The papers in this special issue are part of a larger project based at the University of Utah which aims at exploring theoretically and empirically new ways of engendering macroeconomic and international trade models, and analyzing the implications for specific macroeconomic policy questions. The project brings together an international group of economists with diverse expertise in the economics of gender, macroeconomics, development and international economics who are engaged in research on gender, macroeconomics, trade, and finance. Participants met several times over the past three years to discuss and refine their research projects. We are grateful to the Ford Foundation, John D. and Catherine T. MacArthur Foundation, the University of Utah, and the United Nations Development Programme for their generous financial and in-kind support.

The guest editors particularly want to acknowledge the contributions of the following individuals to the project: Ginger Alewine, Carmencita Arsiwals, Radhika Balakrishnan, Kassey Garba, Abdul Garba, Quinn Hanzel, Hande Keklik, James Lang, Mariama Williams, and Yumiko Yamamoto. Special thanks go to Mumtaz Keklik for his hard work and good humor over the past few years.

This special issue continues a dialog that began in 1994 between feminist economists and macroeconomists in academic and policy circles about the relationship between gender inequality, macroeconomics, and trade. The first stage of our work resulted in a special issue of this journal titled “Gender, Adjustment, and Macroeconomics” published in November 1995. Beyond showing that a variety of macroeconomic policies have different effects on men and women, that issue demonstrated that gender inequality also shapes macroeconomic performance. The papers in this special issue begin where the 1995 papers left off. They explore further the relationship between gender inequality and macroeconomic outcomes and extend the analysis to incorporate international investment, and financial and trade liberalization.

In the last five years, three developments have led national and international institutions to pay greater attention to gender in economic policy-making processes. First, the Beijing Platform of Action, which was ratified by 189
governments at the Fourth World Conference on Women in 1995, mandated governments to “review and modify, with the full participation of women, macroeconomic objectives and social policies with a view to achieving the objectives of the Platform of Action.” Some national governments have initiated such efforts. Bilateral and multilateral agencies, such as the United Nations and the World Bank, are also reexamining their policies and programs to make them more gender sensitive.

Second, events and trends in the world economy have brought “social policy” issues to the forefront of macroeconomic policy debates. Most notable among these events is the Asian economic crisis which increased poverty and rolled back economic and social gains that had been made over the previous three decades (see World Bank, 1998; Stiglitz, 1998). Even mainstream economists began to question the neoclassical belief in capital account liberalization and convertibility to produce efficiency and productivity gains (Sachs, 1998; Stiglitz, 1999). Analyses of longer-term trends associated with processes of liberalization show increasing inequality in income and assets, both across and within countries (UNCTAD, 1998). As a result, the Washington Consensus is being replaced by new approaches which emphasize the need to integrate the macroeconomic with the social, human and structural aspects of development. The Comprehensive Development Framework introduced by the World Bank is a case in point.

Finally, civil society organizations (CSOs), including women’s organizations, are continuing to challenge more forcefully than ever the neoliberal approach to economic policy-making and economic development. The demonstrations and public education by CSOs at the Third Ministerial meeting of the World Trade Organization in Seattle in 1999 brought globalization issues to the forefront of public debate. CSOs helped defeat the proposal for a Multilateral Agreement on Investment which was being considered by the Organization for Economic Cooperation and Development in 1998. Moreover, for the first time, CSOs critical of globalization addressed the World Economic Forum meeting in Davos, Switzerland in January 2000 (see Khor, 2000). By claiming a seat at the table on behalf of those usually excluded from policy-making, CSOs are trying to reshape globalization processes and macro-economic outcomes toward the provisioning of human needs.

These developments make it both timely and necessary to push forward the investigation of the relationship between gender inequalities, macroeconomics, and global trade and finance. In spite of recent efforts by civil society groups to democratize macroeconomic policy-making and global governance structures, and in spite of recent progress in gender mainstreaming, it is still far from clear what exactly constitutes gender-equitable macroeconomic, trade, investment and finance policies. This is a difficult task that requires multifaceted research and actions coordinated at many levels. The purpose of this special issue is to contribute to a longer-term process to develop gender-sensitive policy options.

