The Monterrey Consensus: consolidate globalisation at the expense of women

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The unwritten consensus of the so-called Monterrey Consensus continues to use the institutionally embedded social reproductive roles of women to support global economic production.

For over 50 years, development has focused on economic growth. The International Conference on Financing for Development (FfD) offers no a radical shift away from this perspective.[1] The Monterrey Consensus consolidates the forces of globalisation. It seeks to expand global capital by promoting foreign direct investment, integrate the poor into the global market through market access for exports, and legitimate the supremacy of the World Bank-International Monetary Fund-World Trade Organisation in economic governance. The unwritten consensus continues to use the institutionally embedded social reproductive roles of women to support global economic production.

It should come as no surprise that FfD has not lent itself to a discussion of gender perspectives in global macroeconomic policymaking. A gender analysis of macroeconomics is itself a relatively new area of study, with some aspects better studied than others, *eg*, gender budget analysis and gender and trade. Thus, the inclusion of gender language in the Monterrey Consensus is limited to the use of gender-sensitive descriptive qualifiers, listing of special concerns with inclusion of women and gender mainstreaming. There is a strong need to disseminate the elements of a gender analysis of macroeconomics at the many levels of policymaking in order broaden the discourse on the examination of globalisation.

A corollary weakness of the Monterrey Consensus is the absence of human rights language as a framework for proposed actions despite reference to upholding the United Nations Charter. This absence is incongruent with the commitment to the principles of justice and equity found in the document. Since the Monterrey Consensus will form part of a body of soft law—"strictly formulated obligations but contained in recommendatory non-binding instruments"—the absence of human rights language inhibits the Monterrey Consensus from providing a solid normative framework for the formation of law and binding legislation.[2]

Gender and macroeconomics

Separation of social policy and macroeconomic policy

Macroeconomic policy and social policy are often discussed as separate concerns in public policy. Macroeconomic policy is implemented in pursuit of economic stability and growth. Social policy is implemented in pursuit of social objectives such as universal education and disease prevention. Macroeconomic policy deals with hard issues while social policy deals with soft issues. Most often, women's issues are identified with social policy and remain invisible in macroeconomic policy formulation.

Bridging this divide through proper integration of both policy spheres would be an important first step. Unfortunately, the Monterrey Consensus fails to take this bold step. Rather, it has chosen to promote social protection and social safety nets, which are seen as appropriate responses to social risks. This approach has been criticised by Esping-Andersen[3] as inappropriate to today's realities. In addition, the mainstream approaches to social protection that substitute for social policy in the Asian economies in the aftermath of the 1997 crisis are inadequate. These were formulated as an afterthought to macroeconomic policy and are considered by Elson and Cagatay[4] as an "adding on social policy approach". A severe criticism of safety nets as envisioned by multilateral and regional funding agencies is that safety nets are designed only to deal with "shocks" as if these were coming from outside the system of production rather than produced by it.

Social policy is seldom formulated using the principles of social justice. Doing so would create a set of instruments that could help eliminate exploitative relations in both the productive and reproductive spheres of economic and social activity that create and exacerbate poverty and inequality.

The social content of macroeconomic policy

The usual approach to a gender analysis of macroeconomic policy is to investigate the social impact of a set of policies. Elson and Cagatay[5] look deeper into the social content of macroeconomic policy by identifying the power structures that drive the direction of macroeconomic policy. Three biases that work against women are highlighted.

A *deflationary bias* brought about by high interest rates makes it difficult for businesses to remain viable. In times of economic crisis, women are disproportionately negatively affected through job losses in the formal sector, increased crowding in the informal sector, and greater household responsibilities as women help their families cope with the crisis. Financial bailouts are more common than social bailouts.

A *male breadwinner bias* is created by the reliance on full employment and economic growth to meet social goals, coupled with the assumption that men—the main providers of labour in the formal sector—support a set of dependents, usually women, children, and the elderly. Exemplified by European welfare states, women are dependent on men for social benefits provided by the state. Women, who largely comprise the informal sector and part-time workers, do not have access these benefits.

A *commodification bias* manifests itself when government spending policy is defined in terms of minimising the budget deficit. Social services are increasingly privatised making access even more difficult for the poor. The lack of publicly-provided services is made up for by women who are expected to bear the caring responsibilities in a household.

Since women are rarely seen and heard in the hallowed halls where macroeconomic policy is formulated, their issues and concerns are rarely reflected in the decision-making processes. This imbalance at the national level is mirrored at the global level when ministers of finance and governors of central banks gather to determine the direction of global macroeconomic processes.

1 United Nations. "Monterrey Consensus," agreed draft text, final unedited version, 27 January 2002, New York City.

2 Asif H. Qureshi. *International Economic Law.* London: Sweet and Maxwell, 1999.

3 Gosta Esping-Andersen. "Social indicators and welfare monitoring," Social Policy and Development Paper No. 2, Geneva: United Nations Research Institute for Social Development, 2000.

4 Diane Elson and Nilufer Cagatay. "The social content of macroeconomic policies," *World Development* 28(7)2000: 1347-64.

