

WOMEN AND THE INTERNATIONAL MONETARY FUND

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Madam chair, distinguished guests, ladies and gentlemen:

It is my privilege to be here today, to discuss the progress that the world has made in ensuring the rectification of facts presented at Seneca, some 150 years ago. This 1848 Declaration of Sentiments spoke to improving the conditions of women in society. In the developed nations, we have done well at starting to achieve our goals. I stand here today, in fact, as a testament to the efforts of the women's rights movement. I am educated, and have a political voice. I am not subjected to any tyrannies, personal, political, or otherwise. I am allowed to seek my own way, follow the goals of profit, humanitarianism, academia, or any other goals that I value. Unfortunately, this is not the case for all women. Specifically, poor women in developing countries do not share my privileges. Because of circumstances, they often cannot get an education, or have political voices. And, they largely experience the excruciating inhumanities of personal and political disenfranchisement. Why, you might ask? Why do these women not share in the abundant fortunes of the world?

I propose to show that poverty is a major cause of the continuing and increasing disenfranchisement of developing country women. I will show how the application of neoclassical economics by international institutions, and specifically, the International Monetary Fund, increase the hardships of these women.

Before I begin my discussion of the International Monetary Fund (hereinafter IMF) its policies of structural adjustment using conditionality and the impact of this on women, I must caution you against blame-finding. Although it is true that the IMF and its policies tend to have a negative impact on the lives of poor women in developing countries, the IMF itself, is not to blame. Prior to the entrance of the IMF into a country, the roots of the feminization of poverty were already in place. My desire is that the IMF and similar organizations do not exacerbate the pre-existing poverty of women. The IMF must not, under any circumstances, through blindness or disinterest, consider poor women in developing countries as sacrificial lambs to the gods of economics. With that in mind, I will begin this analysis.

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I will start with a brief examination of the nature of the IMF, its organizational design, its resources base, and transactions. Second, I will examine the empirical results of the IMF programs of conditionality. Third, I will examine the impact of IMF programs on the poor, and specifically poor women. Finally, I will outline some changes that may serve to alleviate the position of poor women in developing countries.

The IMF is a specialized UN agency founded in 1944, in Bretton Woods, and was conceived as a way to prevent the economic turbulence that existed prior to, and during the Second World War.

The IMF has full judicial personality, and also has certain privileges and immunities, such as immunity from judicial process unless explicitly waived, immunity of property and assets, immunity from search, requisition, confiscation and expropriation, non-disclosure of archives, unrestrictable nature of assets, privilege of communication, and so on. These immunities do not allow for a real transparency of the IMF, which may cause some concerns, given the potential influence the IMF has on member countries, as I will further describe.

The IMF is divided into three main bodies; the Board of Governors', the Executive Board, and the Managing Director sections. My comments will be limited to the work of the Managing Director section, since the other bodies have effectively little explicit influence in terms of fund transactions.

The IMF funds its resources through contributions of its members called quotas. Voting power is proportionate to contribution levels, and the borrowing of money, which as known as "drawing" or making a draw, reduces voting power. This weighted voting tends to concentrate power in the hands of the developed nations who may tend to view the lending of money to developing countries in a slightly different perspective than the developing countries, themselves. There is often a different perspective, when one needs, as compared to being asked to fulfill a need.

When the need for IMF financing becomes evident, the drawing nation makes a request to the IMF. Upon such a request, the IMF sets out a proposal, engages in discussions with the requesting country, and issues a letter of intent, indicating that under prescribed conditions, the IMF will lend money to the country. This is know as a standby agreement. Monies from the IMF are disbursed in stages, and any noncompliance with the conditions of the agreement may be cause for cessation of funding. Ordinarily, members are allowed to draw up to 200% of their quotas.

In the event of a draw, conditions normally required by the IMF of the drawing country include re-valuation of currencies, as well as changes in fiscal and monetary policies. Conditions become increasingly austere, as the amount of money drawn increases. These conditions are based on the principals of neoclassical economics, which will not be described here. Nevertheless, according to this style of economics, these measures should overcome balance of payment problems, as well as not particularly deteriorate the general welfare. These conditions are usually agreed to

because, when a country approaches the IMF, typically all other forms of commercial credit have dried up, and the country is very close to bankruptcy. The IMF is the lender of last resort. As such, this institution does prevent economic chaos. However, the IMF does not address the disproportionate costs that its adjustment programs have on the poor, and in particular, poor women, as I will further discuss.

Although a full analysis of empirical results is not possible here, even these numerical, economic indices of success are controversial after conditionality is in place. Devaluations often do not work, and just make goods more expensive and fiscal and monetary policy changes tend to stagnate the economies, due to less money available to be spent. I will not go into any details about this, due to time constraints, but, generally, in terms of the actual economies themselves, the figures that you see before you tend to suggest that even economic indices are not particularly improved by IMF conditions. It may be that, whatever improvements are achieved by structural adjustment are outweighed by the human cost of such programs.

