

Implications of trade policies, macroeconomic policies and policy coherence at national and international levels for the financing of Gender Equality - in the Context of the Monterrey Consensus

Mariama William, Ph.D

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Currently, the international political economy is dominated by a plethora of reform agendas: aid reform, debt reform, financial sector reform, public sector reform and trade reform. Associated with these reforms are issues of aid effectiveness, good governance, financial accountability, market access, public-private partnership and trade liberalization with emphasis on private sector development, micro finance and debt sustainability. None of these reform contents, instruments and modalities are gender neutral nor can any single one be taken to automatically result in gender equality outcomes. All, however, impact to different degrees, the policy space, policy autonomy and conditions by which developing countries' governments can exercise decision-making about expenditure and revenue generation, which have implications for gender equality and women's empowerment commitments made over the last twenty years. Undeniably, the national budgets of developing countries have become key intersectional points for all the varied reform agendas.

Unquestionably, budgetary issues have profound implications for the accessibility and availability of, livelihoods, public services, social reproduction, and the sexual health and reproductive health and rights of men and women. So it is not surprising that at the same time as these various reform agendas have been evolving, there have been significant counter moves in the forms of gender responsive budgeting, gender sensitive micro-financing and gender and trade analysis and advocacy to promote gender equality and the empowerment of women. These activities are all occurring in the shade of the millennium development goals and in the backdrop of the Monterrey Consensus.

Today we are exploring the critical issue of financing gender equality and the empowerment of women, a topic that it is important to examine in the context of these ongoing reform processes. But before moving to examine in greater details how these processes impact on the financing of gender equality, it is important to refresh our understanding of the key elements and underlying issues at stake in this debate.

The dimension of gender inequality and women's lack of empowermentⁱ

Gender equality and the empowerment of women should be grounded in ensuring three fundamental imperatives: 1) women's and men's material existence, 2) expanding human

potentiality and 3) enhancing consciousness. This means that governments' macro management of the economy, including decisions about financing and investment, must focus on ensuring full bodily integrity (including physical and biological needs), self-expression and self-realization.

Bodily integrity is ensured when there is food, clothing, shelter and protection. The need for food can be met through access to safe, nourishing nutrients and water. Shelter refers to protection from the environment and therefore is fundamentally about access to land, housing, electrification, sanitation and the elimination of refuse. Protection at its simplest is to be free from injury and involves a wide range of factors including access to health care, safety in the home and community, and relationship with neighboring communities and nations. But it should also be expanded to include issues of child-care and child-rearing, discrimination, biases and stereotypes, domestic and ethnic violence.

Self-expression and self-realization are mainly in the psychological realm of perception. But they are grounded in the reality of the degree and sense of personal freedom, communication with family, knowledge of how to be healthy, interpersonal, family and community dynamics. They also encompass leadership and creativity which are the ability and potential to contribute to self-growth, self-awareness within the context of individuality, family, community and the nation. They are ultimately about visibility, valuation of activities and contribution, participation in economic, political and social decision-making. At the level of policy, they are impacted by education, literacy, training, communication (including internet and other forms of access to information and knowledge).

All these dimensions of women's empowerment are linked to national and international policy debates around economic justice, economic security and cultural, economic, political and social rights.

The greatest obstacles to change and transformation lie in the socially regressive nature of the current economic liberalization agenda and the return of the high security state. Economic liberalization has spawned the internationalization (coherence) of a one size-fit all macroeconomic policy and a pervasive emphasis on unbridled trade and investment liberalization, as well as a coordinated attack on most forms of regulations that the business community deemed as negative to a 'corporate right'. This is especially as it has been implemented in the global south. Thus the type of economic liberalization that has been imposed on the global macro-economy has been one that has not focused on economic democracy/economic justice but a pecuniary notion of competition and de-regulation without a corresponding system of accountability and social responsibility. Accountability and responsibility is lacking both in the corporate sector as well as in institutions such as the IMF and the World Bank, which have been driving the neo-liberal agenda at the multilateral level.

