

Globalization and Democratic Governance: A Gender Perspective

By Noeleen Heyzer

While debate continues about the nature and impact of globalization, there are some essential truths about the way it is transforming life in the 21st century. In an era of globalization, decisions and actions taken in Geneva, New York, Mexico City, or Bangkok have a dramatic impact on the life chances of people living far away, even in fairly remote rural villages. Globalization brings opportunities and risks, thus creating winners and losers. For example, while it has generated opportunities for local producers and entrepreneurs to reach international markets in developing and industrialized countries, for many poor women, it has intensified existing inequalities and insecurities, often translating into the loss of livelihoods, labour rights, and social benefits. There is grave concern that its overall impact may be to concentrate losses among the poorer groups and gains among the richer groups.

Another truth about globalization is that while its benefits may be unevenly distributed, its costs are borne by all. Concern about the inequities and imbalances that globalization generates has stimulated intense interest in the international development community about how to make globalization work for the poor. This is especially so after a series of financial crises in emerging economies, including those in Asia a few years ago and Brazil and Argentina more recently, and the widespread protests over the structures of power and opportunity that dominate global trade negotiations.

Today more than 1.2 billion people live in abject poverty, with women forming the majority of the world's poor. A commitment to halve the number of the world's absolute poor by 2015 has been agreed to by key development assistance agencies - including the United Nations, the bi-lateral donor community, and the Bretton Woods Institutions - as part of the International Development Targets stimulated by the UN conferences of the 1990s. The UN Millennium Declaration and Millennium Development Goals, agreed to by all 189 nations in September 2000 provides the essential framework and commitment for ensuring that the whole international system is focused on systematic poverty reduction, and that the benefits of globalization are shared by all.

For UNIFEM, Goal 3, Gender Equality and Women's Empowerment, is the goal through which a gender perspective must be incorporated into all of the other goals, including that of halving the number of people living on less than \$1 a day. If this goal is to be reached, it is critical that the feminization of poverty, increasingly recognized by governments as well as all international organizations, receive systematic attention -- especially in this era of globalization.

Globalization, while not a new phenomenon, has unique characteristics defined by technological advances achieved in the past 25 years. The engines of globalization include the increased mobility of capital and the steadily declining costs of transportation, computing and communications. Globalization is fueled, as well, by the dismantling of barriers to trade and investments and the belief that market liberalization is the main lever by which to increase growth and reduce poverty today. The proposition that economic growth is key to poverty elimination and well-being has generated widespread debate in the international development

community. Proponents see globalization as providing a new connectivity among economic actors and activities around the world, stimulating accelerated diffusion of technology, skills and new economic opportunities for countries and individuals alike. The essence of the argument is as follows:

"Economic growth is the best way to overcome poverty. In the context of globalization, market liberalization is the best way to achieve growth. Countries that have seized the opportunity offered by more open world markets to increase export and attract investments and capital have made the greatest strides in reducing poverty. Governments could help by investing in education, healthcare and both physical and social infrastructure."

This thinking has been very influential. It has not only shaped the World Bank's loan conditions, but also International Monetary Fund's policy advice and many World Trade Organization (WTO) agreements. However, the debates, risks and opportunities generated by the process of globalization are far more complex than the scenario suggests. I will share with you a few key questions and lessons as a way of examining approaches that developing countries could take towards integration in the world economy to make globalization really work for the poor and for women. I will also examine the progress of women - particularly poor women - in the context of globalization and governments, arguing that the re-shaping of processes to promote gender equality will also promote poverty reduction, democratic governance and the realization of greater equality and human rights for all.

Some Key Questions and Lessons

Does economic growth reduce poverty?

In discussing the relationship between economic growth and poverty reduction, the question is whether economic growth necessarily leads to sustained poverty reduction. The answer is yes, with the important caveat that the pattern of growth and economic governance may be more important than simply the rate of growth in affecting a country's ability to deal with poverty and social inclusion. Growth will have a greater chance of reducing poverty if the gap between rich and poor is smaller in the first place, or moving in that direction.