Conditionality also impacts the sovereignty and political stability of nations. When the drawing member government agrees to accept the IMF's requirements, that country is largely giving up its rights to economic sovereignty, even by the simple fact that the payback periods extend well beyond the terms of most political structures. If monies need to be paid back over time, citizens of the nation will be forced to abide by the economic wills of potentially removed governments, and the IMF staff. Given that the drawing nation has no choice but to borrow from the IMF, it must basically agree to whatever conditions are set before it. This loss of economic sovereignty takes away the political voice of the people.

And finally, in the short term, cases such as in the Dominican Republic in 1984, Zambia in 1986, Nigeria in 1988, and others, incidents of riots, strikes, repression of dissidents, coup attempts, and other forms of social protest increase dramatically as a result of IMF austerity measures. Clearly, many of the people are unhappy with such measures.

And as well they should be. Doubtless we all would be unhappy if we experienced contraction in per capita incomes, rising unemployment, rising urban poverty, reduced per capita spending on health, education, and food subsidies, rising malnutrition, and a reduced probability of survival for the poor. We, too, would try to take steps to reduce these impacts.

But things are even worse for poor women of the 'drawing' countries. I will now briefly describe their experience. First, we must remember that, in developing countries, women are the poorest of the poor. Statistics show that women currently comprise the majority of the world's poor. Among the estimated 1.2 billion people living in extreme poverty within undeveloped countries, 59% are female. These women disproportionately bear the costs associated with IMF conditionality because of systemic biases that exist both, in notions of progress and development, as set out by

neoclassical economics, and also in their own cultures. These results occur for various reasons.

First, when conditionality occurs, generally, there are fewer jobs available, and certainly more so in the government sector. The employment that is available typically will have reduced or lowered wages, because devaluations, and changes in monetary and fiscal policies tend to reduce the profitability of businesses. In these cases, often low-level staff are often categorized as redundant, and laid off. Sometimes they are replaced with less highly trained workers, who are willing to work for a correspondingly lower wage. As a result, there is lower disposable income levels, and recessions may result. This is particularly damaging for women, as often they are at the bottom of the employment hierarchy and are likely to be bumped out of their jobs. They are the last hired and first fired, especially in low paid, menial work, where, in recessions, the male labor force tends to supplant them. And part of the reason for this situation is the lower levels of education that women typically have.

Even before conditionality, women tend to be less educated than men. This is because many cultures educate males rather than females, both because the male's job prospects are typically better, and because of the notion that the man will be a primary breadwinner. The male primary breadwinner hypothesis is somewhat of a myth in its exclusivity, in as much as about one third of developing country households are headed by females. Nevertheless, when conditionality is imposed, typically education budgets are further decreased, and any expenditures on females, both from the government, and from their families in the case of fees, books, and productivity lost while at school, is virtually stopped. Just about any chance at education is lost. The effects of this can be easily seen: since women comprise up to two thirds of the illiterate in developing countries. This, of course, makes it difficult for them to open their own bank accounts, or have commerce transactions involving writing, such as in the case of cheques. It also limits women's' abilities to read about the rights and treatment that they are entitled to expect, as members of the human population. And lower education may also impact the way in which they are able to care for the health of their families.

Women, according to statistics, generally control the levels of health in the family. But even here, women are at a disadvantage. For example, the attendance of male children at health care facilities is much higher than for female children; in some cases, up to 66% higher. Mortality rates of female children are high, as are maternal mortality rates. Women in developing countries are often malnourished and anemic. As a result, pregnancies will sometimes be life threatening.

Malnourishment and anemia are also borne disproportionately by women. Culturally, it is not unusual for food benefits to be unequally distributed amongst males and females. Practices in this area range from feeding males first, to saving the choicest food for the males. The reason for this there is a perception that male labor is more critical to the family

survival. This is somewhat of a myth, given that many women head households, and that they are largely responsible for the health of the family. Nevertheless, given these pre-existing cultural practices, when conditionality is applied, food resources decrease, causing a disproportionate decrease in women's nutrition. And if that decrease is not satisfactory to the males, and frustrations increase, higher levels of violence may also be an impact of the adjustment. This is because of the deterioration of the relative or absolute economic situations of families.

This deterioration is due to all of the devaluations, making things relatively more expensive, lower government spending, causing increased personal expenditures, and higher taxes. Any access to programs of assistance for the poor, which women were usually excluded from, but received benefit through the family males, usually get cut in IMF austerity programs. And once this deterioration occurs, statistics show that it is women who must find extra time, in terms of foraging for fuel and food, to make up for this deficit.

These effects represent a blindness to inequities; the blindness of invisibility for women. These women, as a result, face decreasing incomes, decreased sustenance, increasing workloads, more violence, and a bleak desolation of existence. This is unacceptable. I will now describe what changes can be made to begin to alleviate these problems.

One of the most important, but perhaps slowest steps that must be taken in order to achieve a lessening of the burden of adjustment on all the poor will be the redefinition of development. Notions of structural, distributive fairness must be included into contemporary economic theories. Growth, as stated by the United Nations, should include adequate employment creation, meeting the basic human needs of all segments of the population, a reduction in inequalities of wealth, and the provision of a better quality of life. Perhaps economists should look to a basic needs model, where the survival of individuals is valued in a more apparent way. Value of people should not be measured by the price of their labor on the market. We need a new paradigm of development, and, in particular, a new model of economic science. This change would align with the already existing recognition of basic human rights of all people.