This current process of economic liberalization has been associated with two distinct types of failures: market failure and failure to integrate social policy in macroeconomic policy reform. Market failure is particularly pronounced in terms of the lack of ensuring

access to essential public services for the poor with the privatization agendas implemented in developing countries economies. Market failure is due to the over focus on narrow economic parameters such as the primary surplus, inflation targeting and cap on public expenditure without regard for social sustainability and job creation. Market failure is also represented in the unrelenting stresses, strain and fragility of global financial markets. Dramatic examples of this have been the financial collapses in East Asia, Russia and elsewhere in the late 1990s. More recently there is the ongoing crisis in financial markets in OECD countries around lack of oversight of financial derivatives, including mortgage lending instruments, distorted asset pricing and inadequate risk management in the banking sector. This current crises and the pending credit squeeze it is likely to engender portends a slow down of the global economy. All of these have their most pronounce effect as constraining factors on women's rights and economic empowerment.

Thus economic liberalization has not generally delivered economic growth in areas such as sub Saharan Africa and in the Caribbean. It is implicated in the global decline of jobs, the exacerbation of poverty, wide spread informality, insecurity of paid work and in, some areas, in the north, a crisis of care. It has also continued to reproduce labor markets that host gender based segmentation and inequalities in income, benefits and work. Thus while economic liberalization, was initially argued to be gender neutral and would somehow lead to the economic empowerment of women, the results thus far are less than hoped for.

The Macroeconomic policy environment and gender equality and women's empowermentⁱⁱ

Today, the dominant template of economic and social management is far too often preoccupied with:

- A narrow macroeconomic policy precept that predominates over social policy, social protection and job creation;
- The prioritization of the payment of external debt/debt services by poor developing countries over the provision of essential services such as health care and access to safe water;
- The privatisation of services delivery to for profit companies over universal access to basic social services and social protection
- Trade liberalisation, which is pursued at all costs (ignoring that trade liberalisation has inherently negative fiscal dimensions for governments whose budget have high dependence on trade taxes as well as for food security in some countries.)
- The pervasive pursuit of fiscal austerity requirements of international financial institutions (IMF and World Bank) programs and the single-minded focus on low inflation have had consequences on the capacity of poor countries to finance

public services. Low inflation targets, while it benefits, protects and enhances the profits of foreign investors, and the rich, engenders a cap or ceiling on public expenditures, with particular implication for social sector spending on health and education.

In general, the prioritising of the objectives and targets of fiscal policies leave much to be desired. In the first case very rarely is this prioritisation an open discussion or even open to discussion. In the second place, there is less attention paid to how policy variables will impact on social infrastructure such as childcare and housing. As a result, reform in the fiscal policy area typically focuses on measures to address budget deficit and tax reform in favour of business and capital sector. Nevertheless, there is a direct and reinforcing link between the budget and social policy. Restrictive fiscal policy measures such as the imposition of value added taxes or rise in sales taxes on consumer items have a pronouncedly negative effect on social equity because these instrument impact directly household budgets. World Bank research confirms that ‘indirect taxes increase poverty due to regressive nature (2001, p. 70). It is also well known that higher taxes on consumption goods increase the relative price of such goods. What is less acknowledged is that given increases in the relative prices of consumption goods, in the context of static income, rather than purchase such items in the market, women in households will seek to produce these goods themselves in order to protect their family’s consumption patterns (UNDP 2004).

In the area of Debt management, there is the Debt relief initiative of the G8 (Gleneagles—offering 100% debt cancellation to some countries). However, there is still much to be done around re-thinking debt sustainability from a social and gender empowerment point of view.

Similarly, recent attempts at Aid reform and the promotion of aid effectiveness as under the Paris Declaration has adapted the premise of economic liberalization agenda instead of the full integration of social sustainability and gender equality frameworks.

Unfortunately, even with the recognition of the need to re-think these reform agendas in the context of social and gender equality imperatives, there is much foot dragging. Much of what is currently undertaken in the name of the social or gender equality or helping the poor is done reluctantly and in the framework of reciprocity: making the poor (whether developing countries or poor citizens) pay for social goods including global public goods.

Trade policy, trade reform and Aid for Tradeⁱⁱⁱ

Along the same vein, trade liberalization was initially presented as the panacea to most problems-- poverty, development, and social development. Fortunately, we are now at a point where it is increasingly being recognized that unbridle trade liberalization does more harm than good. Hence within the framework of the current multilateral approach to trade rule making, there is the Doha Development and Aid for Trade.

