



End Austerity: There are financing alternatives for people

Isabel Ortiz

Director Global Social Justice

High Level Political Forum HFPF Side Event

New York, 7 July 2026





Austerity affecting 6.7 billion people today

Countries that contracted total government expenditure in GDP terms in 2022-24



Source: Ortiz and Cummins, 2022: [End Austerity: A Global Report on Budget Cuts and Harmful Social Reforms in 2022-25](#), based on IMF's World Economic Outlook (April 2022)

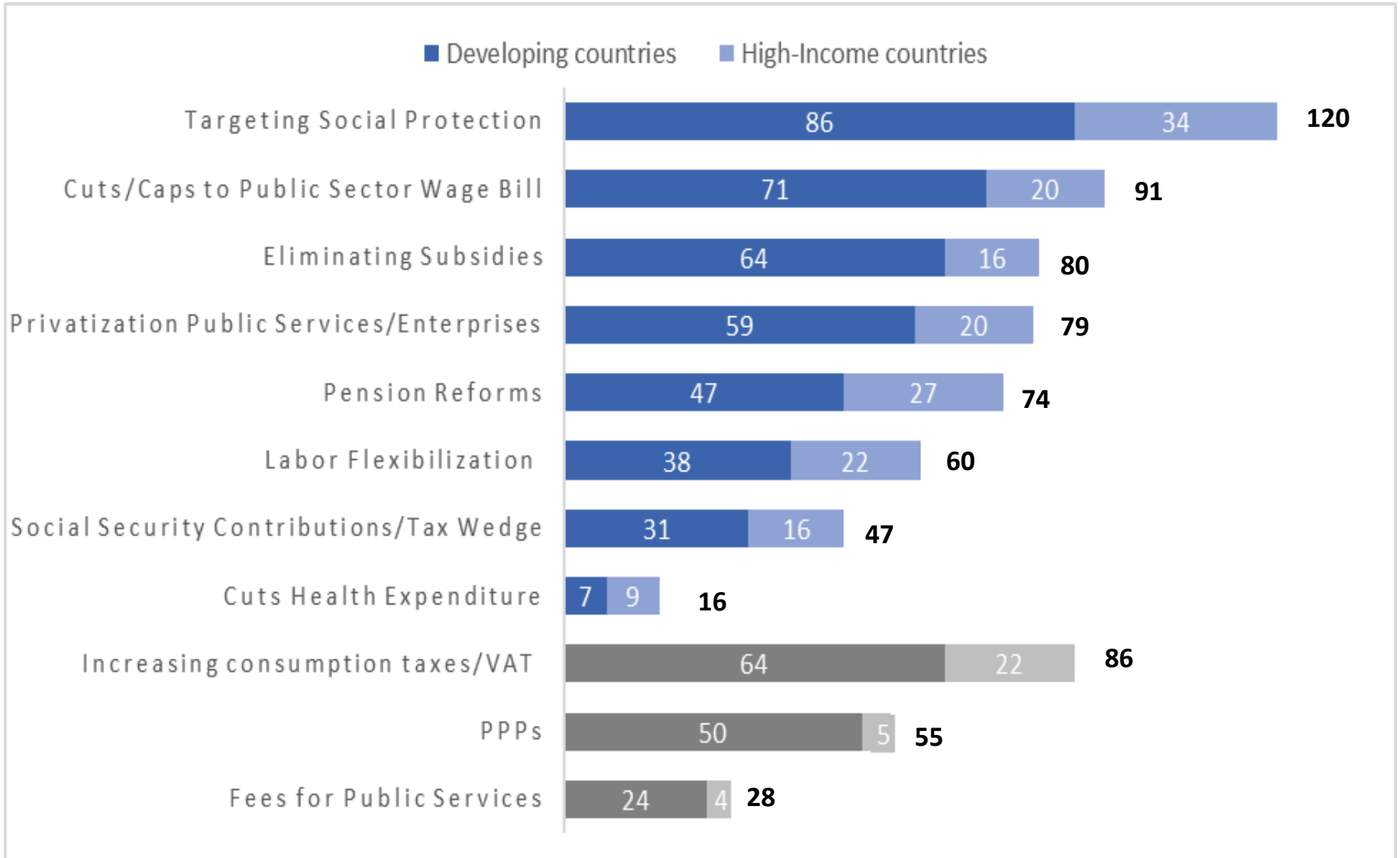
Note: Data unavailable for Afghanistan, Ecuador, Lebanon, Syria, Tunisia, Ukraine and Venezuela