A wide range of factors affect the pattern of economic growth and economic governance. The distributional structures along gender, class and ethnicity affect resource allocations and access to development benefits. The breakdown of social cohesion, the delinking of social goals from the movement of capital, the lack of transparency and the spread of corruption at both national and international levels are important factors. They erode the ability and accountability of governments and the international community to fight poverty, and promote democratic governance, justice and security for all.

What is the relationship between economic growth and gender equality?

To work out this relationship, we need to examine work and earnings, especially the impact of economic growth on patterns of employment and wage rates across gender lines. The way in which economic growth affects these patterns depends on the character of growth itself and the relative share of the fruits of such growth in industry, agriculture, formal /informal sector and services.

Women are usually concentrated in the agricultural sector and in the informal sector, where the rate of growth and the potential for growth are relatively low. In the industrial and service sectors, where the rates are much higher, the majority are concentrated in the unskilled or semi-skilled categories, and hence have limited access to the opportunities and benefits of economic development.

Today, investment in women's skills and knowledge are crucial if a country is to benefit from emerging employment and earning opportunities in the globalizing economy. The capacity to provide more productive and satisfying work in a competitive labour market, and the just distribution of the benefits of work are vital parts of the democratic and open societies that donor nations are demanding in order to use development assistance effectively. By paying attention to women's economic empowerment, the gains from new opportunities could be multiplied and become more visible to broader segments of people.

The new revolution in information and communication technologies, for example, simultaneously creates new possibilities for economic growth and women's employment, as evidenced in India and China - and potentially in Africa. The internet has reshaped the ways markets operate and production is organized. The danger is that the benefits go mainly to those who are already well placed in terms of their knowledge, skills, and social position, creating differentiation not just between women and men but among women themselves. There is therefore an urgent need to pay attention to women who are negatively affected or who are marginalised. This involves not just improving their access to education and skills development, but a comprehensive reform of educational opportunities for women and girls that will empower them to take advantage of changing employment trends and emerging opportunities in the international economy.

A globalization process in which women have an equal chance to benefit from opportunities also requires greater labour market flexibility and mobility for women and a change in the way we value women's work. As long as women are treated in the labour market as "short-term", "casual", "informal" and concentrated in the semi-skilled sectors, there will be a disincentive to invest in women. As long as there is a system of gender stratification and cultural factors continue to limit women's choices and options, the potential of countries to achieve sustained economic growth and prosperity will be hampered. So also will be the ways that governments can respond to the needs of people. In short, where there is gender inequality there is also a dangerous barrier to development and democratic governance!

What is the role of government?

There is a growing interest in encouraging governments to follow a middle path between interventionism and the laissez-faire approach, with a balance between the role of the state and the role of the market. The goal is to forge a partnership between states and markets, rather than the domination of one or the other. This thinking is best reflected in the words of Claire Short, Secretary of State for International Development in the UK: "We need to combine policies that promote a vibrant and strong private sector, generating employment and growing wealth, with effective government systems to regulate the private sector, provide

education and healthcare for all and provide justice and security. We need effective states and efficient markets. Countries that want to benefit from globalization must promote both." This is a much more enlightened position than the ones promoted earlier by the Bretton Woods Institutions (BWIs). However, there is still a lot more that governments can do to reduce poverty and gender inequality. Poverty reduction cannot be a piecemeal effort directed on a case by case basis at communities, while over and above these communities processes of dispossession, dislocation and de-skilling are occurring nationally and internationally without being addressed. What is needed is a profound understanding of the nature of poverty and the realities that people living in poverty are facing.

The poor are not a static population nor is poverty a static phenomenon. There are the "new poor" and the "poorer poor" as much as there are the "new rich" and the "richer rich." The poor, especially women and girls in poverty, face constant and complex risks. Many are trafficked or forced into drug rings and other criminal networks. They do not have savings, resources, or other options to rely on for protection. While there are some who are permanently poor, many fall in and out of poverty on the swing of risks and fate. They are the most vulnerable when disasters happen, conflicts break out, financial crisis erupts, or environments decline.