Current approach to trade policy making in many developing countries is driven by trade agreements, negotiated multilaterally in the WTO and increasingly in regional or plurilateral fora. In general, most all trade policy targets and policy instruments tend to be focused on market access with the presumption that it will generate the necessary employment. However, there is less attention paid to the after effects of import liberalization on the livelihoods of poor women and men. This includes the potential negative effects of liberalization induced fiscal and monetary policy impacts on income and asset distribution. For example, monetary policy may support trade liberalisation by shifting credit towards the export sector at the disadvantage of domestic oriented sector. This has implications for employment, business development and housing construction. Additionally, tight money policy has implication for liquidity for other sectors of the economy such as small and medium sized businesses (SMEs) and the housing sector.

Likewise, the fiscal budget is expected to support different aspects of the trade reform agenda such as customs reform and trade facilitation efforts, engendering a trade-off between different items and areas of the fiscal budget. As with general tax policies, discussed above, the fiscal effects of tariff reduction and the elimination of licensing fees have particular negative consequences for social sector aspects of the budget.

The pressure of trade agreements, negotiated bilaterally, regionally and multilaterally has been to erode trade protection in favour of import liberalization on as wide a scope as possible. This has tended to mean the reduction and elimination of trade taxes (tariffs), quotas and licensing fees. But it is also accompanied by measures to expedite the flow of goods and service across borders including through custom reform and other aspects of trade facilitation. In terms of export expansion, the mechanisms here are threefold: 1) fiscal incentives (such as tax exemptions, tax holidays), 2) export financing support and 3) trade promotion support. Both import liberalization and export promotion measures have direct and indirect impacts at the meso and micro levels of the economy with implications for poverty reduction as well as targeted and non targeted gender equality interventions.

The direct impacts of trade on financial resources for gender equality operate through the effect of trade on employment, income and prices in the economy. Trade expansion may increase the employment of men and women, yielding increased income to households and more foreign exchange reserves to the government. The removal of tariffs and other trade barriers will directly impact prices of goods and services available in the domestic market. Indirect impacts are those that work their way through to the informal and household sectors through a long chain of causes and effects. For example, when government revenue decrease as a result of declining trade tax receipt, the government may attempt to make up for the shortfall by cutting social spending and or by raising consumption and other excise taxes. These will impact household budgets and access to health care and education.

On its own trade liberalization have specific economic, political and social effects, which would pose particular problems for the men and women located in the export and import sensitive sectors of developing and developed countries' economies. And, so trade liberalization, per se, would be a cause for looking at how female and male economic actors in these spheres are faring vis a vis changes in trade policy regime oriented towards the reduction and elimination of import barriers (import liberalization) as well as

the impact of its twin side--export promotion, that many developing governments energetically pursue.

Overall, trade agreements such as the Agreement on Agriculture, the General Agreement on Trade in Services and the Trade related Intellectual Property agreement also impact on the availability of food, health care and access to education to individuals and households. Thus these agreements have serious implications for enabling women's and girls' capability, functioning and overall sense of personal security. These agreements also have the potential to generate changes in the economy that may either increase or decrease women's access to economic and social resources such as land, technology and credit.

The way forward to sustainable financing of gender equality and women's empowerment

Ultimately, the challenges of the MTS to financing gender equality may be in terms of the extent to which trade and trade related measures and mechanisms offset or mitigate leakages of funds from households' budgets, government budgets and the foreign aid resources available to finance gender equality interventions, both targeted and non targeted. It would also be important to ascertain the extent to which leakages are countered by injections or inflows of funds into these same financing sources.

This points to further work on specifying the specific channels and pathways through which the MTS influences and impact the financing of gender equality programs. It also should draw greater attention to instituting processes for engendering the various capacity building and aid for trade initiatives so as to stimulate new program areas that will promote gender equality as well as complement the financing of gender equality interventions.

Strategic interventions within a framework of economic justice must pay explicit attention to the critical intertwine between macroeconomic policy (including trade and investment) and social policy; the Paris Declaration; trade and development; and corporate social responsibility. Gender analysis and gender assessment must be a vital interweaving thread within and across these areas.

