Financing for gender equality within the context of follow up to the Monterrey Consensus : Discussant's Remarks
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I will not be able to do justice to four presentations that have preceeded me. My objective is to highlight certain ideas that would be most useful for the ongoing discussion on financing for development.

First, let me thank the secretariat of the 2nd Committee and the Division for the Advancement of Women for organizing this timely and important discussion. I am grateful to DAW for the invitation to serve as discussant in this forum. Financing gender equality is a formulation that is long overdue and has the potential of framing financing for development discussions going forward.

Standard economic analysis ignores a key sector of the economy in its analysis. It is known by various names - the “caring sector” or the reproductive sector. Without this hidden sector, all economic activities would stop because it is the sector that ensures that, every morning workers show up at the factory gate or in the farm field ready to work. These activities have to do with feeding, health maintenance, child care, and rest and recreation. In most societies this sector is mostly the responsibility of women. Almost all work done in the household is unpaid, but it is still work, which is a charge against time for doing other things, such as resting and recreating. In most economies, women are also key players in the formal labor force. They have a double burden – unpaid work at home or in the farm and paid work in the factory.

Let me first consider the proposition of this panel in reverse. Instead of financing gender equality, consider how gender equality generates financing for development. Development requires investment and a key critical site of investment in any society – in education, in skills, in health care - occurs at home. Ensuring that women have access to wages and social services at the same level as men sets aside the resources (both money and time) which permits critical household investments to be made. There have also been studies that suggest that in the lower income brackets at least, women tend to save more, the greater amount they save, they invest more in tangile assets, which is good for investment and necessary for development.

(There are offsetting impacts, which gender researchers are aware of. Paying women less if they are just as productive as men could increase the profits of employers, who would then have more resources for investment if they choose to reinvest their profits.)

Isabella Bakker’s excellent paper identifies the high-minded gender-related intentions expressed in Monterrey and the absence of corresponding commitments in the leading action areas. She points out the most important proposition that we might discuss in this panel – that gender concerns are not sufficiently, or not taken into account at all, in the design of economic policies under Monterrey. Policies that emphasize low inflation and unrestricted mobility of capital tend to undermine decent work and contradict the gender intentions of Monterrey. Policies that privilege debt servicing, unnaturally low public deficit targets, cutbacks in social expenditures not only contradict the commitment to development and growth but unduly imposes the burden of social survival on one of the genders of society because of the way these responsibilities are assigned in most societies.

Because of my limited time, let me highlight a few ideas from the presentations, with the objective of stimulating the open discussion.

Gender proposition – Mr. Mohamed Chafiki's presentation is based on actual experience and indicates the potential effectiveness of gender budgeting. There is a need to prioritize government expenditures to ensure gender equality. This prioritization starts with expenditures related to administration of anti-discrimination laws and protection of the human rights of all. This goes on toward adequate provision for social expenditures – health, education, social security – in which shortfalls fall most heavily on women.

Gender proposition – From Stephanie Seguino's presentation. The proposition is Do not sacrifice growth at the altar of low inflation and low fiscal deficits. Moderate inflation has tended to go hand in hand with steady growth even up to 15-20 percent rates based on the evidence. Orthodox policies tend to set inflation targets too low – 3 percent which is damaging for employment and growth, even though it protects the assets of rich citizens and foreign investors.

It is important to point out that gender-oriented economists based their suggestion on a whole body of rigorous studies.

Gender proposition – Low wages and vulnerable employment are actually counterproductive for effective integration into the global economy. It has become commonplace to think that low wages, especially for women, are necessary for export competitiveness. The policy predilection goes beyond wages. It includes prohibitions against union activity, and turning a blind eye to the vulnerability of employment contracts and harassment in the workplace. The evidence is now unmistakeable, as it was in previous historical periods, that low wages do not provide a path to development and out of poverty. Steadily increasing labor productivity is the necessary condition for development. While countries that rely only on cheap labor will enjoy temporary advantages in terms of foreign investment and new exports, as other competitors enter the market and their wage costs go up, these production facilities will move elsewhere.

Consequently, gender analysis is skeptical of trading rules, such as those that might emerge from WTO agreements or bilateral agreements, that freezes the basis of competitiveness of less developed economies on the low incomes of its people. Instead, increased productivity, increased wages and income and the expansion of the domestic market are critical.

Increasing productivity of the labor force also requires industrial development and a more active role by the state.

The question that should be considered in reviewing the Monterrey consensus, how can it be reformed to finance gender equality?

First and foremost – the design and implementation of public policies, trade policies and private investment that ensure employment and decent work. This was not officially in the Monterrey consensus, but since the 2005 World Summit, the conception of full domestic resource mobilization, the first chapter of Monterrey, now includes decent work. We now have the phenomenon, especially in Asia in the 1990s of rapid growth and export success that has not translated into an increased volume of stable employment. Women tend to be the last hired and the first fired. Their vulnerable employment status eventually extends to men workers as competition in labor and global markets intensify.

The commitment to employment needs to translate into reforms in setting fiscal deficit and inflation targets and an expansion of public policy tools to include countercyclical interventions. International aid needs to be predictable to enhance public expenditure planning and should be made independent of conditionalities that favor macroeconomic stability at the expense of employment and growth. International arbiters of development strategy, notably the Bretton Woods institutions, need to be supportive of efforts and experiments by developing country governments to guarantee employment and decent work.

Second, reorient public investment to put the priority toward enhancing the productivity of the domestic labor force. These investments are necessary to stimulate investment on the part of the private sector which cannot be counted upon to invest in infrastructure, skills, health care, and so on. Closing the gender gap in participation and productivity by raising those of women augments the size and capabilities of the labor force and the economy's international competitiveness. For women, in particular, because of their duties in the care sector of the economy, there are specific needs in education, health, and infrastructure. For example, investments in convenient water delivery to the household is an important public infrastructure issue for women.

Third, reform the international system of trade and finance so that it stimulates, instead of degrades, domestic productive capacity in developing countries. Countries in undertaking their trade commitments should pay attention to the impact on women's employment and earning opportunities. Women should stop being treated as "starter" workers, being brought into export production to break into a world market and replaced by men when industries move into higher productivity activities. Trade commitments also have an impact on the cost of basic goods and services, such as food, water, and medicines.

Improving the conditions of work for temporary migrant workers and facilitating the remittances of their earnings finances gender equality and expands financing for development.

One clear unmistakeable pattern in these discussions on financing gender equality in the context of the Monterrey consensus is that what women want is just about what everybody else wants in terms of development and poverty reduction. While eliminating discrimination and harassment are more specific to the situation of women, decent, productive jobs, rising incomes, reliable social services and protection, greater public sector capability and involvement in investment and regulation are in the interest of men and women.

What almost everybody else wants, however, requires potentially profound adjustments from the current dominant model of economic policymaking. It will require broader and more reliable tax bases (which could in poor countries require some return to tax revenues from trade and other external transactions), the re-regulation and channeling of foreign investment (instead of a carefree approach), designing trade policy to enhance domestic productivity first (not just for the purpose of expanding exports). The value of a gendered approach to economic policy analysis and design is that these strategic proposals can be analyzed, and advocated for, in the concrete terms in which they affect the poor, men and women, in developing countries and thus a better guide for the necessary political decisions.

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