5 *Ibid.*

Gender relations embedded in institutions

Gender norms are embedded in institutions, defined as a set of structures that govern economic and social behaviour. Existing gender relations enforce an arrangement where the caring support found in households and social organisations makes market activities possible. The implementation of macroeconomic policy in this supportive setting without acknowledging its role and influence results in the biases described above.

Existing gender norms place an additional burden on women who want to participate in the market but are hindered from doing so because of socially determined limitations on physical mobility and ownership of assets. In some cases, norms are formalised in marriage customs and legal structures. As DAWN articulated in its intervention during the Third Preparatory Committee Meeting of the FfD, "[t]he goal of creating a truly enabling financial environment in support of development that will equally benefit women and men requires addressing long-term institutional deficiencies and barriers to gender equality."

From national to global and back

The discussion has so far engaged the realm of policymaking at the national level. While many national weaknesses are replicated at the global level, the replication is not straightforward. The already well-known tension between capital mobility and labour mobility, and trends in the segmentation of capital and the segmentation of labour make the nature of gender biases more complex.

Furthermore, globalisation severely challenges policymaking at the national level because of increased pressure towards economic integration and the use of a single economic model for growth. National economic sovereignty, with the nation-state as the ultimate decision-maker over the use of its resources and other resources located within its territories, can no longer be practised in a conventional manner because economic borders have eroded. Multiple bilateral, regional, and multilateral agreements on money and finance, investment, and trade have made economic borders less clear and less defined. The range of policy instruments available to developing countries today is narrower than that available to developed countries when they were in a similar stage of development. Policy discretion is heavily curtailed.

The success of the FfD should be judged by its ability to resolve the tensions arising from challenges to national economic sovereignty. As FfD discussions progressed and entered into the negotiations phase, however, the pragmatic view prevailed. Government stakeholders wanted everybody to "stay on board" and this meant that the FfD could not be seen as a venue for resolving differences on globalisation.

The supremacy of capital mobility

The Monterrey Consensus has sealed the supremacy of capital mobility in this era of globalisation. This is expressed mainly as an "anti-tax" position, since the proposal for an International Tax Organisation and the hotly contested Currency Transactions Tax were removed from discussion after the Fourth Preparatory Committee Meeting in January 2002. This is a matter of concern especially considering Rodrik's[6] 1997 findings that capital income's share of total taxes has decreased and labour income's share has increased. In general, any mention of regulatory measures on any form of capital has met with strong opposition, chiefly from source countries.

In contrast, there is no reference to migration except for the "movement of persons" under the theme of international trade, referring to terminology used by the World Trade Organisation in its General Agreement on Trade in Services. This reference does not contain any commitments and only raises concern over this and other trade matters important to developing and least developed countries. The lack of commitments on migration despite the recommendation of the Zedillo Report contradicts the intent to "open up opportunities for all," especially to those whose only asset is their labour.

Segmented capital: portfolio flows vs. foreign direct investment

Even capital and capitalists are now segmented and possibly working against each other. Several financial crises resulting from uncontrolled short-term capital inflows have destroyed national economies and forced closure of foreign firms located in those economies. Foreign direct investment is still relatively footloose. Huge losses may be incurred in moving operations from one country to another and profitability can be threatened at any time by the onslaught of crisis.

Foreign short-term financiers find partners among national elite who own and control local financial assets. An atmosphere is created where arbitrage becomes profitable and domestic financial institutions are encouraged to engage in risk-taking. These are often the same institutions that hold a conservative stance regarding lending to poor people and to women. Not only are financial intermediaries reluctant to lend to women, but women may also be reluctant to borrow (risk-averse) because they hesitate to place the dependents in their household at risk.[7]

In contrast, women are more visible in relation to foreign direct investment because they constitute a pool of workers in export processing zones and in subcontracted work. The benefits of increased employment opportunities provided to women need to be weighed against the nature of employment relations in these firms and the impact on women's work and status in their households.

In addition, foreign direct investors are able to use their preferential position to extract concessions from host governments in the form of government contracts, infrastructure, and tax breaks. These revenue losses should be sharply contrasted with the limits placed on social service expenditures.

Segmented labour: skilled labour vs. *unskilled labour*

There is a high level of suspicion and general lack of interest in many countries associated with the opening of borders to foreign labour. In agreeing to discuss the movement of persons, the FfD may be acknowledging that globalisation could offer increased opportunities to people with specialised skills or professionals. Developed countries may become more amenable to porous borders as their demographic profile becomes older and their working age population thins. The opportunities offered, however, are mainly limited to middle class households who can afford to get an education and pay for the costs of migration. Whether such migration leads to an intensification of the "brain drain" from developing countries has yet to be determined.

6 Dani Rodrik (1997). "The paradoxes of the successful state," *European Economic Review*, 41(3-5): 411-442.

7 Diane Elson. "International financial architecture: A view from the kitchen," paper at the Annual Conference of the International Studies Association in Chicago, February 2001, mimeo; Maria S. Floro. "Gender dimensions of the financing for development agenda," working paper prepared for UNIFEM, 22 April 2001, New York: UNIFEM.

