. bodies, the Working Group considers reports from other "stakeholders" such as civil society and national human rights institutions.

EXECUTIVE SUMMARY

Governments are obliged to advance their people's human rights. The specific obligations under international law are to protect and fulfill the economic and social rights of people within their jurisdiction. When businesses or private institutions threaten to interfere with these basic rights, the government must step in to protect those rights and cease from making policy that facilitates the interest of private corporations over and above the interests of realizing these rights.

The ongoing global economic crisis has its origins in U.S. financial markets and was a consequence of deliberate legislative changes, the erosion of regulatory protections and the failure to extend oversight to new financial products that contributed to excess systemic risk. The financial crisis has had an immediate and direct impact on the realization of human rights within the U.S. and worldwide, leading to significant retrogression in many areas. This submission provides a human rights analysis of the U.S. domestic measures in conducting macroeconomic and financial policy in the period under review, focusing in particular on the right to equality and non-discrimination, the right to work and to just and favorable conditions of work, and the right to social security and adequate standard of living. It also provides a set of inter-related recommendations aimed at developing a human rights-centered macroeconomic and financial policy in the U.S.

In response to the crisis, the U.S. has enacted a significant fiscal stimulus policy in the form of tax cuts, federal aid to states and direct jobs programs. In human rights terms, the policy response is mixed. Efforts to protect education, maintain public health insurance for low-income families, and create jobs represent a movement in the right direction. However, sizeable tax cuts and the substantial resources devoted to bailing out financial institutions raise questions of whether the maximum available resources are being mobilized to protect basic rights. Among other things, the U.S. should monitor the job creation associated with the recovery to ensure that jobs are of decent quality and employment opportunities are provided in a non-discriminatory and gender-sensitive way. Current and future budget allocations, including fiscal stimulus funds, should go towards the creation of new employment that specifically, includes women, people of color and other economically marginalized groups.

The U.S. has conducted its monetary policy in response to the recent economic crisis by pumping liquidity into the commercial banking sector. In some respects, this could be seen as an effort to prevent unemployment from rising further. Nevertheless, the speed with which resources were mobilized to address threats to private financial interests was significantly faster than the speed at which the Federal Reserve has reacted to rising unemployment in the past. This raises concerns that the Federal Reserve does not always use the maximum resources at its disposal to support the right to an adequate standard of living. Moreover, there are few mechanisms to hold the Federal Reserve transparent and accountable in terms of its legal domestic mandate to maintain the maximum level of employment possible. The U.S. then should at a minimum improve the transparency, public participation, independent oversight and accountability of the Federal Reserve System, especially with regard to its measures to bailout financial institutions, and hold public and private actors accountable for their policy decisions which endanger the enjoyment of human rights. Given the Federal Reserve's mandate to achieve the maximum level of employment while maintaining stable inflation, it should be required to demonstrate how its policy choices support equitable access to jobs for everyone seeking employment.

Finally, the U.S. approach to financial regulation, through concrete policy and legislative measures, has so far failed to ensure basic human rights protections. The realization and sustainability of social and economic rights requires appropriate policies that prevent the type of crises the U.S. and the world has experienced in recent years. The U.S. then should introduce, domestically and in concert with other States, a comprehensive set of legislative, judicial and policy measures to prevent banking and any other financial sector entities (such as hedge funds, private equity funds, derivative instruments and credit rating agencies) from actions which may undermine the realization of human rights due to financial volatility, speculative behavior and heighten risks of a systemic economic crisis. Human rights require remedies, both to provide those negatively affected with access to justice and judicial protection as well as to prevent future financial sector abuses and crises from occurring.

I. Introduction

This submission focuses on the human rights implications of the financial crisis and subsequent domestic policy responses. In particular, it focuses on the human rights obligation to protect and fulfill economic and social rights as well as the need for transparency, accountability and participation in the making of macroeconomic policy.

