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# WOMEN, MEN AND ECONOMICS

## THE GENDER-DIFFERENTIATED IMPACT OF MACROECONOMICS

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with special reference to Asia and the Pacific

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# INTRODUCTION

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*Feminist [economic] theory offers more than some new insights into women's work. . . . Feminist economic theory affects the answers to some of the basic riddles of political economy (Folbre, 1992: xxiii).*

Neither gender nor individuals have been major concerns of macroeconomic theory or macroeconomic policy. Gender is also ignored in most of the conventional models of microeconomic behaviour which represent the ways in which macroeconomics affects individual women and men. Individual economic actors are seldom referred to; the language of macroeconomics is impersonal and ungendered; and neither gender nor the sex-based division of labour are mentioned. In fact,

*"Mathematical models and econometrics shroud researchers in a protective coat of secondary data, immune from the actual conditions and experiences of women's lives." (Miller and Treitel, 1991: 161; See also Driscoll and McFarland, 1989.)*

Although the impact of policy on individual functional categories of economic actors, such as buyers, sellers, saver, and investors<sup>1</sup> may be identified in macroeconomic policy debate, the absence of specific references to gender suggests that policy measures are assumed to affect women and men equally (Elson, 1992: 48). The women's literature, particularly that relating to women in developing countries, indicates that this is not so.

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<sup>1</sup> The role of particular distributional groups such as the poor or rural residents is less often considered in the macro-policy debate.

# BACKGROUND

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Economic theory has conventionally been separated into two bodies of theory, macroeconomics and microeconomics, although the distinction between them in the discipline and practice of economics is ambiguous. Macroeconomics is the study of the relationships between broad economic aggregates such as investment, savings and trade. Microeconomics deals with individual economic units, usually individuals, households or firms, whereas macroeconomics deals with the economy as a whole. Macroeconomic theory seeks to understand and relate the key variables that determine the level of national output and income<sup>2</sup>, while microeconomic theory focuses on the distribution of national output and income among sectors and individuals. Reflecting the preoccupation of the development literature with economic growth, macroeconomic policies based on macroeconomic theory have come to be considered as powerful tools for controlling the aggregate level of economic activity.

There is also a difference in methodology. Macroeconomics assumes that the distribution of output and relative prices are given and seeks to explain how total output and the general price level are determined. Conversely, microeconomics assumes that the total output and general price level of the economy are given and seeks to explain how the distribution of the outputs and prices of individual products is determined. In practice, this sharp distinction becomes blurred because changes in microeconomic variables affect macroeconomic variables and vice versa (Edgmand: 1987: 2). Furthermore, general equilibrium theory, which is a microeconomic theory, is also concerned with the analysis of the economy as a whole (Garretsen, 1992:6).

Although macroeconomic policy is technically concerned only with the determination of the overall level of economic activity, macroeconomic objectives are often achieved through a combination of macroeconomic and microeconomic measures. Direct macroeconomic policies target the budgetary balance, interest and exchange rates, but achieve many of their objectives through micro-level changes in the incentives facing individual women and men, the households in which they live, and the enterprises in which they work. Microeconomic measures may also be introduced to achieve macroeconomic objectives by operating indirectly on the determinants of macroeconomic parameters (Killick, 1981: 37). Moreover, the determination of sectoral priorities and associated sectoral economic policies, which are technically classified as microeconomic, have been increasingly set in terms of the macroeconomic goals of stabilisation, growth and structural adjustment<sup>3</sup>. In this paper the term 'macroeconomic policy' is therefore used broadly. It is used conventionally to describe macroeconomic policies dealing with economic aggregates. However, it is also used to describe other policies that are technically microeconomic because, although focused on distributional issues, they are primarily directed toward the attainment of macroeconomic policy objectives<sup>4</sup>.

The main focus of this paper is on broad macroeconomic policy and the corpus of economic knowledge that affects policy formulation. It is also especially concerned with the practice of economics in developing countries. It does not focus on academic economics or the cutting edge of academic research in the discipline. Although these undoubtedly affect practice, their effect is often only partial and practice typically lags well behind developments in theory.