Gender analysis must inform discussion on a range of measures which may be used to mitigate the adverse effects of trade liberalization, such as Special Products and Special Safeguard Mechanisms, Special and Differential Treatment, Trade-Related Capacity Building and Aid for Trade.

There is also the need to carefully monitor trade reform in order to ensure that trade modalities do not conflict with economic and social development modalities. Furthermore, trade agreement and the trade policy reform that they engender must seek to provide the necessary flexibilities that enable women's empowerment. This must necessarily include measures designed to ensure access to medicines and essential services (water, sanitation and education) as well as policy instruments that facilitate

women's and girls' capabilities and functioning and their overall sense of personal and human security. Ultimately, trade as well as other macroeconomic policies must be backed by complementary policies that increases, rather than decreases women's access to economic and social resources (land, technology and credit).

Ultimately, macroeconomic policy (including trade policy) and public policy must focus on creating decent work at living wages, as well as providing social protection and social and income security, and gender equality.

Therefore, a strategic framework for sustainable global trade that is conducive to enhancing the financing of gender equality must be based upon the following three critical legs.

1) A renewed social contract between rich and poor countries that is grounded in a commitment to:

- Food sovereignty
- Fair competition
- Fair share in the burden of adjustment of external account
- Narrowing or closing the gap between overly tightened trade rules and overly lax financial and monetary rules
- Better terms of trade for developing countries products
- Co-existence of variety of exchange rate management, depending on countries self defined needs
- Effective operationalized of special and differential treatment principle

2) Trade assumes the role of one among many cornerstones of a broad prosperity agenda that include:

- A renewed emphasis on full (and meaningful and sustainable) employment
- Upwards harmonization and safeguards of workers rights
- Gender equity and gender analysis and gender indicators in assessing benefit gains, costs and losses from trade
- The promotion of comprehensive approach to human rights in all bilateral, multilateral and regional trade agreements
- Corporate accountability
- Tax on speculative capital transactions, especially foreign exchange transaction
- Liberalization of the movement of workers (under mode 4 of the GATS)
- Total Debt cancellation

3) A trade agenda that focuses on economic development and women's empowerment by promoting:

- Sustainable economic development grounded in economic, social justice and environmental sustainability
- Gender sensitive Aid for trade
- Gender friendly trade related technical assistance

- Women empowering trade related capacity building

In the area of trade policy and trade reform:

- Each country develops a framework for engendering its trade related capacity building and Aid for trade programs.
- Ensure that trade diagnostic studies focused on promoting trade readiness and market entry include gender analysis and pay specific attention to the needs of women owned SMEs, as well as, to the sectors in the economy most likely to be adversely impacted by changing trade policy.
- Trade negotiations mandates proactively include gender sensitive frameworks for each of the sectoral areas under negotiations.
- Gender sensitive flanking measures to deal with the negative outcomes of trade reform underlying the implementation of trade agreements.

In conclusion, shifts in macro-policy impact the provisioning of care in households and communities. The activities of caring for men and women in their various life cycles and in preparation for life in the labour market, entrepreneurial activities and as contributing citizens to society are critical to overall economic development, growth and performance. Social reproduction, which is primarily the work of women, is the life blood of the economy. Therefore, economic decision-makers should work to better oriented economic policy to support social reproduction. This can be achieved, in part, by promoting access to basic social services, the reduction of public poverty, and, in part, by directing shifts in the financing of social spending in a more balanced way in the allocation between the different sources of revenue. In addition, in order to meet the needs of, and to prioritize social reproduction, as noted by ECLAC, macro economic policy must have broader goals, extended time horizon and greater attention must be paid to the distributional impacts, and the high costs of pro cyclical macroeconomic management. Thus in order to be more effective for social reproduction needs, macroeconomic management should be designed to counter the business cycle's up and down swings in economic activities.

It is only through such thoughtful approaches to the management of the economy that sustainable financing for promoting gender equality can be undertaken.

ⁱ See Williams 2007d for a more elaborate discussion of these points.

ⁱⁱ Please refer to Williams 2007b and d.

ⁱⁱⁱ Draws heavily on Williams 2007a and e.