

Shortchanging Women: How U.S. Economic Policy Impacts Women Worldwide

Women suffer economic imbalances most acutely, but they continue to be ignored in development models and economic policymaking.

In theory, globalization through international “free” trade should open markets worldwide, create jobs and increase profits for all countries and their citizens. In reality, the dominant neo-liberal economic model, or “Washington Consensus,” that prioritizes economic growth, financial deregulation and privatization of public goods has increased poverty in many parts of the world and intensified inequalities between and within nations.¹ In other words, globalization is causing the rich to get richer and the poor to become poorer.

The majority of the world’s poor are women, who also comprise the poorest of the poor. Women work two-thirds of the world’s working hours. They also produce half of the world’s food. However, women earn only 10 percent of the world’s income and own less than one percent of the world’s property.² Women’s economic rights and empowerment are thus central to national and global strategies for eradicating poverty and achieving gender equality. Because women suffer the economic imbalances most acutely, they ought to be at the center of development models and economic policymaking.

Advocates for women’s rights have worked tirelessly at the United Nations to empower women and eradicate poverty by including women in macroeconomic policies and holding governments accountable to women. Despite these efforts, women’s contributions and concerns continue to be ignored in global financial markets, institutions and macroeconomic policies, further perpetuating gender inequalities.³

Globalization does have the potential to provide employment opportunities and economic freedom for women. However, the neo-liberal economic model keeps many women in low-wage, insecure, hostile and degrading work conditions thus ensuring increased corporate profit. The current global economy also relies on women’s unpaid work caring for children, the elderly and ill and maintaining households—work that is invisible in U.S. economic policy yet valued by the United Nations at \$11 trillion annually.⁴ The U.S. tendency to push economic policies that depend on gender inequality does not therefore agree with its rhetoric supporting the idea of women’s economic empowerment globally.

While the United States has guided the creation of a global economic system based on women’s continued economic inequality, alternative systems are possible. Women in the United States must mobilize to challenge these negative economic policies and promote alternative frameworks and policies that truly reflect women’s work and needs, and are conducive to achieving gender equality and economic justice. We must see that governments and corporations are held accountable to protecting women’s rights.

Definitions

Economic globalization is a term used to describe the increased flows of goods and services, capital and people across national borders.

Neo-liberalism, the current paradigm guiding economic globalization, is centered on three key processes:

- **trade liberalization**, or “free trade”, is the unhindered flow of goods and services between countries;
- **privatization** is the process of transferring publicly-owned goods and services or management of services from the government to the private sector in facilitating a free-market economy;
- **deregulation** is the process of de-emphasizing government intervention in the economy, while encouraging free market methods and fewer restrictions—such as human and labor rights and environmental protection—on business operations.

**Definitions adapted from “What is ‘Neo-Liberalism’: A Brief Definition,” by Elizabeth Martinez and Arnoldo Garcia, updated 2000; available at <http://www.globalexchange.org/campaigns/econ101/neoliberalDefined.html>.



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Global Institutions

The United States uses global institutions as instruments for advancing neo-liberal policies.

Global finance and trade policy is formulated at the International Monetary Fund (IMF), World Bank and World Trade Organization (WTO). The world's richest countries control these institutions. The G7 countries—the United States, United Kingdom, Japan, Germany, France, Canada and Italy—hold over 45 percent of the votes of the IMF and World Bank boards and dominate negotiations at the WTO, and thus are the main drivers of policies that come from the global organizations.⁵ The United States and the other richest nations are able to use these institutions as instruments for advancing neo-liberal policies, which have significant impact on women and local communities in the United States and abroad.

International Monetary Fund and World Bank

The IMF and World Bank, founded in 1944 and together known as the Bretton Woods institutions (BWIs), are powerful global lending institutions that make loans to developing countries. The IMF's mission is to oversee the global financial system by monitoring exchange rates and offering financial and technical assistance to developing countries in particular. The World Bank is responsible for providing finance to countries for purposes of development and poverty reduction, and for encouraging and safeguarding international investment. Critics say BWI policies and lending conditions have served the interests of rich countries and corporations while exacerbating poverty and inequality, especially for women. For more information, go to: www.50years.org; www.globalexchange.org.

World Trade Organization

The WTO, formed in 1995 and currently comprised of 148 member states, is a powerful global commerce agency, which promotes a "free trade" agenda.⁶ With its mandate to oversee a variety of trade and trade-related agreements and implement a dispute settlement process, the WTO legally binds members to agreed trade liberalization policies and its rules can be enforced through sanctions. Critics argue that WTO outcomes have devastated livelihoods in both rich and poor countries alike, but most acutely in developing countries and for groups such as women, indigenous peoples, manufacturing workers and small-scale farmers. For more information, go to: www.igtn.org; www.ourworldisnotforsale.org.