3. THE WORLD ECONOMY

The world economy at the beginning of the 21st century is commonly described as a global, integrated and liberalized economy. International trade and investment have, of course, shaped growth and development for several centuries. But a combination of new communications technologies and new forms of economic governance has made national borders more porous and transactions across time and space more rapid. The repercussions of many crossborder transactions are felt broadly. People everywhere are becoming more connected economically, culturally, socially and politically. Yet, increased integration is accompanied by trends toward social fragmentation, disintegration and localization. Academic and policy research shows that the liberalization and integration processes have been asymmetric and uneven—across countries, classes, and genders.

The Human Development Report, 1999 on globalization, for instance, addresses the instability of the world economy (UNDP, 1999). The report highlights the repercussions of the financial turmoil in Indonesia, the Republic of Korea, Malaysia, the Philippines and Thailand in 1997–99. More broadly the report identifies six types of insecurity which permeate the world economy: job and income insecurity; health insecurity; cultural insecurity; personal insecurity; environmental insecurity; and political and community insecurity. The report also charts the growing inequality of the world economy, both between and within countries.

Gender inequality is addressed in the report in two ways: via a discussion of how trade
liberalization affects women's share of paid employment, and via a discussion of how intensified international competition affects caring work, for which women are largely responsible. A variety of country and plant-level evidence suggests that, on average, greater trade openness is associated with increases in women's share of paid employment—but this does not necessarily mean any reduction in discrimination against women in employment, nor does it necessarily reduce women's share of the unpaid work of caring for families.

The Report also argues that intensified competition has tended to squeeze the resources available for the provision of care, including not only unpaid care, but also care services provided through the public and private sectors. This squeeze happened through several channels: a squeeze on unpaid time available for care as men and women allocated more of their time to paid work; a squeeze on public provision of care, as public expenditure was cut back in response to international economic pressures; and a squeeze on quality of care services provided by the private sector as a result of competitive pressure to cut costs. In the short run the squeeze on care might appear to increase competitiveness in the world economy by cutting business costs but in the long run it would impose costs: "The erosion of family and community solidarity imposes enormous costs reflected in inefficient and unsuccessful education efforts, high crime rates and a social atmosphere of anxiety and resentment" (UNDP, 1999, p. 83).

Gender inequality is central to the report prepared by the UN Division for the Advancement of Women's Survey on the Role of Women in Development (United Nations, 1999). The report brings together a great deal of empirical evidence about the feminization of the labor force. Feminization is understood as a dual process, first as a rapid and substantial increase in the share of women in paid employment; and second as a transformation of the conditions of paid work, such that more jobs are casual, irregular, flexible and precarious, characteristics that hitherto were more typical of "women's work" than of "men's work." The report points out that while in the aggregate, increases in women's share of paid employment and trade liberalization have gone hand in hand, in some instances women have been displaced from employment by trade liberalization. In agriculture in developing countries, women have been ill-equipped, as compared to men, to shield themselves from negative effects and take advantage of positive effects of trade liberalization. This is because women have control over fewer assets than men.

According to the UN Survey, the evidence for the impact of liberalization on the gender wage gap is sparse, but what is available shows no general tendency for the gap to diminish. Indeed in some countries it appears to have widened. "Vertical" occupational segregation has also persisted, in the sense that women remained concentrated at the bottom of the job hierarchy, even though "horizontal" segregation (the distribution of men and women across occupations) has fallen considerably around the world. The report finds that labor market deregulation has become a general trend and that in most countries standard labor legislation had come to cover fewer workers.

The most distinctive part of the report is a discussion of the way in which international trends have transformed the public policy environment at the national level so as to diminish the capacity of the state to address social ills, including gender inequality. The report sketches the way in which financial liberalization has imparted a deflationary bias to macroeconomic policy, which has been associated with higher unemployment rates for women than for men in many countries, and a tendency for women's employment in the formal sector to diminish in relation to men's from early in the 1990s. It discusses increased volatility of the macro economy and the gender effects of the financial crisis in East Asia. It considers the ways in which globalization has limited the ability of the state to finance social protection and social services, increasing the demands made upon women to provide care for their families.