Governments can play a stronger role in avoiding or at least minimising these risks and their impact on people who are poor. That means taking action to build up the assets and the social capital of the poor, especially women. This is not just a matter of social safety nets and not just a matter of social protection. It is more a question of looking for systematic or structural change to integrate more completely the concerns of distributive justice, social inclusion and gender equality into the framework of policy.

As an example, to eradicate feminized poverty, governments must go beyond the issue of social protection, or even legislative provisions. Attention must be given to urgent issues of how to integrate a gender perspective into national budgets, into taxation and investment, into financial and credit markets, into export policies and employment generation, into agricultural and land policies. Governments can also remove policy biases that undervalue women's work while promoting growth in the dynamic economic sectors in which women are concentrated. To reduce ethnic as well as gender discrimination, governments can more systematically involve and include the concerns of their indigenous peoples in decision-making and resource allocations.

In order to make a real and measurable difference in the lives of their citizens in the context of globalization, states must learn to manage shared interests, beyond state boundaries and in recognition of the changing capacity of all states to govern in isolation. This means that effective states and institutions are those that are using the benefits of globalization to govern more effectively at the national, regional and international level by promoting learning, partnerships, participation, and democratic governance.

What about market liberalization?

Evidence shows that countries that liberalize their markets tend to grow faster than those that do not. The Least Developed Countries (LDCs), land-locked countries, and small island states

are frequently marginalized. But we need to investigate more deeply if we are serious about poverty reduction and gender equality. While a country may experience growth after liberalization, the poor - many of whom are women and indigenous people in the country - may not have the resources, the access, the power or the capacity to benefit. Liberalization may favour big companies which compete for the natural resources (land, water, minerals, forest) on which the poor depend. Typically, after market liberalization, the agricultural sector is neglected, and most of the poor, especially women, depend on agriculture.

With trade liberalization a country can control how fast to liberalise its imports but cannot determine by itself how fast its exports grow. This depends on market access to developed countries, on the terms of trade, on commodity prices, on having the necessary infrastructure, human and enterprise capacity. Even among the richer developing countries, the capacity to respond and manage trade liberalization varies enormously.

The lesson learned is that liberalization should not be pursued in a big bang manner if it is to succeed. The quality, timing, sequencing and scope of liberalization is crucial, as is the extent to which the process is accompanied by factors such as the strengthening of local enterprises and farms, human resources and technological development. In other words, developing countries must have the ability and flexibility to make strategic choices in finance, trade and investment policies, where they can decide on the scope and rate of liberalization and combine this with building the viability of local firms and farms.

With capital liberalization there is another hidden cost: volatility and instability. This has been the lesson of recent years. In the 1990 World Bank Report on Poverty, Indonesia was singled out as one of the most successful stories of reducing poverty. But the Asian financial crisis wiped out at least ten years' gains in poverty reduction. The string of liberalization-related financial crises in Eastern Europe and in Latin America have been one reason why poverty and joblessness have not improved on a world scale. The problem with these crises is not only the effect of driving people down below the poverty line. Poverty increases rapidly when an economy contracts in a crisis, but then decreases much more slowly when the economy recovers. When the economy gets back to its pre-crisis level, the number of poor do not fall back to the pre-crisis level. In Indonesia, during the crisis, men became unemployed and the workload of women increased, as women take up the role of provider of last resort. Violence along ethnic and gender lines increased, especially during food riots when Chinese shop houses were burned and gang rapes of women took place.

One lesson of the financial crisis in emerging economies is that private sector debt still demands public sector responses and payments. Liberalization cannot simply involve opening the country to global trade and finance under any conditions. It also entails the renewed role and empowerment of countries and their citizens to be active subjects in determining their future. Countries and citizens have to become stronger stakeholders in the globalization process. Governments need to encourage investments that generate high quality jobs, sustainable production, and economic stability and to screen out investments that make no net contribution to development, especially short-term speculative flows.