During the period under review (2006-2010), the subprime mortgage crisis (which began to emerge in 2006 and 2007), the subsequent systemic financial crisis (the extent of which began to be apparent in the second half of 2008) and the policy responses which have been implemented domestically since then are the most significant macroeconomic developments. It is critical in this context to recognize that the financial crisis resulted from a number of developments which predate the review period, but which are essential for understanding the impact of the economic crisis on human rights in the U.S. These issues are discussed in greater detail below.

A. Framework

The evolution of U.S. financial regulations over the past several decades sets the stage for the financial and subsequent economic crises which emerged in 2008. Here is a brief review of the regulations which were put in place during the Great Depression and more recent legislation which removed the earlier protections.

- The Glass-Steagall Act (1933) established the Federal Deposit Insurance Commission (FDIC) and allowed the Federal Reserve to regulate interest rates. Importantly, this act also effectively prevented the use of the assets of commercial banks for speculative activities – that is, banks could not invest deposits on the stock market. Glass-Steagall originally prohibited banks from owning non-bank financial institutions.
- The Securities Exchange Act (1934) established the SEC (Securities and Exchange Commission) to govern the exchange of financial securities. The SEC mandate to regulate financial markets has not always kept pace with financial innovations (hedge funds, derivatives – including financial futures, swaps, etc.).

- The Depository Institutions Deregulation and Monetary Control Act (1980) increased the scope for bank mergers, allowed savings and loans and credit unions to offer checkable accounts, and deregulated interest rates. These changes set the stage for a weakened regulatory framework which led to the Savings and Loan crisis in the 1980s. It also contributed to the subsequent consolidation of the banking industry in the U.S.
- The Gramm-Leach-Bliley Act (1999) ('Financial Services Modernization Act') repealed portions of the Glass-Steagall Act that established a firewall between banks and other financial institutions. It allowed the consolidation of commercial banks and investment banks, thereby setting the stage for the largest financial institutions to become 'too big to fail'.
- The Commodity Futures Modernization Act (2000) then insured that certain financial products (i.e., derivatives) offered by commercial or investment banks would not be regulated under existing laws governing futures contracts. It also made it easier for financial institutions to invest in commodities futures. There are reasons to believe this contributed to the bubble in global food and energy prices in 2007 and the first half of 2008.
- Most recently, the Sarbanes-Oxley Act (2002) followed the Enron debacle. It established standards for business management and accounting. The Act does not apply to privately held companies. In addition, apart from some new accounting guidelines, the Act did not attempt to regulate the financial system.

B. Policy measures

The federal government and the Federal Reserve have responded to the economic crisis in several ways. The responses included:

- The American Recovery and Reinvestment Act of 2009 – a fiscal stimulus measure which aimed to stop the hemorrhaging of jobs and to help resource-stressed states.
- The Troubled Asset Relief Program (TARP), launched in 2008 – a federally organized bailout of the financial crisis, aimed at preventing a systemic collapse of the system.
- Federal Reserve monetary response – the Federal Reserve injected a substantial amount of liquidity into the financial system, keeping interest rates low and buying assets for which there was no longer a viable market. By buying such assets, the Federal Reserve replaced illiquid assets with liquid assets.

II. Promotion and Protection of Human Rights on the Ground

The ongoing global economic crisis has its origins in U.S. financial markets and was a consequence of deliberate legislative changes, the erosion of regulatory protections, and the failure to extend oversight to new financial products that contributed to excess systemic risk. The collateral damage of these choices has been enormous. The economic downturn destroyed jobs, reduced standards of living, and heightened risks for ordinary people and has driven families deeper into poverty, especially women and people of color. While this submission does not focus on international dimensions of the crisis, globally, the costs around the world are even higher.[1] The World Bank estimates that, between 2009 and 2015, an additional 200,000 to 400,000 children will die every year before their fifth birthday compared to the number that would have perished in the absence of the crisis. The International Labor Organization estimates that worldwide unemployment could increase by another 29 to 59 million individuals due to the crisis. Such unemployment figures are staggering, but it is important to recognize that these formal numbers do not capture the even more stark real impacts on livelihoods – for example, of the informally self-employed who have seen their incomes from employment drop significantly.