The overall conclusion of the report is that "Globalization has given rise to ambiguous and at times contradictory effects on gender equality" (UNDP, 1999, p. 100). The report has two important recommendations: make macroeconomic policies gender sensitive and improve the regulation and coordination of the international economy. These themes are taken up in the papers that follow here.

4. UNDERSTANDING GENDER AT THE MACRO LEVEL

Although many readers are familiar with the concept of gender, and it is used widely in the
literature, a few comments about its relevance to macroeconomics bear repetition. First, gender relations permeate all levels of economic, political, social and cultural life. When the papers in this special issue use the phrase, “engendering” macroeconomics or trade or finance, they mean making visible the way the structure of gender relations permeates these arenas. For instance, although social institutions may appear to be gender neutral, they bear and transmit gender biases. They embody social norms which shape the behavior of individuals about what is appropriate to want and to do. Thus, although women may be able formally to participate in markets, they tend to find themselves excluded from the traditional business–social networks where vital exchanges of information occur and “goodwill” is built up. Similarly, although women participate as workers in the private sector, they tend to find themselves excluded from the teams of skilled and professional workers who obtain the higher incomes (see Elson, 1994).

Second, a gender perspective argues that it is important to conceptualize the system of reproducing and maintaining the labor force in a given society and to treat labor as a produced input. There is a fundamental interdependence between the economy of monetized production and the nonmonetized economy of reproductive work. Yet, macroeconomic policy fundamentally takes the reproductive economy for granted, assuming it can function adequately no matter how its relation to the market economy is articulated. The papers in the November 1995 issue of *World Development*, and especially Walters (1995), Darity (1995), and Elson (1995), show the negative consequences of this assumption.

Third, gender is a category of social and economic differentiation that influences the division of labor, and the distribution of work, income, wealth, productivity of inputs, and economic behavior of agents. Gender relations are subject to change; there may be internal ambiguities and contradictions; and men and women continually negotiate access to and control over income, assets, labor use, and other productive resources.

Gender relations in all their richness are difficult to capture in most formal modeling, but readers should interpret modeling efforts as capturing a moment in a process, whether it is through a system of equations or diagrams. The November 1995 introduction of *World Development* discussed four different ways to operationalize gender relations in macroeconomic modeling (see Cagatay, Elson & Grown, 1995). The first is the gender-disaggregation method, which involves disaggregating existing macroeconomic variables by gender. The second approach, the gendered macroeconomic variable method introduces economic variables which capture the structure of gender relations, such as the degree of gender inequality in labor and credit markets, or decision-making in households and in the public and private sectors. The third approach, the two sector/system method, conceptualizes the world in terms of two sectors or systems, one of which comprises the traditional macroeconomic variables and one which comprises the unpaid reproductive economy. The fourth approach corresponds to combining two or more of the previous methods.

The papers in this issue that engender macroeconomic models follow one or more of these four approaches. In addition to introducing gendered sectors and variables, these papers also deploy a wider range of economic models than have been used previously. Channing Arndt and Finn Tarp, for instance, use a gender disaggregation approach to develop a multisector computable general equilibrium (CGE) model. Their model divides agricultural labor into male and female categories and addresses asymmetric risk preferences between men and women. Adrian Wood and Marzia Fontana also construct a CGE model, following the combination approach which incorporates two new “gendered” sectors—social reproduction and leisure—along with gendered variables in the market sectors.

Korkut Erturk and William Darity follow a gendered macroeconomic variable approach. They use differential equations and phase diagrams to explore the interaction between economic growth and changes in the gender composition of the workforce. The differential equation, phase diagram technique permits the authors to analyze how cumulative processes unfold over time and to characterize ultimate rather than immediate policy impacts.

James Warner and Al Campbell combine the gender disaggregated variable and two-sector method. Their Stackleberg leader model incorporates male cash and female food crop sectors, and variables reflecting power differentials between men and women. Their Stackleberg approach posits the husband as “leader” and the wife as “follower,” assigning the husband first mover rights and the power to choose
strategy in anticipation of his wife’s reactions. Finally, Elissa Braunstein combines the first and third approaches in her structuralist macroeconomic model, which is based on a female labor-intensive export sector and a male labor-intensive domestic goods sector. She also shows how the allocation of reproductive labor costs influences the monetized part of the economy.

