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DOWNLOADING RISKS AND COSTS – A Feminist Perspective on the Global Multiple Crises

Growth forever

One year after the crash at Wallstreet, analysis and interpretation of the economic crisis have become a highly contested area in many countries because policy responses to the crisis depend on the analysis. Initially, governments and media critizised the unfettered unregulated capitalism as the root cause of the crash, and announced structural reforms in particular of the financial market. Then the critique was individualised and narrowed down to the greed of bankers, brokers and corporations for high profit rates. Recently, governments and economic think tanks tried to tranquilize people by announcing rising export and growth rates, and a stabilisation at the stock exchange. Meanwhile banks and bonus-payments are back to business as usual, however this time with the help of public money.

To further deepen the analysis of the systemic root causes and to explore the interconnectedness of the various crises I would like to introduce a PRG perspective - a purple, red and green view which tries to link in a holistic way feminist, social, and ecological concerns, and uses categories of Marxist, feminist and ecological economy.

The crucial feature of the present casino capitalism is that the financial market got delinked from the real economy and has been transformed into a virtual space with virtual money invested in speculation, bets and bubbles. Accordingly, the common approach of analysis compartmentalises the multiple crisis, singles out the financial crash as source of all evil and separates the financial meltdown artificially from the crisis of the real economy, from peak oil and climate change, and the food crisis likewise. However, this conglomerate of crises is nothing new. Since years we are alarmed by overproduction in certain sectors, by one bubble after the other in the financial market, by the energy and environmental crisis, and – to be highlighted in this paper - by a crisis of social security, care and provision, meaning a crisis of social reproduction intertwined with a crisis of regeneration of environment and nature.

It is obvious that the financial crash is a crisis on top of and overarching the other crises because it affects the key element of the capitalist economic system: money. But each of the other crises as much as the financial meltdown brings to the light the inner contradictions and unsustainabilities of the neoliberal market system. They indicate that unregulated markets failed in terms of resource allocation and just distribution of wealth. Markets could not keep the promise of neoclassical economics to create win-win-situations but enlarged social disparities and inequalities. Each crisis reveals that the fossil-fuel driven process of industrialisation and productivity increase, which seemed to ensure growth and efficiency, manoeuvred itself into dead end streets. Each crisis reveals that the main driver of capitalist development - returns on invested money - requires exponential growth, exponential growth of returns.

This rationale of exponential growth, however, urges the economic agents to constantly ignore limits to growth: In the economic area the balance between production and purchasing power is not kept which results in overproduction. Regarding labour, the physical conditions of workers, their social reproduction and livelihood are ignored which results in overexploitation, poverty and social polarisation. In the ecological area resource scarcity and natural regeneration processes are ignored, resulting in environmental degradation, loss of biodiversity and climate change (Costanza et.al 2000). In the financial market speculations, bets and bubbles proceed into a fantasy world without any backup in the realm of real currencies or gold. This makes the system highly unstable and insecure, and ends up in a cycle of expansion and crisis.

Cost and Risk Chains

Feminist and ecological economists flag another artificial separation in the capitalist economy additional to the delinking of the financial market from the real economy. They highlight that the functioning of markets depends on social reproduction, care work and social safety nets on the one hand and the regenerative power of nature on the other (Elson/Cagatay 2000; Bakker/Silver 2009). The process of industrialization disembedded - as Karl Polanyi stated - the economy from its social and ecological context. However, the capitalist process of value creation constantly takes those social and ecological processes of reproduction for granted, appropriates them as natural precondition of the economy but perfidiously calls them unproductive and outside of the economy. In this absurd logic, money in the financial market "works" and produces value, while it is assumed that child-care and water cycles in nature are outside of the economy and do not create value. Accordingly, unpaid care work and natural regeneration don't appear as costs of the value creation chains in macro-economic statistics, trade balances and balance of payments. And they don't appear in the prices on the market. Not accounting for these costs allows to make products and services cheap, and the whole capitalist system attractive to consumers.