The human rights which we highlight in this submission include: equality and non-discrimination, right to work and to just and favorable conditions of work, and right to social security and adequate standard of living.

A. *Equality and non-discrimination*

The financial crisis and the ensuing policies have had a disproportionate impact on women. For example, when budgets are cut on social spending, such as health and education, the increase in the unpaid work done by women to make up for the care provided by the state increases as women take up the slack when the state cuts back social spending. Investment of the stimulus money in child care and elder care would help with the increase burden on women as well as create jobs in an industry often dominated by poor women. Investments in direct care, education and healthcare would also go a long way in alleviating poverty as many low-income women are employed in these sectors. Federal money to these industries, as long as they require a commitment to minimum just employment standards, would help spur more of these "good" jobs, lifting the bottom of the labor market.

There is also clear evidence that there has been a failure to protect women, the poor and people of color who were disproportionately affected by predatory lending practices and the subprime mortgage crisis. In 2006, the Consumer Federation of America reported that, “women were 32 percent more likely to receive subprime loans than men.”[2] Strong data was also presented about racial and class inequities regarding income and ethnic groups.

B. *Right to work and to just and favorable conditions of work*

As of March 2010, the number of unemployed persons in the U.S. has risen by over 7 million since the financial crisis began. There has been a modest addition of new jobs in recent months, but temporary and part-time employment account for a significant fraction of the new jobs created (e.g., in March 2010, 25 percent of the 160,000 new jobs were with temporary help agencies). While the unemployment rate held steady at 9.7% in March, the long-term unemployment situation deteriorated. In the same month, an additional 414,000 unemployed workers crossed the six-months unemployed threshold, so that now there 6.5 million workers

[1] See *Bringing Human Rights to Bear in Times of Crisis*, available at www.escr-net.org/usr_doc/HRResponsestoEconCrisis_Final.pdf

[2] See *Women are Prime Targets for Subprime Lending: Women are Disproportionately Represented in High-Cost Mortgage Market*, available at http://www.consumerfed.org/pdfs/WomenPrimeTargetsStudy120606.pdf

who have been unemployed for longer than six months – constituting 44% of all unemployed workers.

The *underemployment rate* (which includes not just the officially unemployed, but also jobless workers who have given up looking for work and part-time workers who want full-time jobs) also rose, from 16.8% to 16.9%, as the number of involuntary part-timers increased by 263,000 workers. However, the number of "marginally attached" workers, jobless workers who have given up looking for work, declined by 209,000, likely because many marginally attached workers entered or re-entered the labor force, which increased by 398,000 in March 2010. In the same month, there were 2.3 million marginally attached workers, 9.1 million involuntary part-timers, and 15.0 million unemployed workers in the United States, for a total of 26.4 million workers who are either unemployed or underemployed.[3]

C. *Right to social security and adequate standard of living*

One of the important impacts of the crisis has been the huge decrease in the value of pensions. Many older persons have had to postpone retirement, go back to work or face homelessness due to the decreased value of their pensions. The move from defined benefits to defined contributions in retirement has also created a much more vulnerable climate for the elderly in terms social security,[4] especially as the value of these pensions which were invested in the markets decreased as a result of the financial crisis.[5]

III. Achievements, Best Practices, Challenges and Constraints

A. *Challenges discharging the duty to protect: Financial regulation and the manufactured crisis*

Governments are obliged to advance their people's human rights. One of the specific obligations under international law is to protect the economic and social rights of people within their jurisdiction. When businesses or private institutions threaten to interfere with these basic rights, the government must step in to protect those rights and cease from making policy that facilitates the interest of private corporations over and above the interests of realizing these rights. In this vein, financial and economic crises are not random or natural events they are manufactured through the design and implementation of particular policies. The realization and sustainability of social and economic rights requires appropriate policies that prevent the type of crises the U.S. and the world has experienced in recent years.