The current challenge for development, in the words of UN Secretary General Kofi Annan, is how "to ensure that globalization becomes a positive force for all the world's people, instead of leaving billions of them in squalor". The single and most powerful message in the Secretary General's Millenium Report "We the Peoples" is "...Globalization must mean more than creating bigger markets. The economic sphere cannot be separated from the more complex fabric of social and political life....To survive and thrive, a global economy must have a more solid foundation in shared values and institutional practices-it must advance broader and more inclusive social purposes."

Shaping Globalization to Promote the Progress of Women

In 2000, UNIFEM issued its first biennial report, Progress of the World's Women 2000, which examines advances toward gender equality from the mid 1980s to the late 1990s. It concentrates on the economic dimensions of gender equality and women's empowerment in the context of globalization. It assesses women's progress using a variety of indicators and examines the issue of accountability, focusing in particular on government accountability for the gender impact of their policies and programmes, including national budgets, and on corporate accountability for the social impact of their operations. Finally, it explores ways in which globalization can be re-shaped to promote the progress of poor women.

The report emphasizes that conventional approaches to economic policy leave out much of the work that women do, especially the unpaid care work that women undertake for their families and communities. A more complete view of how economies work would include unpaid care work in the home and community, along with the often invisible "informal" paid work in small workshops, on the streets, and in sub-contracted home-based work.

Looking at economies through a gender lens produces a different analysis of economic reform. Conventional economic indicators may hide a transfer of real costs (in people's time and effort) from the public sector, where such costs are monetized and show up in government accounts, to households (the "domestic sector"), where such costs are not monetized and therefore not visible. It is women who bear the real costs. This is shown most clearly in the case of HIV/AIDS, as women take on the increasing burden of care - first for the sick and dying, and then for the orphaned children. As the care economy grows, it remains invisible and unrecorded, supported by billions of additional hours of wageless labour that appear nowhere in indices of GDP and figure nowhere in calculations of the need for international aid or debt relief.

The primacy of financial costs is intensified by globalization. International trade, investment and migration are not new phenomena; what is new is the accelerating speed and scope of movements of real and financial capital. This acceleration, caused by the removal of state controls on capital flows and the rapid development of new information and communications technologies, has led to a series of financial crises around the world. In times of crisis, women are called upon to act as the heroes of everyday life, providing the ultimate social safety net for their families when all other forms of social security have failed. Globalization creates an environment that allows many women to achieve greater personal autonomy but in an increasingly unequal and risky environment.

Assessing the Progress of Women: A Broader Picture

Women's economic progress is also assessed with a focus on women's relative occupancy of decision-making in employment and women's earnings relative to those of men. Women's share of decision-making positions in the economy has been rising in many countries -- but there is still a long way to go before it reaches 30 per cent or more in all countries:

Women's Share of Positions as Employer or Self-employed

Women's share of positions as an employer or as a self-employed ("own-account") worker is higher in the 1990s than it was in the 1980s in 58 out of 72 countries for which data was available; women's share of positions as an employer or a self-employed worker was 30 per cent or more in 28 countries in the 1990s; women's share of administrative and managerial employment was higher in the 1990s than it was in the 1980s in 51 out of the 59 countries for which data is available; women's share of administrative and managerial employment was 30 per cent or more in only 16 countries in the 1990s.

The Gender Gap in Earnings

The gender gap in earnings persists but there has been progress in reducing it in some countries: around 1997, women employed in industry and services typically earned 78 per cent of what men in the same sector earned, though in some countries it was as low as 53 per cent and in others as high as 97 per cent; in the 29 countries where data was available to make comparisons over time, the gender gap in earnings in industry and services fell from the 1980s to the 1990s in 22. However, the data reflect mainly the experience of women in full-time "formal" employment in larger workplaces and do not consider the majority of women who work in part-time or "informal" employment in small-scale places of work or at home.