Driven by the intrinsic logic of growth and profit, the process of globalisation has expanded markets, exploited more and more resources, increased efficiency and productivity and at the same time tried to reduce costs. As experienced in all economies, flexibilisation of employment, cutting down wages and social security as well as unsustainable destructive use of natural resources, including fossil energy are all means to this end. Additionally, markets try to externalise costs and download risks to the social sphere and private households as well as to the environment. The risk of export production or of speculation is shifted down on to the workers or consumers: increasingly, women workers in export manufacturing, like textiles and electronics, work home based or through contract firms who only call them to the factory when orders from abroad come in. Women who clean hotel rooms in Germany are paid per room and per bed, meaning: no guests, no work, no income.

After the real estate bubble, in 2008, future tradings on harvests and speculation with food items had built another bubble in the financial market which resulted in price increase at grain auctions and at the world market. Prices of rice and grains sky-rocketed in many countries of the South and caused a crisis of food security, meaning the casino capitalism plays around with people's food security and eventually with people's life. The weakest actors in society, the most vulnerable groups finally shoulder the burdens and pay literally for the systemic risks which actually should be taken over by the corporate sector and capital owners. The poor in developing countries spend 50 percent of their income on food, the poorest spend 80 percent. Increase in food prices directly increased poverty (Social Watch Report 2009). It is a moral and economic scandal that in a world of abundance and sufficient food, the number of people who suffer from hunger went up within one year for nearly 100 million people, crossing the one billion boundary for the first time. Private pension funds which lost billions in the financial markets started to cut down their costumers' monthly pensions. In the USA, 4,2 million people lost housing due to the sub-prime crisis.

The macro-level crisis is downloaded and translated into various micro-level crises of every day life, of livelihood and survival to be shouldered at the grassroots. Exactly this is depicted by women in South Asia who talk about a "three-f-crisis" of food, fuel and finance which they face since many years at the micro-economic level (Bonnerjee/Köhler 2009). Those suffer most who don't have any coping mechanisms, social security nets and no assets to fall back on. The UN estimate that 100 million "near poor" who are already exhausted from one crisis after the other are becoming "new poor" in 2009. Therefore, economist should not only talk about value chains but also about cost and risk chains, make them transparent and visible in economic calculations.

From a perspective of vulnerability and working poverty, the crisis is not that new at the micro-level but a matter of many years of insecurity and a series of problems. It worsens the permanent struggle of survival rather than causes a turning point of the livelihood situation. Turkish women who lost their job as textile workers and have as only option left now to work as cleaners for 200 to 300 Lira depict their life as a chronic crisis: "Since we are born we are in a crisis." Earlier gains which they made in terms of employment and unionised struggle for wage increase are lost.

Costs and risks chains also prevail in the ecological sphere. Expansion of large scale commercial and industrialised agriculture, hybridisation and genetic engineering result in a dramatic loss of species which makes it impossible for nature to regenerate biodiversity. This irreversible loss is not accounted for in market calculations and in prices. Costs and risks are shifted to future generations.

The more neoliberal the policies, the lesser the control and regulation of those download processes. Reckless capitalist markets do not sustain their living foundations, human beings, climate, environment as well as social and natural regeneration, but deplete and destroy them (Duchrow/Hinkelammert 2004:3). Their logic is not geared towards sustenance but to maximizing productivity, efficiency and profits. The speculation with food and with pension funds, meaning old age security, is a metaphor for the subordination of provision to the logic of growth and profit in the recent boom of financialisation and globalisation. Thus unfettered, profit and fossil-fuel driven globalisation is a fundamentally reckless, and irresponsible economy (Brennan 2003:4).

Women as social air bags

What lessons have been learnt from a gender perspective from earlier crises in Asia, Argentina and in Russia which were caused as well by the financial market? In all crisis situations and in the absence of social security systems, women function as kind of social air bags in the private households and local communities.

Taking the Asian crisis in 1997/8 as an example, feminist economists analyzed the significance of women in the boom phase and during the crisis. In newly industrialized economies, young women working in export production provided a comparative advantage that was attractive to foreign investors, resulted in contracts for manufacturing cheap commodities and made for a new international division of labour. At the same time, due to migration into urban areas, a transnational redistribution of care work took place: middle class women left cleaning and changing nappies to migrant women who in turn used their salaries to support state and private household budgets back home. In order to flag the transnational value creation through care work, feminist economists call this "global care chains" analogue to "global value chains".