5. ORGANIZATION OF SPECIAL ISSUE

As noted earlier, the aim of the issue is to disentangle how gender inequality and macroeconomic performance interact in the context of trade and financial liberalization. The issue is organized into four sections.

(a) Gender inequality, growth and trade liberalization

The first section explores the interrelationship between gender inequality and growth, examining both the impact of growth on gender inequality and the influence of gender inequality on growth. Several papers in *World Development* (1995) found that both types of effects are possible and are likely to depend on the structure of the economy and the nature of gender relations. While some of the papers pointed to how gender inequality can constrain or reduce growth (e.g., Walters, 1995), others showed more complicated results with gender dimensions of the economy sometimes constraining and sometimes stimulating growth depending on the structure of the economy (e.g., Erturk & Cagatay, 1995).

Since 1995, the relationship between growth and gender inequality has received increasing attention in policy and academic discussions in the context of the larger literature exploring the relationship between inequality and growth. Klasen (1999), for instance, finds that gender bias in education and employment seems to have a significant negative impact on economic growth. In particular, South Asia and sub-Saharan Africa are held back by high gender inequality. Similarly, Dollar and Gatti (1999) present evidence suggesting that gender differentials in education and health lead to lower growth.

Some papers in this special issue find that when other dimensions of gender inequality are considered, different results emerge. Seguino, for instance, takes as her measure of gender inequality the ratio of female to male wages in manufacturing. She reports that in semi-industrialized countries which adopted export orientation, with exports produced in female-dominated manufacturing industries over 1975–95, gender gaps in wages led to higher rates of growth, both by stimulating investment, and by increasing the productivity of investment. Among other things, gender wage differentials may signal higher profitability because of weaker bargaining power of women relative to men and low unit labor costs.

The linkages among gender inequality, profitability, and investment, specifically, foreign direct investment, are also central to Braunstein’s paper, but the mechanisms work differently. Braunstein develops a structuralist model to explore how different “gender regimes,” defined relative to family structure and reservation wages, operate as a determinant of foreign direct investment and various macroeconomic outcomes in semi-industrialized economies. She identifies two gender regimes in her analysis: the patriarchal, which prescribes to men authority and responsibility for the protection and provisioning of women and children; and the autonomous, where women bear a substantial share of the time and money costs of raising families on their own. She also identifies two types of economies, one characterized by high capital mobility and the other by low capital mobility with an export (feminized) and domestic (masculinized) sector.

She uses the model to analyze the effects of various public policies, such as an increase in aggregate demand, a reduction in gender wage discrimination, and an increase in the productivity of women’s market work on economic output and on women’s wages and employment. A number of outcomes can result from her theoretical model, including a case of output loss and greater gender inequality, depending on which combination of gender regime and type of economy is chosen.

From this brief discussion, we can identify four scenarios describing the relationship between gender inequality and growth: a win–win (high growth–low inequality) scenario; a lose–lose (low growth–high inequality) scenario; a win–lose (high growth–high inequality) scenario; and a lose–win (low growth–low inequality) scenario. The variety of results underpinning these scenarios can be attributed to three factors: the dimension of gender inequality that has been selected for analysis, the structure of the economy under
consideration, and how the interactions between them are modeled. On the dimension of gender inequality, if the focus is mainly on gender education or health differentials, then win–win scenarios are likely; these are the scenarios described by Klasen (1999), and Dollar and Gatti (1999). If the focus, however, is on inequality in the labor market, then win–lose or lose–win scenarios may result. Seguino’s analysis using gender wage differentials points to the win–lose scenario. Second, the structure of the economy and type of growth trajectory also matter. When economies are more open, and capital is footloose, win–lose scenarios may be more likely. Third, the results depend on the way the interaction between gender inequality and other determinants of growth are conceptualized and modeled.