The extent to which the formal academic discipline may be held responsible for the uses made of its output in the formulation of policy is a contentious issue. It is especially problematic for economics, where the more complex mathematical models and technical jargon are inevitably beyond the understanding of many of those involved in policy formulation and debate, including many who have

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<sup>2</sup> National output is most commonly referred to in the form of Gross Domestic Product (GDP) - the output of factors of production employed within the country - or Gross National Product (GNP) - the total output of all nationally-owned factors of production, including those employed outside the country. The national income is more often used as a measure of individual welfare, in the form of per capital national income (the national income divided by the total population).

<sup>3</sup> The current emphasis in most developing (and developed) countries on production rather than consumption, and on the export sector rather than domestic production, is largely the outcome of macro-economic concerns.

<sup>4</sup> For a useful discussion of the distinction between macro and micro economics, see Garretsen, 1992: 5-11.

had basic economic training<sup>5</sup>. However, although the links between theory and policy or practice in any discipline may be quite tenuous, as Sen observed (1983: 14-15), the interface between theory and practice should be of particular concern in economics:

*" . . . theoretical problems . . . may not worry the 'practical economists' who run government departments, planning commissions and international institutions that make policy decisions in real life. . . . Theories are known to be unrealistic. Practice must not take them too seriously. However, so much of practical economics (including the rationale of many actual policies) rests implicitly on economic theory that the sense of invulnerability is somewhat illusory. Policies are based on beliefs about what the market does or does not do, what the prices stand for, what the national income statistics reflect, what the unemployment data reveal, etc., and these things, in turn, depend implicitly on an enormous body of economic theory."*  
[Emphasis in the original.]

In developing countries, neoclassical macroeconomics has become increasingly dominant in policy formulation and policy decisions made on macroeconomic criteria often effectively set both the economic and the general development policy agenda<sup>6</sup>. Macroeconomic goals determine distributional issues such as sectoral priorities and, thus, the relative benefits to be received by specific groups in the population. The recent emphasis on structural adjustment policies, for example, inevitably advantages sectors and groups involved in the production of traded commodities over those producing non-traded goods and services.

This dominant role of economics in policy formulation is based on a number of largely unstated premises that have rarely been subject to critical scrutiny, either within the Third World or, in recent years, within the economics discipline itself. These include the assumption that economic objectives, most notably the desire for a rapid rate of economic growth, are necessarily more important than other objectives, and that certain macroeconomic objectives are instrumentally more important than all others. (Indeed, their achievement is often depicted as a pre-condition for the achievement of all other economic objectives.) While few economists would consciously make such extravagant claims in respect of national policy-formulation, these underlying and often unconscious assumptions of economists' decisions and recommendations have become powerful forces shaping policy in developing countries.

The primacy of economics in development policy is also partly an outcome of the roles and positions of economic institutions and experts<sup>7</sup>, and the dependence of many developing countries on technical advice from economic experts. Especially powerful are international development lending agencies such as the IMF and the World Bank, who not only provide technical advice and funds but directly provide and indirectly legitimise many of the development experts. Thinking among these groups and within these institutions, which have virtually dictated policy priorities in some Third World countries, has been almost completely dominated by conventional economics.

Despite this dominance, the nature and extent of the influence of economics has tended to be overlooked within the macroeconomic policy debate because of the conventional dichotomy between macro and microeconomics. Not only is distribution technically a microeconomic question, many economists, although holding specific professional views in individual cases, also regard the general question of distribution as a political one that lies outside their area of competence. It is ironic that such reluctance to interfere in political decisions may result in situations where economic decisions determine distributional outcomes without being questioned.

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5 I was struck by the number of times an academic economist colleague who was highly offended by some of the more crass statements in an earlier draft of this paper resorted to comments such as "good economists don't . . .", "this critique applies only to pedagogical, elementary theory texts", "simple textbook models yes, sophisticated models no", "good theoretical and empirical work does not . . ." etc. Unfortunately, textbooks are where the vast majority of those involved in the formulation and implementation of policy obtain their apparently flawed understanding of economics.

6 The role of macro-economics and economic professionals in policy formulation, although more important than in the past, is much less prominent in developed economies, where party ideologies and strong interest groups are often able to prevail over the advice of economic experts. The policy role of economics (as distinct from the role of individuals who happened to be economists) is a relatively recent phenomenon.