During the Asian crisis, a "download" of risks to the kitchen took place (Elson 2002). While bail-out packages saved sick banks and firms from bankruptcy, the costs of the crash in terms of exchange rate declines, lay-offs and falling wages were deferred to private households. Women compensate with additional unpaid work in the household and local communities for the loss of income and livelihood or for the shrinking of basic public services. Cost recovery and privatisation of essential services like health services increases the vulnerability of those who depend on cheap public provisions (Beyanson/Lucton 2006).

Following the male breadwinner model, women in South Korea were dismissed first and in a much larger number than men. However, many of them were re-employed - sometimes by the same company – in an informal, part-time and less paid manner. In Thailand, Indonesia and in the Philippines the informal economy shrinked as well and caused more pressure on women to migrate. Two or three mini-jobs or migration were individual survival strategies in order to fill gaps in household incomes. 40 million people were pushed into poverty. Inequalities and social splits in society increased, tropical deforestation and the ruthless exploitation of natural resources expanded. (Lim 2000, Floro/Dymski 2000, Singh/Zammit 2000).

Politics warmly welcomed the social "air bag" strategies adopted by women. The South Korean government even called on women, as the main source of social reproduction, to "re-energize" laid-off men to boost the economy. A free trade agreement between Japan and the Philippines opened up the market for "female entertainers", that is to say: sex workers.

In reaction to this "downloading" of costs, from above to below, hefty protests were organized against the liberalization of markets, export-driven agricultural policy, and growth strategies based on the over-exploitation of resources. These included in South Korea the founding of a "union" of jobless women, and in Thailand the *Assembly of the Poor* - a kind of people's parliament. They demanded the democratization of the economy, re-adjustment in the international division of labour and the redistribution of wealth.

At the same time, governments and international financial institutions claimed to have learned their lessons: They demanded more transparency in financial markets, a new international financial architecture, and the creation of social safety nets. However little has happened in this direction. The crisis became a driver for more emphasis on export production and trade liberalization, informalisation and flexibilisation of employment and for more migration resulting in economic recovery at a high social and ecological prize. About two years after the Asian crisis, the economic indicators had recovered to the levels before the crisis, however, the social indicators were back only after seven years – not to talk about the irreversible environmental damages.

Today the global crisis is affecting the same countries once again. But in response the European Commission and EU member states are demanding further liberalization and deregulation of financial markets. They are aggressively pursuing policies to open up emerging markets for EU companies by promoting ambitious bilateral free trade agreements as the way out of the current crisis. Thus the EU prescribes more of the 'remedy' which has caused the crisis in the first place, and attempts to limit the policy space of governments in the South, which could be used for more domestic regulation of the markets and the setting up of heterodox economic policies and more pro-poor, fair and sustainable patterns of trade.

After the crisis is before the crisis

In the public debate about the present economic crisis, the analysis has come up with a gender component, starting with a frequently asked question: "What if the Lehman brothers would have been sisters?" Not only the greed of individual investment bankers is blamed as root cause of the crash, but the risky, reckless, high testosteron masculine culture in the casino capitalism is identified as responsible (Barber/Odeon 2001). At the same time it is assumed that women in leadership positions would have avoided the crash due to their more cautious and less risky investment behaviour (McKinsey & Company 2007).

This individualistic and even biological diagnosis distracts attention from the rationale of the capitalist system and from the role, governments themselves played in advancing a neoliberal development path and redistributing wealth through fiscal and deregulation policies from bottom to top. No doubt that the casino capitalism has created a specific form of adventurous masculinity. However, it is doubtful that female bankers and diversity teams of brokers would be able to evade the systemic pressure for exponential and risky growth.