In this context, it is important to recognize that there was not simply deregulation of the U.S. economy, but instead a re-regulatory process that has in effect been biased toward the interest of banks rather than the interests of the general population. The subprime mortgages associated with the current crisis provides an example. Without the proper type of regulatory oversight,

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[3] See *Positive job growth, but not enough to reduce unemployment rate*, available at http://www.epi.org/publications/entry/jobs_picture_20100402/

[4] See *Rethinking Macro Economic Strategies from a Human Rights Perspective: Why MES with Human Rights II*, available at http://www.cwgl.rutgers.edu/globalcenter/publications/whymes2.pdf

[5] See *Pension Market in Focus*, available at http://www.oecd.org/dataoecd/42/19/41770561.pdf

financial institutions engaged in predatory lending practices, that is, an extension of loans on unfavorable terms primarily targeted at low-income households. These loans were not subject to 'due diligence', an accurate assessment of the real risks involved, and many of these lending practices could be considered fraudulent. Federal mortgage regulation is fragmented and has become increasingly lenient, with some mortgage lenders experiencing no effective regulation at all. Perverse incentives encouraged lenders to exploit vulnerable borrowers while the government looked the other way. As a result, families holding mortgages have been particularly hard-hit by the government's failure to protect.

Similarly, while regulation of banks, investment companies and other financial players was relaxed, reform of personal bankruptcy laws was pushed through. This made it more difficult for people suffering a catastrophic medical problem or a prolonged period of unemployment to manage onerous levels of personal debt. An unexpected setback could lead to a loss of basic social and economic rights for the rest of a person's life.

As another example described above, the U.S. in recent years removed regulations of financial markets which very well may have helped contain or prevent the financial crisis. During the Clinton Administration, Congress eliminated many of the safeguards put in place after the Great Depression through such legislation as the Financial Services Modernization Act (1999). The government also failed to monitor the financial system when new products, such as derivatives, were based on mortgage-backed securities. Innovative financial products fell into a regulatory void, as efforts to protect the economy from excessive risks lagged far behind. "Over the counter" derivatives, financial products which are custom-designed for specific clients and purposes, accounted for many of the high-risk assets. These and other such products flourished and with the lack of regulatory framework it was impossible to assess the risk profile of these products. One of the reasons for the enormous amount of money sitting in the reserves of banks is the inability to understand how toxic these assets are. Yet, these transactions were subject to fewer safeguards than securities that are more openly exchanged.

At the time of this submission, new financial regulations are being debated in the U.S. Congress. It is unclear what the final result will be. In order to create a framework which takes the obligation to protect seriously, a number of changes must be made, which are described below in the recommendations.

B. Challenges to the right to work, the right to an adequate standard of living and the right to equality and non-discrimination in U.S. fiscal and monetary policy measures

Macroeconomic and financial sector policies have a direct impact on the right to work, the right to an adequate standard of living, and the right to equality and non-discrimination. Even before the full impact of the financial crisis was felt, the situation in the U.S. with regard to these fundamental rights was problematic. In 2008, the U.S. Department of Agriculture found that 15 percent of U.S. households had been food insecure at some point during the year, the highest rate in over a decade, suggesting that a sizeable proportion of the population lacked an adequate standard of living. Over 16 million children lived in food insecure households in 2008 and 22 percent of households with children under the age of six experienced food insecurity. 37 percent of single-mother households were food insecure at some point in 2008. The problem is not simply one of unemployment, but rather of low incomes. A 2007 USDA study found that about 85 percent of households with food insecure children had a working adult, including 70 percent with a full-time worker.[6] The economic crisis, which raised unemployment rates dramatically, must have made this situation worse, although we do not yet know how drastically average standards of living have fallen and the full impact of the crisis on vulnerable populations.