A starting point of the Braunstein and Seguino analyses is the fact that export-oriented industries tend to be feminized. In a variety of economies, regardless of the degree of industrialization, women tend to be concentrated into a narrow range of manufacturing sectors such as textiles, apparel, and electronics (see Anker, 1998; Standing, 1999; Cagatay & Berik, 1991). Ozler further investigates the question of female intensity of exports. Using a sample of manufacturing plants in Istanbul in 1983–85, a period which follows an era of export-led industrialization policies in Turkey, she examines the impact of export share of output on female share of employment. Controlling for potential plant level determinants of female share of employment, Ozler finds that female share of employment in a plant increases with the export to total output ratio of its sector. Her results are consistent with industry- and country-level studies.

One implication of the literature on gender inequality and trade liberalization is that increased integration of Southern economies into the world economy would bring about a feminization of the manufacturing labor force at the expense of Northern women in the manufacturing industry. Wood (1991), however, found no noticeable disproportionately negative effect. David Kucera and Will Milberg revisit this finding in their paper in this issue. They show that in several industrialized countries (Australia, Canada, Japan, the Netherlands, the United States) which traded with non-OECD countries between 1987–95, expansion of manufacturing trade reduced female manufacturing employment relatively more than male employment. The authors attribute the gender bias of non-OECD trade result to the performance of the textiles, apparel, leather and leather goods industry in the face of foreign competition. Those with a disproportionately large drop in female manufacturing employment as a whole are those countries that experience the worst trade performance in these industries.

The paper by Erturk and Darity explores the implications of the Kucera/Milberg finding and of feminization of employment in the South in the context of trade liberalization. Using a simple dynamic model, they demonstrate that the benefits of trade liberalization may be offset by changing patterns of gender composition of employment accompanying changing trade relations between the South, which is mainly agricultural, and the North, which is non-agricultural. Their conclusions are even more sobering because their model makes the usual orthodox assumptions most favorable to the policy stance in support of trade liberalization.

Fontana and Wood construct a CGE model to simulate the effects of changes in trade policies, foreign capital flows, and trade-related shocks on female and male employment and wages in Bangladesh. They treat men and women as different types of workers, and domestic work and leisure activities as sectors which behave qualitatively like market sectors. The results of their modeling exercise add further insight not only into the direction but also the magnitudes of changes that result from specific trade-related shocks and policy changes.

(b) Gender inequality and financial liberalization

The second section examines gender inequality and financial liberalization and economic crises. Even though gender-differentiated impacts of economic crises have been discussed since the 1980s, the gender impact of international capital flows to developing countries has received relatively little attention.

Three papers in this issue are motivated by the East Asian financial crisis (Singh and Zammit, Dymski and Floro, and Lim). They extend discussions of the gender impacts of economic crises to those cases which result from financial liberalization and increased volatility of short-term capital flows. All note that the economic and social impacts of such crises fall more forcefully on women than on men, reinforcing earlier findings. Apart from
the direct effects of crisis on women in their capacity as wage earners, women also bear additional burdens—such as lengthened work hours—in times of crisis. Deep fluctuations have high costs and long-term negative health and education effects, some of which may be gender-biased, that may be hard to reverse, although the effects may not be uniform across countries.

Singh and Zammit analyze in some detail the impact of external capital flows on long-term economic growth, the stability of the growth path, and the relationship between gender inequality and financial crisis in developing countries. They argue that fluctuations in capital flows and cyclical instability disadvantage women more than men. They marshal evidence showing that liberalization of capital markets has made the global economy more unstable. Singh and Zammit make a strong case for re-regulation of international capital flows, especially portfolio flows. For middle-income and industrialized economies, capital controls and social safety nets ought to be key components of macroeconomic policy. Such controls would be in women's interest. For the poorest countries, which receive little external capital, debt cancellation and an increase in official aid and lending are proposed. They call for women to develop an agenda for gender-equitable reform of the international financial system.

Lim offers empirical support for the proposition that women bear a disproportionate burden of economic crisis. He provides a detailed accounting of the patterns of male and female employment in the Philippines before and during the Asian financial crisis. His data show that women's labor market participation and work hours increased during the financial crisis, while men experienced greater "idleness" due to unemployment and shorter work hours. These results are consistent with the idea that during crisis, women are the provisioners of last resort or the de facto safety net in societies which do not have social safety nets in place.