Austerity measures in 185 countries

Negative Social Impacts, particularly on Women

(in number of countries)



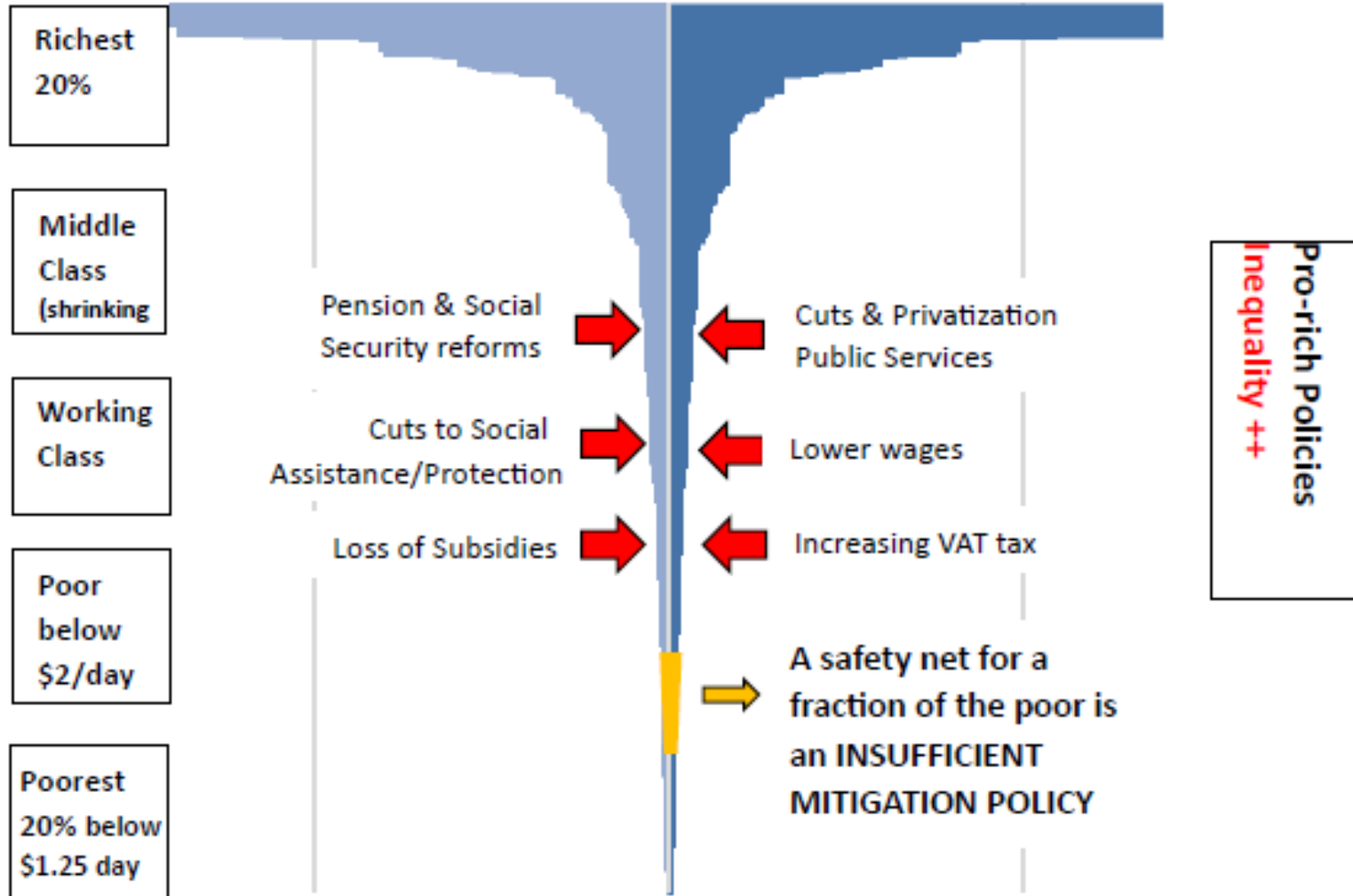
Source: Ortiz and Cummins, 2022: [End Austerity: A Global Report on Budget Cuts and Harmful Social Reforms in 2022-25](#), based on review of 267 IMF country reports 2020-22.