7 Although neoclassical economics seems largely unaware of this role, it is one that classical economists such as Smith and Marx would have understood very well.

This paper is especially concerned with the gender-differentiated consequences of this often unintended and sometimes unrecognised impact of macroeconomic policy on individual women and men in developing countries. Although economics may not be accountable for all of the policies developed and implemented in the pursuit of macroeconomic goals, the lack of gender-awareness which characterises the economics profession and its activities is partly a consequence of certain defects and deficiencies in its methodological apparatus. Despite some important advances in a number of areas of theory<sup>8</sup>, the failure of economics to adequately incorporate gender into its models and concerns remains a fundamental weakness. This results in inaccurate analysis and inappropriate policies in relation to women's economic roles and activity. Furthermore, deficiencies in the logic of economic theory have also seriously impaired economic analysis in such basic and apparently gender-neutral areas as the measurement of economic growth (Folbre, 1992: xxiv) and the concept of allocative efficiency (Palmer, 1992). The omission of gender concerns from most areas of economic theory has resulted in a body of knowledge that generates policies with inefficient macro-level outcomes for the economy and unpredicted micro-level consequences for women, children and families.

Why is macroeconomics gender-blind? The answer to this question is relatively simple: macroeconomics pursues aggregate goals and has therefore tended to be blind to its differential impact on all individuals, whether differentiated by gender, sector, location or any other criteria. However, in order to explain why economic experts and economic policy-makers have not been able to foresee (or sometimes recognise) the gender-differentiated effects of their policies on individuals, and in particular, the potentially detrimental effects of their policies on women, it is necessary to examine gender-blindness in microeconomics. Thus, Section I examines several relevant areas of microeconomic theory that have been widely but inappropriately applied in development economics.

Section II focuses on the potential micro-level impact of macroeconomic policies on women, children and families, drawing on the general experience of countries undergoing stabilisation or structural adjustment policy regimes. A number of these countries, most notably in Africa, have recently faced serious crises of internal and external imbalance brought about by critical failures in their previous approaches to economic policy. The sharp and drastic re-alignment of the domestic economy required under the new policy regimes often carried very high social costs which were felt most by the disadvantaged, of whom women are the largest single group. Section II therefore presents a 'worst case' example of the potentially negative gender-differentiated effects of particular macroeconomic policies on women.

By contrast, Section III focuses on the experience of the economies of Asia and the Pacific region which, with the notable exception of the Philippines, were better able to withstand the oil shocks and international recession, required relatively short time. A number of Asian and Pacific economies were also able to protect disadvantaged groups from the short-term negative effects of macro-policy, to some extent protecting women from the short-term negative impact of stabilisation policies and enabling them to share in some of the longer-term benefits of structural adjustment policies. Section III therefore presents a more positive view of the impact of macroeconomic policies on women, showing that they are not necessarily or always against the interests of women.

However, the more favourable outcomes for women in Asia and the Pacific were partly coincidental and partly a combination of greater awareness of the impact of macro-policies on individuals and a greater economic capacity to cushion disadvantaged groups from those effects. They were not due to a more gender-sensitive approach to macroeconomic policy formulation, nor to a more gender-aware application of economics. Section IV explores gender-blindness as a special case of the micro-blindness of macroeconomics, suggesting a number of strategies that might be adopted to increase the level of gender-awareness and micro-impact awareness among macroeconomic policy-makers and the economic experts who advise them.

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<sup>8</sup> Labour economics has traditionally paid considerable attention to the gender division of labour. Extensions of the New Household Economics models of household behaviour through game bargaining and contract models have also addressed the question of intra-household decision-making (Ott, 1992), as did Sen's cooperative conflicts model (Sen, 1987).

## 21 MACRO AND MICROECONOMIC THEORY

Although macro and microeconomic theory are largely independent bodies of thought, most macroeconomic policies operate indirectly through the micro-level production unit by altering the incentives facing individuals or firms. Microeconomic theory assumes that the aggregate level of economic activity (and prices) is given, and focuses on explaining how the outputs and prices of individual products are determined. Conversely, macroeconomic theory assumes that relative prices and the distribution of output among individuals are given and seeks to explain how the general level of economic activity and prices is determined. One consequence of this theoretical separation is that macro policy-makers have tended to make macro-policy decisions with scant reference to the likely impacts of those policies at the micro-level.