Floro and Dymski explore a new conceptual framework aimed at answering the question: what happens to gender relations within the household as an economy goes through financial liberalization and crisis? They identify previously invisible gender aspects of financial liberalization and crisis by analyzing household borrowing, asset acquisition and liquidation, and financial fragility at different stages of a country's financial cycle—from financial repression to liberalization to crisis. Financial liberalization can lead to increased employment for women and increased lending to households for production activity and to purchase assets which reduce women's time in reproductive work. Women's power in the household may increase. At the same time, credit-financed expenditures make households financially fragile and women become more vulnerable as their cash-flow dependence increases. Financial crisis can expose women's economic vulnerability by reducing their earned income, the assets they control, and their voice in household decisions, with the end result that women bear a disproportionate share of adjustment costs.

These three papers raise broader questions about who shoulders the burden of insecurity and risk arising from financial crisis. The continuing volatility of financial markets makes it more necessary than ever to develop policies to spread the risks and costs more equitably not only among rich and poor, but also among men and women. This in turn requires a financial architecture which serves social goals. One step in that direction is to include the reproductive economy in assessments of the social costs of crisis.

(c) Gender relations and production in agricultural economies

In contrast to the previous two sections, which look at industrialized and semi-industrialized economies, the third section explores gender and production in agricultural economies which are integrated into the world economy through the export of agricultural crops. Three papers (Evers & Walters, Warner & Campbell, and Tarp & Arndt) extend earlier work on supply response and household well-being (see Darity, 1995). They show that women's rights to land and income, moderated by social, institutional, and infrastructural constraints, affect women's bargaining power, which in turn determines their access to the market and responses to devaluation and trade liberalization.

As noted earlier, Arndt and Tarp incorporate several characteristics of gender inequality into a CGE model, including gendered preferences for risk-taking, and gendered labor and product markets. They show how gender inequality may make women in rural households more risk averse than men. They raise several challenges for future modeling efforts, including
incorporating intrahousehold production activities and resource allocation within a CGE framework.

Warner and Campbell adapt a Stackleberg leader–follower approach to explaining women's supply response in Tanzania. To our knowledge, this is one of the first attempts to apply this model to gender relations. Warner and Campbell adapt the idea of first-mover advantage and inherently unequal power among firms to the household, where men have the ability to set parameters which shape women's production and allocation decisions. Women are not passive respondents, but act strategically to offset their lack of control over economic resources. The paper shows analytically why women become worse off in response to increases in the price of cash crops. In addition, it suggests why cash crop output elasticities have generally been lower than expected and why intrahousehold relationships may become conflictual. If for any reason women consider the loss in utility from being in a worse position relative to men to outweigh the absolute gain in utility from increased cash crop revenues, they will not reallocate their labor to cash crop production. The result is a smaller response of cash crop output to increased prices.

The note by Evers and Walters raises policy issues to consider in future analytic and empirical work. They argue that gendered rights in property are important determinants of labor supply allocation decisions. Second, while the growth of a nontraditional agricultural export sector brings greater benefits to women if they control production and have access to markets, this may be offset by inadequate transportation, marketing structures, and other physical and social infrastructure.

(d) Gender relations and macroeconomic policy

The issue concludes with a special section analyzing strategies for bringing gender into macroeconomic policy institutions and processes. Articles by Budlender, Sen, and Elson and Cagatay address how to open up policy processes to constituencies whose interests have not been represented. The papers offer several examples of current efforts to bring about change in national and global institutions and the “rules of the game.”

Elson and Cagatay consider the relationship between macroeconomic policies and social policy. They argue that prevailing approaches which focus on market-based criteria, emphasize stabilization of the price level, and then add social policies are misguided. Rather, they argue for making social goals—such as freedom from poverty and discrimination and the development of human capabilities—the ultimate ends to which macroeconomic policy should aspire. They identify three biases, however, which may prevent this from happening: deflationary bias, commodification bias, and male-breadwinner bias. They discuss the Canadian alternative federal budget exercise as an example of an approach that attempts to overcome these biases.