U.S. International Assistance

Individuals and non-governmental organizations in the United States are as generous as those in other industrialized nations in giving assistance to poor and disaster-struck countries. The U.S. government on the other hand falls short in giving in relation to the governments of other industrialized countries.⁷

In 1992, world governments agreed that over 20 of the wealthiest member countries of the United Nations would devote a targeted 0.7 percent of their gross national product to Official Development Assistance (ODA) for the development of less wealthy countries.⁸

The most prosperous nation in the world, the United States allocates a meager 0.16 percent of its gross national product to ODA, as compared to the much smaller industrialized country of Norway, which gives 0.87 percent to ODA.⁹ U.S. financial assistance to developing countries has the potential to ease the impacts of poverty on women and foster women's economic empowerment.

Free Trade Agreements

Free trade agreements serve to expand corporate operations at the expense of environmental and labor standards.

In addition to pushing its trade agenda at the global level through the WTO, the United States negotiates free trade agreements (FTAs) with specific countries and regions. These FTAs serve to expand corporate operations at the expense of environmental and labor standards and directly impact women's human rights and livelihoods. The most prominent FTAs involving the United States are:

North American Free Trade Agreement (NAFTA): Signed by Mexico, Canada and the United States in 1994, NAFTA permits foreign-owned corporations to establish factories, or maquilas, along the U.S.-Mexico border. These corporately-owned factories have long-lasting and damaging effects on women and communities along the Texas-Mexico border, including: sexual violence and workplace discrimination fostered by non-existent labor regulations in the factories; environmental and social degradation caused by a lack of ecological or social services ordinances; and, the eradication of local industry, much of which was fueled by women's work cooperatives and other local commerce.¹⁰

Free Trade Area of the Americas (FTAA): Scheduled to pass in January of 2005, the FTAA has not yet been ratified due to opposition from Bolivia, Brazil, Venezuela and others. FTAA would be the world's largest free trade zone, and a legally binding authority requiring 34 Western Hemisphere countries to open their borders to transnational corporations. The FTAA encourages privatization of services like education, water and health care (including medications for diseases like HIV/AIDS) that women and girls depend on, thus increasing costs and decreasing access.

Central American Free Trade Agreement (CAFTA): A NAFTA-like agreement between the United States and Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic, was narrowly passed by Congress in 2005. CAFTA favors the interest of profit over workers and is dependent upon cheap labor (performed mostly by women) and unprotected working environments. CAFTA may increase jobs, but is also likely to weaken unions, and cut workers' wages, and place women workers at greater physical and economic risk.¹¹

Notes

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2. United Nations Development Program (UNDP) Human Development Report 1998; World Development Indicators 1997; Focus on Women 1995; International Women's Democracy Center; WEDO.
3. White, Marceline. "Making Trade Work for Women: Opportunities and Obstacles," available at http://www.womensedge.org/pages/referencematerials/reference_material.jsp?id=169, accessed 5 July 2005.
4. Ibid.
5. Global Exchange. "World Bank/IMF Questions and Answers." 1 April 2005; available at <http://www.globalexchange.org/campaigns/wbimf/faq.html>.
6. International and Gender Trade Network. Accessed 20 July 2005; available at <http://www.ignt.org/page/401>. Global Exchange. Accessed 20 July 2005; available at <http://www.globalexchange.org/campaigns/wto/>.
7. Organization for Economic Co-operation and Development (OECD), "Ranking the Rich Based on Commitment to Development," 25 June 2005; available at <http://www.globalissues.org/TradeRelated/Debt/USAid.asp#RankingtheRichbasedonCommitmenttoDevelopment>.
8. Organization for Economic Co-operation and Development (OECD), "The U.S. and Foreign Aid Assistance," 25 June 2005; available at <http://www.globalissues.org/TradeRelated/Debt/USAid.asp#ForeignAidNumbersinChartsandGraphs>.
9. Organization for Economic Co-operation and Development (OECD), 11 April 2005: Found at Global Issues that Affect Everyone, <http://www.globalissues.org/TradeRelated/Debt/USAid.asp#ForeignAidNumbersinChartsandGraphs>.
10. *Bankrupt U.S. Economic Policy Forecloses on Women's Human Rights*. Center of Concern: Washington, D.C., 2004, 7. Available at <http://www.coc.org/resources/articles/display.html?ID=1133>. See also: Garwood, Shae. "Working to Death: Gender, Labour, and Violence in Ciudad Juarez, Mexico." *Peace, Conflict and Development, an Interdisciplinary Journal*. Issue 2. December 2002; available at <http://www.peacestudiesjournal.org.uk/docs/Working.pdf>.
11. International Gender and Trade Network. "Report on the Congressional Briefing: Women and CAFTA. June 15, 2005," 23 June 2005; available at http://www.ignt.org/pdfs//388_Congressional%20Briefing%20Write-up.pdf.

Resources

Organizations

50 Years is Enough Network www.50years.org
Alliance for Responsible Trade www.art-us.org
Bretton Woods Project www.brettonwoodsproject.org
Center of Concern www.coc.org
Global Call to Action Against Poverty www.whiteband.org
Global Exchange www.globalexchange.org
International Gender & Trade Network www.igtn.org
Make Trade Fair www.maketradefair.com
Maquila Solidarity Network www.maquilasolidarity.org
Public Citizen www.citizen.org
STITCH www.stitchonline.org
Sweatshop Watch <http://sweatshopwatch.org>
TransFair USA www.transfairusa.org
Women's Edge Coalition www.womensedge.org

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