*"[M]acro-economics has become looked upon almost as a distinct subject independently of its microeconomics counterpart, and it has become commonplace in both theoretical and practical contributions to indicate macro-policy implications without any reference to the probable microeconomic response pattern of the individual units subject to the policy variables." (Shaw, 1977: 29)*

The divergence between the two levels of economic analysis is reinforced by their differing methodological approaches (Shaw, 1977: 30). Microeconomic theory assumes that consumers are utility-maximising rationalists, and produces hypotheses about the nature of microeconomic behaviour which cannot be tested empirically<sup>9</sup>. By contrast, macroeconomic theory uses the Keynesian consumption function as a basis for models of aggregate consumer behaviour. This avoids the concept of utility and generates hypotheses that are subject to direct empirical testing through the application of econometric techniques<sup>10</sup>.

The capacity of neoclassical economic theory to take into account the impact of economic policies on the behaviour and welfare of individuals or families is seriously impaired by its rather simplistic model of microeconomic behaviour. Institutional and evolutionary economists, as well as non-economists, have long expressed dissatisfaction with the conventional neoclassical approach to the micro-foundations of economic behaviour. Macroeconomics tends to assume a "timeless and spaceless equilibration through market exchange" that largely abstracts the concept of the market from its social or institutional context (Sayer and Walker, 1992: 4 and 229). In practical applications, this facilitates convenient (and typically implicit) assumptions about the context of microeconomic choice, such as the existence of perfect information, perfect foreknowledge, an absence of transaction costs, and the absence or irrelevance of social or cultural constraints<sup>11</sup>. Not only are these assumptions patently unrealistic, other areas of economic theory (such as cost-benefit analysis and the theory of the firm) admit that the phenomena thus removed from consideration do affect economic decisions<sup>12</sup>.

Gender-bias is a special case of this general micro-level myopia in macroeconomics arising from the strict methodological distinction between the macro and micro levels of economic analysis. Although

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9 While specific micro-economic predictions about individual behaviour can be tested against data, the underlying utility-maximising framework cannot be refuted (Shaw, 1977: 30 fn; Folbre, 1986: 246).

10 However, Smithin (1990: 9) notes that although the formal method of confronting economic theories with facts is through econometrics, econometric testing per se has rarely been decisive in settling economic controversies. (See also Folbre, 1986: 246.)

11 An economist colleague pointed out that "markets require institutions such as property rights, as every good economist knows". His claim is valid, and particularly relevant to the concerns of contemporary economists wrestling with the privatisation of formerly socialist economies. However, economists working in the Third World have a rather poor track record in recognising the importance of the more subtle aspects of the social and institutional context. According to a recent review, the work of the New Institutional Economics has had little practical impact on the assumptions of development economists working in the field (Bardhan, 1989). The development literature abounds with examples of projects that have failed to meet the goals of economic planners because of the unanticipated influence of institutional factors on incentives (see Kabeer, 1992: 117-118 and Claude, 1989 for examples from Africa; Clatts, 1991: 271-309 for the Philippines).

12 Again, as my colleague was quick to point out, much recent advanced theory focuses on information costs and asymmetries. Unfortunately, it has yet to filter through to the field, where too many development programs continue to focus on ungendered targets on the implicit assumption that women and men have equal information and transaction costs and will therefore have equal access.

aggregate economic parameters ultimately change due to the cumulative effect of individual actions taken in response to changes in micro-level incentives and disincentives, macroeconomics largely ignores the impact of its policies on individuals and households. Conditioned by its quantitative methods and constrained by an inadequate neoclassical model of individual economic behaviour, it focuses only on aggregate indicators of the level of economic activity.

## **2.2 MACROECONOMIC POLICY IN DEVELOPING COUNTRIES**

Economic development is characterised by a combination of economic growth and structural change. The growth of an economy is the increase over time in the volume of goods and services that it produces, while structural change is a change over time in the composition of output. Structural change occurs at both the macro and micro levels. At the micro level, it involves a gradual transfer of resources and activity from the non-monetised household and subsistence sectors to the monetised economy. At the macro level, the structural change associated with development involves a reduction in the importance of the agricultural sector and an increase in that of the manufacturing and service sectors (O'Brien, 1991: 26-28).