Accountability to the Poorest Women: Women Demanding Action

The progress of the world's women is linked to the ways in which governments raise and spend public money; and the ways in which businesses organize production and sales for profit. Increasingly, women are recognizing this and devising new and innovative ways to monitor progress and track accountability for commitments to gender equality.

Women's organizations are already active in many countries in monitoring the impact of taxation and expenditures on women and men, and holding governments accountable for their budgets. Today, gender-sensitive budget initiatives are underway in over 40 countries in every region, and governments are joining UNIFEM in calling for gender budget initiatives in all countries by 2015.

Future Progress for Women - Reshaping Globalization

Women are organizing to enter, challenge and change the operation of financial markets, the use of new technologies and the formulation of economic policy at national and international levels, so that globalization meets human needs.

Micro-finance

Women have been emphasizing that micro-finance institutions need to provide complementary services such as business training and market advice, not merely provide loans. Traditional savings and loan institutions which women themselves set up and control

need greater recognition and support. The risks associated with micro-finance need more recognition. There is a need for more, not less, attention to social insurance and social protection, as well as asset-building.

Markets for Goods and Services

Women are very differently positioned in relation to markets in different parts of the world. In some places, where women are socially excluded from leaving their homes and going to market, the challenge is to find ways for women to participate. Elsewhere, the challenge is to create fair markets in which women have greater bargaining power.

Information and Communications Technologies

Women are still very much in a minority among internet users, but they are beginning to use the internet in creative ways: e-inclusion, to overcome the constraints of seclusion; e-campaigns, to mobilize on-line for women's human rights and other objectives; e-commerce, to reach new markets; e-consultation, to get women's views made known. But women still face huge imbalances in the ownership, control and regulation of these new information technologies and want to help shape the emerging regulatory framework.

Transforming Economic Policy-making and Global Economic Governance

A women's agenda for equitable economic governance includes: improving economic literacy of women's advocacy groups; securing more participation by women in economic policy processes; training policy makers to look at economic issues from a gender perspective and engendering economic analysis; pressing for changes in global economic governance, especially changes in the WTO.

Government and international organizations concerned with economic policy must make complementary changes so that ways of organizing the global economy recognize people as providers of unpaid care for one another and not just as producers of marketable commodities. Only then will the conditions for the progress of all women be secure.

Conclusion

I would like to conclude by noting the importance of economic leadership of women from developing countries. Many women from these countries have become serious stakeholders in the globalization process and have been taking initiatives to re-shape globalization to promote a more people-centred development. The stakes for women are high. They form the majority of the world's absolute poor and are the shock absorbers of various economic crises, structural adjustment programmes and stabilization policies. More women from the South are now not only participating in discussion about globalization, but are changing the terms of the discussion especially in the area of economic analysis and policy making.

Women are re-shaping the ways that markets operate - transforming financial markets, markets for goods and services and transforming technology to re-shape globalization, bringing together ideas on gender justice and economic justice. Although governments remain accountable for implementing the policies designed to improve the equality and well being of their people, women are challenging international, regional and national market forces when they undermine the ability of states to implement such policies. They are negotiating for trade agreements to create markets which are pro-women and pro-poor people. Some of their

strategies include: building the capacity of local women's enterprises and businesses to access new and emerging markets; enabling women to participate in international trade fairs and to bargain collectively for better prices; encouraging e-quality in the use of ICTs and e-commerce; training policy-makers to examine economic and globalization issues from a gender perspective.

While there are commitments to ensure that the policies of international financial institutions integrate social development and gender-equality principles, women want the practices of these key institutions to be monitored so that they are in compliance with the Millennium Development Goals, and especially Goal 1: the eradication of extreme poverty and hunger. Meeting the target of reducing the proportion of people who income is less than \$1 a day by 2015 will depend critically on measuring and addressing the feminization of poverty. Reshaping globalization to promote the progress of women will not just promote gender equality; it will also promote poverty reduction, human development and the realization of human rights. The road ahead is both politically and technically challenging for many developing countries and for women. But we must engage with these challenges and be a partner in creating success so that progress for women can be progress for all.

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