This change could coincide with a redefinition of how developing countries actually develop. Rather than an emphasis on price competitiveness in currently existing products and markets, efforts should be made to find new products, with higher global demand in new markets. This will not be an easy task, but, given the success of developed countries in doing just this, it is not impossible. More appropriate forms of agricultural development, which do not rely on foreign inputs and foreign demand must be instituted, and there must be a move back into subsistence-style development. Clearly this requires that the wealthy, who currently own the land, give up some of their profit objectives. However, incentives from other governments, and economic institutions may make agrarian reform possible.

Governments should also cut military spending, since these expenditures do not assist in the survival of people. Those that have interests in maintaining this status quo should also get financial and moral incentives to encourage this change. We must support these initiatives.

But perhaps more importantly, we, in the developed worlds, have to begin to look at our own lives of excessive consumption. Why should many of the world's people live in poverty, while many of us have so much? It is only because of a twist of fate that we live in the developed world, and others do not. Why should the burden of adjustment only fall on the poor? Perhaps a system of symmetry of adjustment could be used, where responsibility for economics is shared amongst all nations. We must begin to consider these issues more carefully, if we are truly committed to justice and equity throughout the world.

The IMF itself, can begin to ensure such equity by allowing drawing countries and their poor to have a larger influence in the programs of conditionality. This can be done from a policy level, where IMF staff consider the impact of the programs both on the national, economic level, as well as the micro, individual level. Input from both the government as well as the people would be important and relevant, here. Conditionality should be designed specifically with a view of protecting the already poor; that is, adjustment with a human face. On a more formal level, the executive board could have more input into the conditionality programs, and the weighted voting system could be changed to reflect the interests of developing countries in a more equitable way. In this way, the targets of the IMF, which generally consist of economic indices, may be softened to reflect humanist interests as well. The timing of the IMF paybacks may also need to be changed, to reflect the realities of the developing country economies. Although the IMF was seen as a relatively short-term source of funding, (with the exception of the Compensatory Financing Facility that is no longer generally used), perhaps the length of term needs to be re-evaluated. A longer term of assistance may reduce the need for drastic devaluations and changes in monetary and fiscal policy. This would reduce the immediate, often devastating impact of conditionality.

Furthermore, an increase in the transparency of the IMF would increase the confidence that the world can put into the work of the IMF. This would provide an external check on the policies of the IMF and enhance our understanding of the choices that have to be made to avoid economic collapse. And finally, the IMF should work, directly in conjunction with the World Bank, and other international economic institutions, including commercial banks, to ensure a consistency of application of programs for developing countries. In this case, it is likely that a more comprehensive program of development could be devised.

Here, too, incentives for commercial institutions will have to be developed to ensure their cooperation. Even further, perhaps a central world bank could be developed, in order to solve some of the problems that the IMF faces, including the dangerously low level of resources that it

currently experiences. Global political will would have to be used to create such a system, and this may be difficult. Nevertheless, the implementation of some or all of these recommendations would be a beginning to improvement in the lives of the poor in developing countries.

Finally, with respect to the disenfranchised, poor women in developing countries, efforts must be made to both reduce systemic biases or blindness to their lives, as well as to reduce the actual, negative impact of structural adjustment on these women. Trickle down methods of addressing this issue are not enough; active efforts must be taken. Gender training, to reduce the systemic biases against women should be instituted at all levels of national governments as well as in the communities, both for men and women. Both sexes must realize that women may be the primary breadwinners, that they would benefit substantially from their education, and that the survival of the human race depends on the procreation ability and health of both women and men. To accomplish this, steps such as paying females to attend school, or not charging them fees would assist in the education of women. Another step could be to strengthen legislation on minimum wages and working conditions. Furthermore, women could be relieved of the burdens of child care coupled with wage labor by setting up child care systems, perhaps, even by employers. These steps would, of course, cause producers to object because the costs of labor will have increased. However, again, developed countries should be able to find sufficient incentives for these interests to be modified.

In addition, women should be assisted in opening their own bank accounts, or be paid in cash for their work, thus making their illiteracy not as immediately relevant in their lives. Institutions like the Grameen Bank should be encouraged, as they tend to make commerce transactions possible for the poor. And finally, programs designed specifically for poor women, such as self-help, or even financial assistance programs at household levels, including those dealing with health, food provision and child care can be instituted. These programs do cost money, but they should be part of the conditions that the IMF requests from a drawing country, in order to ensure the survival of the poor.

Even though these recommendations will improve the lives of poor women in developing countries, we must always remember that it is the removal of systemic biases against women, that is, all women, as envisioned by the Declaration of Sentiments that will lead to the eradication of their disproportionate disenfranchisement, and relatedly, to the promotion of even our own women's rights efforts. It is this long term goal that will remove women from their marginal reality, especially in the developing world. I am confident that with all our efforts, we can achieve changes in this area. Thank you.