Although all governments seek to control and manage this process of growth and adjustment through macro-level management, macroeconomic policy has been more pervasive and more important in developing rather than developed countries. The weakness or lack of market institutions and the desire for particularly high rates of growth and structural change in order to "catch up" has led Third World governments to try to compensate for imperfections in the market through greater public sector activity and more active government intervention in and control of private sector activity. The weakness of institutional mechanisms for microeconomic management has often led to a strong emphasis on control of the macroeconomic environment, particularly through exchange rate policies. The consequent predominance of macroeconomic policy is reflected in the popularity of long- and medium-term economic planning and formal plans, even in non-socialist developing economies. Macroeconomic policy in developing countries has also tended to lean particularly heavily on policy prescriptions drawn from conventional economic theory, partly because of the influence of international aid and the "development lobby", partly due to a lack of expertise and experience, and partly due to the comparative weakness of domestic interest groups.

Recent changes in the international economy have both reinforced the dominance of macro policy and drawn an increasingly wide circle of developing countries under the influence of conventional neoclassical economics<sup>13</sup>. In the post-War period, a wider spectrum of economic activity in newly independent developing economies has become incorporated into the international trading system. In particular, the rapid expansion of the international capital market into developing economies during the 1960s and 1970s created many new problems for Third World policy-makers. Macro policy-makers in all countries were confronted with a major challenge by the world economic crisis that began with the first oil shock and the commodity crises of the early 1970s. However, the international crisis directly threatened the viability of Third World governments struggling to sustain growth in weak and under-developed economies. Already accustomed to a high level of state intervention in the economic system, the common reaction to rapidly deteriorating external accounts and a mounting international debt burden was to increase the level of government intervention. This, combined with the serious weaknesses in public management that in many countries had contributed to the initial problem, often led to a downward spiral of slower and even negative growth.

Macro policy-makers in many developing countries found themselves under pressure from international agencies to adopt particular kinds of macroeconomic policies in order to preserve their

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<sup>13</sup> Contemporary neoclassical economics should perhaps be more accurately described as 'neo-liberal economics' since the underlying political economy is rather different from that of the Keynesian 'revolution'. The Keynesian macroeconomics of the 'thirties focused primarily on the level of domestic economic activity, and particularly on the level of employment. It can be seen as motivated by both domestic and microeconomic concerns about the impact of high levels of unemployment on particular social groups. By contrast, in the development context contemporary neoclassical economics has focused on external balance and often seems motivated more by concern for the stability of the international economy than the interests of the Third World.

international financial standing. Because the international financial community feared widespread defaulting on loans and the subsequent isolation of defaulting nations, many Third World governments were obliged to adopt structural adjustment programs (SAPs) under the International Monetary Fund (IMF) and the World Bank. SAPs and similar policy packages were designed to meet the needs of the international financial system and creditor nations, not the needs of the citizens of the countries in which the programs operated<sup>14</sup>. These policy packages differed from conventional approaches to macroeconomic management because they were not aiming for a gradual process of steadily adjusting resource allocation in a growing economy. Instead, they sought sudden and severe adjustments of depressed or contracting economies in order to sharply move those economies away from a set of policies seen to be responsible for their problems and towards new policies thought to lead to growth.

Regardless of whether they are under formal IMF or World Bank SAPs, the international situation after the late 1980s obliged most countries to pursue similar macro policies and objectives based on neoclassical economic principles. The first basic objective is stabilisation, to be attained by reducing domestic demand to bring it into line with available resources. The second is structural adjustment, to be sought through reform of the supply and production structure, in particular through export promotion, in order to eliminate the external deficit and stimulate growth. Among the specific (micro) policies advocated to achieve these macro-policy aims are elimination of subsidies and price controls (particularly on food and agricultural inputs), cuts in public sector spending on "non-productive" services (health, education and welfare), and public sector wage and employment restraint. These policy measures are advocated on the basis of both theoretical economic analysis and empirical studies which suggest that economies will grow most rapidly by exploiting their comparative advantage through international trade and by relying on the market mechanism to achieve the most efficient allocation of domestic resources. However, further examination of the evidence suggests that the two most important characteristics of these macroeconomic policies owe as much to neoclassical political doctrine as to rigorous economic analysis.