Huge Transfer to the Rich

Targeted Social Protection/SNs is Not the Solution

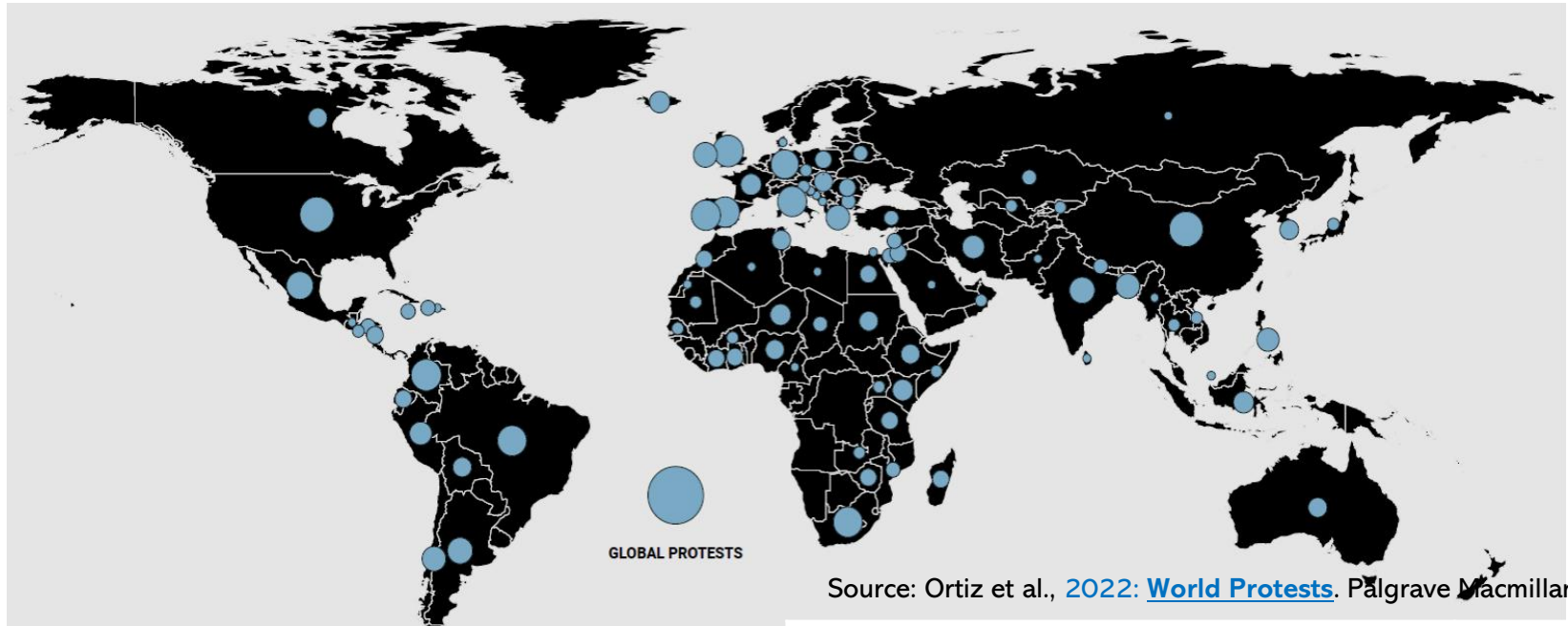
Squeezing the middle and working classes

Distribution of world GDP, women and men, by quintiles



Increasing Social Conflict: Austerity Protests

Austerity policies have increased poverty and inequality undermined progress on human rights, and sparked social conflict.



Source: Ortiz et al., 2022: [World Protests](#). Palgrave Macmillan.