At the national level, gender-sensitive budget initiatives are promising vehicles for examining government revenue and expenditure policies in a more integrated fashion. South Africa is a particularly interesting example, where there are initiatives both within and outside government. The combination of these seems to have produced some shift in the thinking in the Ministry of Finance and other ministries which are now considering more explicitly the gender distributional outcomes of government allocations.

Women’s budget initiatives do not propose separate budgets for women. Rather, in the words of Budlender, the exercises involve a gender-sensitive analysis of government budgets. These exercises analyze budgets rather than formulate them; they do not focus only on that portion of the budget seen as pertaining to women, but they examine all sectoral allocations of the budget for their differential impact on women and men, girls and boys. Ideally, they could be further disaggregated—by race and ethnicity, by age, or by geography, among other categories.

Sen points out three entry points to engendering the work of finance ministries: at the level of ongoing macroeconomic management which includes responsibility for the annual budget of the government and the fiscal deficit, external and internal debt, and the balance of payments; at the level of structural reforms intended to improve the efficiency of resource use; and in the context of credit liberalization. Sen’s analysis lists a series of steps that can be taken by Ministries to engender their work in these domains.

While initiatives to analyze budgets from a gender perspective and engender the work of finance ministries have made great progress, a number of challenges remain. An important area of future work is to analyze revenues, alongside expenditures, through a gender lens.
The Canadian budget initiative produces a proposal for a complete alternative budget, including alternative taxation and monetary policy. With this notable exception, the area of monetary policy has received far less attention, but is as important to gender concerns as is fiscal policy. Moreover, these budget exercises must be developed with an awareness of the opportunities and constraints of various globalization processes.

The three papers in this section argue for the importance of transparency and accountability in institutions at all levels, whether it is multilateral institutions, finance ministries or others. Participatory approaches provide room for dialogue among different parties, e.g., CSOs, research institutes, finance ministries and parliamentarians. While they have been welcomed at the micro and community level, they should be extended further to macroeconomic policy making, which has to date been seen as a technical exercise.

6. CONCLUSION

At the beginning of the 21st century, the challenges of economic instability, inequality, and poverty require urgent attention. The papers in this issue provide a number of ideas for addressing these challenges. First, the win–win scenarios described above imply that some dimensions of gender inequality can be addressed at the national level—for example, closing gaps in education and health. Other national policies that enhance growth and gender equality include strengthening women’s ownership and control over assets, especially land, and improving their access to credit, marketing structures, transport, and technology.

With increased globalization, however, other dimensions of inequality, such as gender gaps in wages, may be more difficult to tackle at the national level. More concerted efforts must be made at the international level to develop a harmonized framework for labor market equality. Targets and indicators should be put in place to close gender gaps in labor markets (see UNIFEM, 2000). Another controversial strategy that deserves more attention is international labor standards (see Cagatay, 1996).

Third, the papers present a number of ideas for addressing instability resulting from the liberalization of financial markets. As Singh and Zammit argue, national policies to regulate short-term capital inflows are in women’s interests, as are improved gender-equitable safety nets and social security systems for industrialized and semi-industrialized countries. For highly indebted countries, canceling debt in combination with restructuring budget expenditures toward poverty elimination and gender equality are important actions. Internationally, a new financial architecture that reduces volatility and instability is needed. All these strategies require democratization of governance structures and processes at the national and international levels.

Much more research is required for sustainable and equitable macroeconomic, trade, and financial policies to be implemented. Applied modeling, including simulations, should be developed to assess different policy options. The Fontana/Wood model is a first step, but these and other models which integrate gender into a macroeconomic framework must be made accessible to policymakers and CSOs. 17 Further work to conceptualize and build institutions that can mediate between the effective use of economic resources and the human dimensions of development are critical.

The conventional framework of welfare economics, which is conducive to a strategy of
first maximizing output and then redistributing it, switches uneasily between seeing people as means toward production and citizens whose welfare is the ultimate goal of production. As Elson and Cagatay suggest, one alternative is to develop a rights-based approach to economic policy which aims directly at strengthening the realization of human rights, which include social, economic and cultural rights, as well as civil and political rights. Such an approach goes beyond viewing gender concerns as instrumental to growth, as is sometimes the case, because it recognizes women’s agency and their rights and obligations as citizens.