The first characteristic concerns assumptions about the role of international trade in national development. The orthodox neoclassical view appears to accept that an export-led development strategy is the most effective strategy for achieving national development objectives in all circumstances and for all developing countries. However, the success of such a strategy is highly dependent on a favourable international political climate. An export-led development strategy carries certain risks, which may be quite high for small open economies with high levels of exposure to the international economy. The possibility that, for certain countries, the risks might offset the potentially modest benefits to be gained from exploiting limited comparative advantage is apparently not considered by most macroeconomic advisers. It has also been suggested that, while an export-led strategy may be effective for one or a few developing countries, it may not be effective for many because they will compete among themselves, thereby lowering prices on the world market and perhaps benefiting only the developed countries. The relevance of the political climate of international trade has been little explored in the theoretical literature, and such concerns tend to be dismissed by conventional economists<sup>15</sup>.

The role of the private sector in development strategy is another characteristic of neoclassical economic philosophy that seems to owe more to political doctrine than to economic logic. Despite the widely acknowledged weaknesses of market institutions in developing countries (O'Brien, 1991: 35, 40), macroeconomic orthodoxy has advocated almost universal economic liberalisation and has relied increasingly on the operation of markets to achieve policy objectives. This is partly based on the view that inappropriate policies and public mismanagement were responsible for the poor economic performance that exposed the developing countries to the external shocks. It is also based on the related

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14 Although many economists would argue that the long-term interests of citizens and international creditors coincided, in countries such as the Philippines there can be little doubt that the interests of Filipinos, particularly the poor and particularly their short-term interests, were sacrificed to those of the international financial system. (See Pineda-Ofreneo, 1991.)

15 A recent World Bank paper by Will Martin produced a model which showed that a high level of trade among developing countries would tend to offset the negative effect of competition among developing countries for world markets. However, it also suggested that where trade was focused on the developed countries and developing countries did not trade with each other, competition among the latter could remove the potential benefits of an export-led strategy.

(and untested) proposition that imperfect markets in developing countries are necessarily more efficient than inept or corrupt governments.

Thus, macroeconomic policy has become an increasingly important element of national policy in developing countries, and all Third World governments are being encouraged by international agencies and the prevailing economic orthodoxy to move towards similar kinds of macroeconomic policies. These assign primary importance to international trade through an export-led development strategy, and emphasise economic liberalisation and the operation of free markets. While these policy prescriptions can be justified to some extent in terms of conventional economic theory, their theoretical underpinnings are less robust and less economic than they might appear.

### **23 WOMEN AND MACRO POLICY**

As development proceeds, structural changes at the micro-level make Third World women and children increasingly affected by (and vulnerable to) macroeconomic policies. Monetisation results in the substitution of goods and services purchased in the market, and therefore subject to the effects of macro policy, for those formerly produced for own-consumption in the household or on the family farm. However, during the earlier stages of development, women's labour is usually not transferred to the market, so women must rely on cash provided by males in the household<sup>16</sup>. At the same time, resources formerly utilised within the subsistence economy move into the market, where they also become more subject to the effect of macro policies. For example, land formerly used to produce the family's food in a totally subsistence economy may be converted to the cultivation of crops for sale in the market, and thus may become subject to the effect of exchange rate and other macroeconomic policies. Thus women become increasingly dependent on men, and both become increasingly vulnerable to the effects of the market and macroeconomic policy.

Basic needs such as health and education that were formerly met within the household, largely by women, move into the public sector where they are increasingly met by government<sup>17</sup> (Boserup, 1990: 14). In particular, the socialisation of children becomes institutionalised in the form of education and, together with the provision of health care, moves from the household to the public sector. Both services become increasingly monetised, either through direct costs in the form of fees, uniforms, books, or medicines, or through indirect expenses such as transport costs needed to gain access to the service. As they become monetised, they also become more sophisticated and require more household resources.