According to the analytical focus on the financial crash, bail-out packages for banks and caps on bonus payments to bankers seem to be a "magic bullet", a stabiliser for the whole system. However, the above analysis of the systemic cycle of growth and of crisis suggests that changes within the system and beyond the system are needed towards economic and ecological sustainability, social and gender justice. Following the same industrial and disembedded path of development and growth obsession will unavoidably produce the next crisis. Therefore, in the short and in the long run, alternative structural policy responses are needed at the national as well at the global level.

Coming back to the intertwined social, feminist and ecological perspective, a crucial benchmark for short-term policy responses to the crisis is whether they avoid further downloading of risks and costs to the social sphere and to the environment. Investments in social infrastructure - not just in physical infrastructure -, in social safety nets and care chains as well as investments in resource efficiency, sufficiency and coherence can be taken as indicators for socially and ecologically sensitive political responses which open up opportunities for substantial changes in the functioning of the market system (Brot für die Welt/BUND/eed 2009). Agricultural goods, social insurance systems including pension funds, and essential services like health, education, energy and water utilities and public transport should be removed from the commodities futures market in order to protect people's livelihood. Another indicator would be a regime of progressive national taxation and capital gains taxes, environmental taxes and taxes on financial transactions as this could be a kick-off for redistribution.

From a long term perspective, in order to avoid the next crisis there is a need for conversion of the resource- and energy-intensive industrial mode of production, and for a reversion of the monetary system to its function of exchange and credit. Additionally, the perspective of social reproduction requires a redistribution and revaluation of wage labour and care work. From the analysis of the multiple crises as intertwined and interdependent due to the organic logic of capitalist markets, responses and remedies have to take the multidimensionality of the downturn into account. Remedies for one sector which ignore the structural interconnectedness won't bring about solutions. For example the economist Eric Janszen predicts that the laudable shift to renewable energies without changes in the mechanisms of financial market will lead to "alternative energy" bubbles which will cause the next crisis on the financial market (Janszen 2008).

Responses to the economic recession given by the nation states focus on stabilisation of financial markets, bail-out of sick banks and recovery of key industries like production of cars and machinery with the help of public money. The imperative for instant reactions to the financial crisis is used as an excuse to confine workers' rights and democratic citizens' rights, reduce social expenditure and cut funds needed for systemic climate protection. In Germany for example the government coined the notion of "system relevance", meaning: too big to fail. The government rescues those banks and industries which are considered to be relevant for the functioning of the whole system. Amazingly, all system relevant sectors are male dominated and based on the male breadwinner model. German kindergarden employees whose care work is miserably paid and not covered by a minimum wage regime, went on strike and asked whether their work is not relevant to the functioning of the system. This vital question points at the need to revalorise work and economic sectors.

Some of Governments' remedies, in particular stimulus packages for consumption and production like the German and the US car scrap bonus, have been extremely short-sighted, and postponed economic and ecological solutions like developing new concepts of energy-sensitive mobility based on a strong public transport system. This is just one example that governments' remedies have not been geared towards redistribution of resources and welfare, towards sustainability, protection of public goods and the larger common good, nor towards social and gender justice, and a democratisation of the economy.

It is alarming that the G 20 further insists on exactly those policies that caused the crisis, even claims that they are the solutions. The emphasis on the conclusion of the WTO Doha Round and bilateral FTAs is a fallacy that ignores the fact that precisely deregulation of financial services led to more financial speculation. Trade liberalisation of goods, services and investment made the local real economies in the global South, small scale producers and farmers, even more vulnerable.

Governments in the South need policy space and liquidity for creating social insurance systems, for counter cyclical measures to weather the crisis and for special and differential treatment in trade as proposed by Nobel laureat Joseph Stiglitz and Andrew Charlton (2005). Keynesian interventions shouldn't be a privilege of the G 20 club. Macro-economic policies which are coherent with immediate responses to the crisis have to recognise and value social reproduction and natural regeneration so that the responsibilities for the social and the environment are shared between states, markets, and households, between men and women.

Tapping of untapped resources

At the annual meeting of the World Bank and the International Monetary Fund in Istanbul the question raised was whether the Bretton Wood Institutions which almost had expired before the crisis, could be helpful in developing appropriate policy responses for the two objectives mentioned above 1) to avoid further downloading of social and ecological costs, and 2) a turnabout to avoid the next crisis.