- | | | | |
|--|-----|--------------------------|-----|
| • Better Jobs/Wages/Labor Conditions | 517 | • Low Living Standards | 283 |
| • Against Reform of Public Services | 478 | • Agrarian/Land Reform | 181 |
| • Against Corporate Influence/
• Deregulation/Privatization | 418 | • Fuel and Energy Prices | 136 |
| • Inequality | 347 | • Against Pension Reform | 97 |
| • Tax/Fiscal Justice | 339 | • Housing | 85 |
| | | • Food Prices | 73 |

=> Expenditure and financing decisions that affect the lives of millions of people cannot be taken behind closed doors at the Ministry of Finance, but in national social dialogue

This Human Suffering is Unnecessary: There are Alternatives

Financing/fiscal space options exist even in the poorest countries

There are at least 9 options, known to governments and fully supported by policy statements of the UN and the IFIs:

- 1. Increasing progressive tax revenues** (avoiding regressive taxes like VAT) for example, taxes on corporate profits, financial activities, wealth, property, imports/exports, natural resources, digital services or ending 'special economic zones' and other tax exemptions/breaks to big corporations. For example:
 - **Wealth taxes:** Iceland and Spain
 - **Taxing windfall profits in the energy sector** Algeria, Angola, Australia, Canada, Kazakhstan, Italy, Mauritania, Mozambique, Norway, Papua New Guinea, Russia, Saudi Arabia, the UK
 - **Taxing Digital services:** Belgium, Canada, France, India, Indonesia, Kenya, New Zealand, Tunisia, Türkiye
 - **Financial transactions tax** in Argentina, Brazil; and **new taxes to banks' windfall profits** Hungary and Spain
 - **Mining and gas taxes:** Bolivia, Mongolia and Zambia financing universal social protection schemes such as pensions and child benefits
- 2. Fighting illicit financial flows:** These are large, such as money laundering, bribery, tax evasion, trade mispricing, and other financial crimes

There are Alternatives to Austerity

Financing/fiscal space options exist even in the poorest countries

3. **Restructuring/eliminating debt** – concept of illegitimate debt. Five main options: (i) debt relief/cancellation (eg HIPC); (ii) re-negotiating debt (more than 60 countries in recent years); (iii) debt swaps/conversions (over 50 countries); (iv) repudiating debt; and (v) defaulting (more than 20 have defaulted or repudiated public debt, such as Ecuador, Iceland and Iraq, investing savings in social programs). A UN international debt resolution mechanism and more debt cancellation needed.
4. **Increasing social security contributions by adequate employers' contributions and formalizing workers** in the informal economy with decent contracts (eg Argentina, Brazil, Tunisia, Uruguay).
5. **Re-allocating public expenditures** focus on replacing high-cost and low-social-impact expenditures (eg. defense - Costa Rica, Thailand)
6. Tapping into **fiscal and foreign exchange reserves** (eg Chile, Norway).
7. **Adopting a more accommodative macroeconomic framework** (tolerance to some inflation, fiscal deficit).
8. **Lobbying for more aid and transfers** (e.g. Global Social Protection Fund).
9. **New SDR allocations**, but with a better mechanism that does not increase debt and conditionalities, a fairer and periodic distribution of SDRs

No more decisions behind closed doors: Agree policies in national social dialogue

- **BAD GOVERNANCE:** Decisions affecting the life and welfare of millions of people are often taken behind closed doors at the Ministry of Finance, with the advise of international technocrats (e.g. IMF), without adequate consideration of their distributional impacts.
- As part of **GOOD GOVERNANCE**, national social dialogue with government and representative unions, federated employers and CSOs, is best to identify optimal policies
- Ministers of Finance/Planning should have all possible fiscal scenarios/options and social impacts fully explored.
- A set of alternative policy options for inclusive development must be agreed in national social dialogue.





THANK YOU

REFERENCES:

Ortiz and Cummins (2022): [End Austerity: A Global Report on Budget Cuts and Harmful Social Reforms in 2022-25.](#)

Ortiz, Chowdhury, Duran, Muzaffar and Urban (2019) [Handbook on Fiscal Space for Social Protection: Assessing Financing Options](#)
Geneva and New York: ILO and UNWOMEN



CAMPAIGN
FOR PEOPLE
AND PLANET

Join the global campaign to
#EndAusterity

<https://www.endausterity.org/>