NOTES


2. The United Nations Division for the Advancement of Women is finalizing a review of government efforts which will be tabled as part of the documentation for the UN’s five yearly review of implementation of the Beijing Platform for Action.

3. Even the farewell speech of Michel Camdessus, who stepped down as managing director of the International Monetary Fund on 15 February 2000, noted “the paradox of the present world economic situation: ‘promise—unprecedented prospects in certain fields—but financial instability and exclusion, the so cruel situation of the poorest and the anxieties of so many in the world.’”

4. The Asian financial crisis of 1998 brings this point home.

5. See for instance UNCTAD (1998) and Stewart and Ranis (2000), among others. The 1999 World Development Report on “Entering the 21st Century” also recognizes that globalization offers exceptional opportunities but can also have destabilizing effects. It is notable that, despite the advances that the Bank has made elsewhere in research on gender and economics, no attention is paid in this report to the gender dimensions of international trade, investment and migration processes (see World Bank, 1999).

6. An inflow of $93 billion in 1996 turned into an outflow of $12 billion in 1997, a swing amounting to 11% of the pre-crisis GDP of these countries. “Bankruptcies spread. Education and health budgets came under pressure. More than 13 million people lost their jobs . real wages fell sharply . all countries report erosion of their social fabric, with social unrest, more crime, more violence in the home” (UNDP, 1999, p. 4).

7. “While 40 countries have sustained average per capita income growth of more than 3% a year since 1990, 55 countries, mostly in sub-Saharan Africa and Eastern Europe and the Commonwealth of Independent States (CIS), have had declining per capita incomes . Inequality has been rising in many countries since the early 1980s . The countries of Eastern Europe and the CIS have registered some of the largest increases ever in the Gini coefficient . OECD countries also registered big increases in inequality after the 1980s. Inequality between countries has also increased. The income gap between the fifth of the world’s people living in the richest countries and the fifth in the poorest was 74 to 1 in 1997, up from 60 to 1 in 1990 and 30 to 1 in 1960” (UNDP, 1999, p. 3).

8. Beyond incorporating gender into theoretical models, several papers also offer alternative ways to operationalize gender in applied macroeconomic analysis. Stephanie Seguino, for instance, constructs variables reflecting gender gaps in education and wages. David Kucera and William Milberg look at male and female shares of total employment in an industry.

9. CGE models are nonlinear, multisectoral models which simulate the workings of a market economy. They have been used to analyze such issues as long-term growth and structural change, investment allocation, choice of development strategy, income distribution, trade policy, and structural adjustment (see Robinson, 1989).

10. Common in analyses of industrial organization, Stackleberg models were first used to explore the strategic behavior of duopolies.

11. For example, see Blecker and Seguino (1998), Klasen (1999), and Dollar and Gatti (1999).

12. This result corroborates Hill and King (1995).

13. This finding supports the assumption in Erturk and Cagatay (1995) who link gender wage gaps to investment in their growth model and empirical findings in Standing (1999).
INTRODUCTION

14. Of particular interest is the case of the high capital mobility economy with either a patriarchal gender regime or an autonomous gender regime. In these open economies, policies that challenge male power within households also help increase national income, but policies which help increase women's bargaining power relative to capital have negative impact on output.

15. It is important to point out that some dimensions of gender equality may promote certain types of growth, while certain types of growth may reinforce certain dimensions of gender equality. Eradicating gender gaps in education and health is an example of this virtuous circle.

16. Neither Dollar and Gatti (1999) nor Klasen (1999) address the scenario of open competition and capital mobility, while Seguino and Braunstein incorporate these features into their analysis.

17. An effort is underway in South Africa, based at the National Institute for Economic Policy, to link a macro model with a micro simulation model so as to assess the impacts of changes in fiscal policy on different groups of men and women.

18. Collaborative plans for work in this area are being developed by the Commonwealth Secretariat, the International Development Research Center in Ottawa, Canada, and UNIFEM.

REFERENCES