In the past and present, the World Bank functions in a glaring discrepancy between anti-poverty rhetoric and budget reality, promoting remedies in favour of neoliberal market mechanism. With regard to the food crisis, while it calls small scale farming the best approach to reduce poverty, to ensure food security and avoid resource depletion, at the same time it supports policy reforms towards trade liberalization, commercial farming and high value export production, including plantation and large scale mechanized agro-industry, and a market-oriented reform of land ownership. Where food crops have to be imported and their prices depend on fluctuation and speculation on the world market, food security is elusive.

At the same time, the World Bank was an outstanding proponent of privatization of essential services and social security systems, in particular of pension and old age schemes. This resulted in a large transfer of public funds to private national and transnational companies and financial groups, and fed directly the financial market. With regard to its energy and climate policies, the Bank's role in climate financing is highly controversial because of the contested Clean Development Mechanism and the funding of large dams.

Regarding gender, the main characteristic of 30 years of the Bank's policies is its economisation of the "women's question" according to market requirements. Since the 1970s, it sees women as "under-tapped" resource, and considers gender equality as instrumental to growth and poverty reduction. Its main objective is to use female labour force, so-called female "human capital" and female "social capital" for markets in order for them to function "smarter", in other words: grow faster and more cost-effective. It's latest gender action plan for the fiscal years 2007-10 was entitled "Gender Equality as Smart Economics" (World Bank 2006). It promotes women's competitiveness as means to further productivity, efficiency and growth and consequently, reduce poverty. Despite of three decades of intense women's rights struggles at multilateral and national level, the women's rights/human's rights approach is not a normative reference framework for the World Bank. It argues from an economistic paradigm that "market failures" are gender related because "resources are not allocated where returns are highest". In order to avoid those market failures, the gender action plan focuses on women's integration and empowerment to compete in land, labour, product and financial markets. Its one-dimensional, market totalitarian message is that "there is no alternative" to achieve gender equality rather with the help of the capitalist economy. Growth is the best means to empower women, women are the best means to make the capitalist economy grow.

A new governance for ecology and equity

After the sequence of financial crises in Asia, Latin America, Russia and Turkey the demand for a new international financial architecture and economic governance was raised because the World Bank, IMF and WTO failed to resolve those crises. Heterodox economists asked to set up a World Financial Authority to manage systemic risks and pursue both, social and financial goals (Eatwell/Taylor 1998). Now again, CSOs and international networks call for a change of the global financial architecture and of macro-economic governance which are still informed by policy prescriptions of the Washington Consensus. A new governance for ecology and social (and gender) equality (Heinrich Böll Foundation 2002), a Financial Security Council and a Global Economic Coordination Council as UN agencies are needed as genuine oversight of the IMF, the World Bank and the WTO. This new financial architecture is a precondition for the much needed improvement of accountability and opening of space for alternatives and for democratic participation in decision making.

However, the replenishing of the International Monetary Fund was done without conditions to reform while the IMF continues to impose conditionalities on developing countries, will increase the indebtedness of developing countries and reinforce structural inequalities. For example recent IMF loans to Hungary and Serbia lead to cuts of pensions and subsidies in the public sector like child care support, thus perpetuating the social downloading of costs. The G 20 in collaboration with the Bretton Wood Institutions continue the undemocratic approach of a few rich nations governing a global system and speaking on behalf of less developed and disadvantaged countries. The G 20 has taken a prominent role that undermines the UN, the G 192, as a legitimate forum where decision making has to refer to the human rights paradigm and where each member state has a voice at the table.

The World Bank and the IMF are very unlikely to make for conversions, reversions and u-turns of the unregulated, unsustainable market model. Instead, solutions and remedies for the multi-facetted crisis are needed which come from a broad, consultative, inclusive process and which open up policy spaces for heterodox economic policies, from Keynesian to ecological and feminist concepts, policies which don't fuel "business as usual" but relink the social, economic and development goals of the economy in a just and sustainable way and balance production, social reproduction and natural regeneration.

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