Fiscal policy can either counteract or reinforce the tendency towards unemployment and lack of decent work. As described in more detail below, a portion of the fiscal stimulus (the ARRA) has been used to create and retain jobs in the face of the economic downturn. The application of the principles of the right to work and an adequate standard of living should not be restricted to severe economic crises and the impact of fiscal policy choices on employment, both the quality and quantity, should be continuously evaluated to ensure that fiscal policy supports the right to work and an adequate standard of living.

The ability of the average American family to maintain an adequate standard of living depends critically on the economy's ability to generate employment. This is not only to provide work for the unemployed, but also because more employment leads to, "a tighter labor market *which* delivers faster pay gains".[7] In addition, the realization of other economic and social rights has been linked to access to employment and relatively high-quality jobs (e.g., pensions and health insurance). Although alternatives available to people other than through decent jobs exist, such as the Social Security and Medicaid programs, this safety net is relatively weak compared to the social protections available to those in decent employment. For example, social security payments are meant to supplement other retirement savings and the amount of income replacement is minimal. Medicaid is not available to all the uninsured. With the new healthcare reforms coverage rates should increase, but the size of individual payments for insurance will vary significantly based on employment status. Progressive realization of the rights to work and an adequate standard of living means that the state has an obligation to take proactive measures towards generating decent jobs. Fiscal policy has a direct role to play, in terms of investing in education and infrastructure to support employment in the long-run and, in the short-run, running counter cyclical policies to prevent job losses when the economy weakens.

Monetary policy also has a central role to play, but the Federal Reserve is seldom held accountable for supporting the right to work and to an adequate standard of living. In the United States, the Federal Reserve operates under a dual mandate: it is responsible for maintaining the maximum level of employment possible and managing inflation to ensure price stability. Full employment was codified as a responsibility of the Federal Reserve with the 1978 Full Employment and Balanced Growth Act. The law specifically mandates that the federal government "promote full employment … and reasonable price stability."

Monetary policy has responded to the recent economic crisis both in terms of maintaining low interest rates and pumping liquidity into the commercial banking sector. In some respects, this

[6] See Household Food Security in the United States, 2008, available at http://www.ers.usda.gov/publications/err83/err83.pdf

[7] See Price, Lee (2005). "THE BOOM THAT WASN'T: The economy has little to show for $860 billion in tax cuts", available at http://epi.3cdn.net/767992214da6a41eb9_3um6bn297.pdf

could be seen as an effort to prevent unemployment from rising still further. Nevertheless, the speed with which resources were mobilized to address threats to financial interests was significantly faster than the speed at which the Federal Reserve has reacted to rising unemployment in the past. This raises concerns that, in non-crisis years, the Federal Reserve does not always use the maximum resources at its disposal to support the right to an adequate standard of living.

Moreover, there are few mechanisms to hold the Federal Reserve transparent and accountable in terms of its legal mandate to maintain the maximum level of employment possible. The Federal Reserve System, itself an independent government entity therefore having human rights obligations, has extended its emergency powers in response to the crisis, but has not disclosed the full details of its bailout operations. Indeed, the day-to-day operations of the Federal Reserve are characterized by minimal transparency and accountability. The Government Accountability Office, an independent government watchdog, is restricted in its ability to audit the Federal Reserve; the Federal Reserve enjoys critical exemptions from the Freedom of Information Act, and the Federal Advisory Council, the central bank's industry advisors, is allowed to meet behind closed doors and not report on what they are doing. Without transparency and accountability, the type of public scrutiny necessary for ensuring human rights outcomes is next to impossible.

Furthermore, studies of the impact of interest rate policies suggest that Federal Reserve policy may have a discriminatory impact.[8] Higher real interest rates tend to have a stronger negative impact on African-American employment than on the average rate of employment overall. There has never been a systematic discussion in the U.S. about the discriminatory impacts of monetary policy, although non-discrimination represents a core human rights obligation.