The pattern of employment is sex-segregated by occupation. Teaching and nursing professionals are predominantly women while engineers and architects are predominantly men.

Low-skilled and unskilled labourers often take risks using illegal channels of migration. Low-skilled and unskilled labourers that remain in their home countries form the reserve pool of labour available to domestic and foreign capitalists alike. This process has undermined international solidarity among workers by pitting the desperation of workers in poor countries against the threat of unemployment of workers in rich countries.

Economic and social governance: wherefore art thou, UN?

The potential of the FfD to address long-term systemic problems underlying development remains unrealised. The Monterrey Consensus failed to establish a leadership role for the United Nations in global economic and social governance. The Monterrey Consensus secured and legitimised the positions of the World Bank, International Monetary Fund and World Trade Organisation in their respective roles in global macroeconomic governance. The United Nations could have served as a balancing force for these institutions, but the complete buy-in of the policy prescriptions from the multilateral financial institutions only served to consolidate the current nature and direction of globalisation.

Successfully "staying engaged" in this arena requires decisive and assertive reformulations of the global economic order in three inter-related areas: international economic policymaking, international political economy, and international economic law.[8]

On international economic policymaking

An open economic system naturally means that economic developments in one country find translation into its partner economies. The major industrialised economies whose currencies serve as the major trading instruments can cause disruptions in the economies of their trading partners. Yet their policies promote their own national interests (or the interests of a privileged small group), without consideration of the impact these policies may have on their trading partners.

The *ad hoc* and informal groups and networks that initiate policy are not legitimate, since they lack transparency and have limited membership and, therefore, undemocratic proceedings. In some instances, such as the Basle Committee made up of the G-10's central bank officials, legitimacy is questioned because the officials are technocrats whose mandate for representation is unclear. These groups must clarify and justify their jurisdiction over the agenda they cover. If it is found that such groups are necessary, then formal institutions should be established with clear mechanisms for accountability and responsibility.

On international political economy

Decision-making processes in the various intergovernmental fora require serious restructuring. Where voting structures depend on equity subscriptions, the richer countries will get more votes. Where voting structures depend on exclusive membership, outsiders will never get a vote. Even when voting structures appear level—as in the one-state-one-vote process—voting power and real power still diverge. Despite developing countries having two-thirds majority in the UN General Assembly, these countries are unable to use their number to press for their demands.

Suspicions over the governance of multilateral groupings persuade countries to form blocks or create side-agreements, which, strictly speaking, undermine the multilateral agreements. Given the asymmetry in the balance of power described above, a regional response can prove positive for weaker countries, particularly when large influential nations are kept out. It is very important, however, that regional responses create alternatives rather than imitate the content and structure of the multilateral forums.

At the national level, further clarification on the relationship between the executive and legislative branches of government in forging international agreements with domestic legislative implications is needed. Representative democracy seems to be undermined when legislators are rarely if ever involved in the process of negotiating agreements. National executive branch representatives to multinational institutions must be held answerable for decisions made while they were involved in the multilateral institutions.

On international economic law

Much of the discussion on the themes of the FfD has legal implications. Since these are international agreements, they fall under the legal discipline of international economic law. Apparently, international economic law is weak in the area of international development law, where, as with many UN resolutions, most formulations are not binding.[9] Although agreements on trade, money and finance can have a developmental aspect, they do not directly address development.

The 'international agreements' subset of the body of law must contain the elements of fairness and justice since justice is a core principle of law. Moreover, the relationship between international economic agreements and the legal instruments of human rights and the right to development should be clearly established, including at the national level.

8 Marina Fe B. Durano. "New Goals for Global Governance?", *DAWN Informs*, November 2001. Excerpts of a presentation in the same titled conference hosted by the Danish UN Association in Copenhagen.

9 Qureshi, *op.cit.*

Enabling environment revisited

In laying down the principles required to create an enabling environment for raising financial resources for development, it should be remembered that such action leads to attainment of the means to development, not to the ends that make up development. The FfD should consider a redefinition of 'enabling environment' for future work that involves viewing people as the end rather than the means to development.

Macroeconomic policy, particularly its employment generation component, aims to provide jobs to the poor so that they can earn wages to pay for their consumption. In this framework, people are a means for income generation and the growth of income is equated with development.

Viewing people as an end changes our perspective on macroeconomics. Policy instruments build an external environment that enables each person's capabilities to function to the fullest. When a person's internal capabilities are coupled with this favourable external environment, "combined capabilities" are developed. It is these combined capabilities that development process aims to achieve. The enabling environment assures the existence of the social basis for these capabilities.[10]

This view stands in sharp contrast to policy that creates an enabling environment for investment and growth. The promotion of investment and economic growth can only provide the resources; it cannot guarantee that the resources made available actually help a person function "in a truly human way."

Social justice and gender justice are better served in this redefinition as global economic governance focuses its attention on the individuals that it hopes to serve. This is particularly crucial for women who have "often been treated as the supporters of the ends of others, rather than as ends in their own right". Development for all will be realised only when each person is treated as an end. ■

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10 Martha C. Nussbaum. *Women and Human Development: The Capabilities Approach*. Cambridge: Cambridge University Press, 2000.