C. *Challenges discharging the duty to fulfill through fiscal policy measures*

During the period under review, the U.S. implemented a fiscal stimulus in an attempt to mitigate the negative effects of the financial crisis which emerged in the second half of 2008, but was ultimately derived from the serious problems in the subprime mortgage market that became evident in 2007. The American Recovery and Reinvestment Act (ARRA), passed in February 2009, represents an unprecedented $787 billion fiscal stimulus. Although the ARRA has been implemented too slowly, the spending which has been mobilized has had positive effects. The ARRA represents a constructive, but inadequate response of the U.S. government to the financial crisis; itself directly linked to human rights outcomes.

It is important to stress that there are good parts and 'less good' parts of the stimulus package from a human rights perspective. A positive aspect is that a significant portion of the stimulus package goes towards aid to states, which in the U.S. context provide much of the social services (supporting Medicaid and education for example). Since individual states are required to run a

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[8] See Heintz, James and Stephanie Seguino (2009). "Federal Reserve Policy and Inflation Dynamics in the U.S.: Race and Gender Inequalities in Unemployment Outcomes". Paper presented at the Eastern Economics Association Annual Meeting, New York, February 2010.

balanced budget, the reductions in revenues coming from the economic downturn spawned by the financial crisis, triggered intense pressure for social spending cuts. In other words, state budgets have been conducted in a overwhelmingly ‘pro-cyclical’ way, that is, U.S. states must cut the social spending so necessary for the realization of human rights or raise taxes during recessions, thereby exacerbating the already poor economic situation, especially for the most vulnerable relying on these services. The ARRA helps, to a limited extent, prevent state budget processes from making the crisis much worse.

Despite these budget gaps, particularly at the state and local level, for delivering on human rights obligations, a sizeable share of the stimulus package is going to tax cuts. This put into question whether the U.S. is using the maximum available resources to protect social and economic rights during the crisis. In the state of Georgia, for example, a recent study showed that if tax reductions had not taken place, annual revenues would be $1.5 billion higher and would have decreased the size of cuts that Georgia has to face by 60 percent.

The ARRA also authorizes a large amount of direct spending aimed at job creation. This is important since it could prevent retrogression in terms of the right to work and the right to an adequate income. Nevertheless, the job creation programs may not be gender equitable, since the types of jobs that will be created have traditionally been filled by men. The issue is complicated by the fact that, at least initially, many more men have lost their jobs relative to women. This may change as the dynamics of the crisis unfold. Nevertheless, there is no provision to monitor the stimulus spending in terms of its actual discriminatory effects, nor to ensure substantive equality in the benefits, such as using these resources to change the gender dynamic in the work force. A serious injection of resources to the provision of affordable child care for instance would not only employ a large percentage of women who work in that industry, but would also allow women who have children to participate in the workforce more fully.

In addition to the ARRA, the government also implemented bailouts for the financial sector (the Troubled Asset Relief Program, or TARP) which also has implications for fiscal policy at the current time and in the future. TARP provides money to the financial institutions. From a human rights perspective, it is essential to analyze who has benefited from the transfer of these resources and what justifications exist in the use of such a large quantity of public funds. That is, has the TARP prevented non-retrogression in rights by preventing a collapse, or has the money simply protected a narrow set of powerful interests? So far, the U.S. has failed to take steps to ensure transparency as to what happened to the resources that have been allocated to the financial sector, making it exceedingly difficult to analyze the State party’s measures from a human rights perspective.

Furthermore, the resources devoted to rescuing the financial sector far exceed the resources used for direct stimulus of the real economy. The U.S. government authorized $700 billion to be used to save the financial sector through the TARP,[9] and although it has devoted approximately $787 billion dollars to fiscal stimulus through the American Recovery and Reinvestment Act, as much

[9] See Congressional Budget Office *The Troubled Asset Relief Program: Report on Transactions Through December 21, 2008* (Jan. 2009), available at http://www.cbo.gov/ftpdocs/99xx/doc9961/01-16-TARP.pdf.

as $288 billion of that package is comprised of tax cuts.[10] Given the immediacy and magnitude of the crisis, this may not have been the most effective or efficient way of creating jobs of dignity and building a just and resilient economic base.[11]

From a related perspective, while the U.S. has committed resources to housing, addressing mortgage modification programmes, neighborhood enhancement and emergency recovery initiatives through the ARRA, the amount of relief granted to the financial sector supersedes by a large margin the amount provided to households facing foreclosure.

All of this raises important questions concerning the State party's priorities in responding to the crisis with the maximum available resources available to meet human rights obligations. A large sum of resources were made readily available to the financial sector without accountability and participation, but many state, local and federal programs that impact directly on the lives of working people will be cut, increasing the unpaid work done mostly by women, and likely to lead to a backwards slide in the enjoyment of economic and social rights.

IV. Recommendations for a human rights-centered macroeconomic and financial policy in the U.S.

Channel resources towards protecting rights, not shielding wealth. Revisit tax cuts and the money being used to bail out financial institutions. Increase transparency and accountability to ensure that the funds are being used to prevent the retrogression of rights, not simply the realization of profits. Fiscal policy should play a direct role in terms of investing in education, health care and other social spending and infrastructure to support sustainable employment gains in the long-run and, in the short-run, running counter cyclical policies to prevent job losses when the economy weakens. Expand macroeconomic initiatives to address the ongoing crisis of unemployment. Monitor the job creation associated with the recovery to ensure that jobs are of decent quality and employment opportunities are equitably distributed. Shift priorities and create new programs to include women and people of color. Provide more federal funds to state and local government to prevent cuts to education, health, and core social services. Revisit the need for greater stimulus as the impact on state and local budgets becomes clear.

Balanced regulation not biased regulation. Introduce a comprehensive set of regulations for the financial sector as a whole. Make sure that prudential safeguards are introduced to prevent future crises. Regulations must be transparent and increase the accountability of financial and regulatory institutions. They must be comprehensive and include all financial actors, markets and products. The legislation which Congress adopts must reduce conflicts of interest and eliminate perverse incentives by strengthening oversight and imposing sanctions on risky behavior. Capital requirements on high-risk assets must be strengthened. Individual institutions must be prevented from becoming too big to fail and thereby holding the government hostage. We need consumer

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[10] See Recovery.gov Website *Overview of Funding*, available at http://www.recovery.gov/Pages/home.aspx?q=content/investments

[11] See for example United Nations, *World Economic Situation and Prospects* (2010), available at http://www.un.org/esa/policy/wess/wesp2010files/wesp2010.pdf

protections which reduce the complexity of financial products and impose safety standards. Perhaps most importantly, financial institutions responsible for the crisis must be held accountable for their reckless behavior which has adversely impacted so many people's lives and well-being.

Monitor the job creation associated with the recovery to ensure that jobs are of decent quality and employment opportunities are provided in a non-discriminatory and gender-sensitive way. Given persistently high rates of unemployment, additional policy responses will likely be required to address the right to work and an adequate standard of living. Current and future budget allocations, including fiscal stimulus funds, should go towards the creation of new employment that specifically includes women, people of color, and other economically marginalized groups. For example, a serious injection of resources to the provision of affordable child care will not only employ a large percentage of women who work in that industry, but also allow women who have children to participate in the workforce more fully.

Improve the transparency, public participation, independent oversight and accountability of the U.S. central bank – the Federal Reserve System, especially with regard to its measures to bailout financial institutions, hold public and private actors accountable for their policy decisions, which endanger the enjoyment of economic and social rights.

Conduct a national audit of fiscal policy practices of state and local governments to determine which policy decisions (e.g., tax cuts) have reduced available resources and therefore made spending so sensitive to economic cycles. Where necessary, reform tax systems to minimize similar cuts during future downturns.

Extend unemployment insurance, disability benefits, and support to low-income households to help maintain a minimal standard of living.

Stop foreclosures and implement a real rescue package for residential housing.