The public provision of education and health care is typically given high priority by governments in developing countries and becomes a major focus of national economic policy. In the process, the capacity of households and communities to meet their own health and education needs is seriously weakened, if not destroyed. No matter how beneficial the aims and achievements of governments in these areas, the effect of the growing importance of these public services is to make women and children more dependent on the cash earnings of men and more vulnerable to the impact of macro policy. Furthermore, because these services are conventionally regarded as unproductive in an economic sense and are often funded as a residual in the national budget, national allocations may be variable, especially in the policy environment of structural adjustment and external pressure<sup>18</sup>. Under economic pressure, governments may summarily withdraw those services on which women and children have come to depend, without offering a viable alternative.

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<sup>16</sup> Even where, at a later stage, women's labour enters the market, this does not automatically provide them with access to cash. While unmarried female factory workers in Indonesia seem to have retained personal control over their earnings (Wolf, 1990), Greenhalgh (1985) and others have shown how Taiwanese families used the labour of their unmarried daughters to finance the education of their sons.

<sup>17</sup> Some services that were formerly provided in the household almost exclusively by women are provided in the public sector by males. For example, in traditional societies most health care was provided by women, but modern salaried medical services are often provided by male doctors and paramedics. In some conservative countries even nurses are male, except for patients who are female.

<sup>18</sup> In the Philippines, for example, as debt repayments rose from 6 per cent in 1965-72 to 42 per cent in 1986-89, the proportion of government expenditure devoted to health fell from 5 per cent to 3 per cent (Pineda-Ofreneo, 1991: 17).

In many developing countries, particularly in African countries under externally-imposed structural adjustment and stabilisation regimes, the instruments of macroeconomic policy have tended to reduce the access of women and children to basic goods and services (Jolly and Cornia, 1984; Cornia, Jolly and Stewart, 1987; Pineda-Ofreneo, 1991). This occurs for two reasons. First, expenditure patterns in these countries are gender-differentiated: women tend to spend money under their control on food and health, while men are more likely to purchase non-food consumer goods and consumer durables (Blumberg, 1991: 127; Bruce, 1989: 985-86; Mencher, 1988; Roldan, 1988; Guyer, 1988). Policies that reduce subsistence production or cash income in the hands of women, even if the amount of cash income received by men is increased by an equivalent amount, may therefore tend to reduce household expenditure on food, health and education<sup>19</sup>. A study in Kerala, for example, found that the nutritional status of small children was directly affected by increases in the income directly under the control of the mother, but was not correlated with changes in paternal income (Bruce, 1989: 985). The second reason is that women and children are the main consumers of social services, so reductions in the public provision of social services, especially health and education, most affect them. By contrast, policies promoting the production of traded goods, particularly exports, tend to favour sectors of the economy in which men dominate<sup>20</sup>. In many countries, the resulting inter- and intra-household redistribution of real income and purchasing power has seriously impaired the capacity of households to meet basic needs, particularly for women and children.

The impact of macroeconomic policy on women and children has sometimes been exacerbated by the increased reliance on the market that has characterised macro policy-making from the late 1980s. In the conditions of marked inequality that prevail in most developing countries, the unfettered operation of the market tends to reward comparative advantage and intensify disadvantage. This further erodes the welfare of many poor women and children, who are among the most disadvantaged<sup>21</sup>.

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19 A reduction in the subsistence component of household income, even if offset by an increase in the cash income received by male members, is likely to lead to changes in the intra-household income distribution because norms about the sharing of money are rarely the same as norms about the sharing of food (Whitehead, 1990: 443). Such changes are unlikely to favour women or children.

20 This distinction applies particularly in Africa, where women have tended to be concentrated in subsistence food production and men have dominated commercial agriculture. In Asia and the Pacific, women have participated in the export sector to a much greater extent because many of the major export industries such as electronics, textiles and clothing manufacture have favoured female labour (Perkins, 1989).

21 Note that the increased industrial employment of women in Asia that has also been associated with trade liberalisation has, in most countries, been the preserve of better educated, young and usually single women. It has been of much less benefit to the poorest or to women with children.

# GENDER BIAS IN MICROECONOMIC THEORY

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This section examines the treatment of gender in microeconomics, suggesting that conventional economic theory rests on a number of fundamentally flawed assumptions about the micro-level environment in which individuals make economic decisions. These assumptions particularly affect the practice of economics in developing countries, and especially as it relates to and affects women and families who depend on them.

The flawed premises of economic theory affect not only the theoretical consideration paid (or not paid) by economists to gender and gender relations in the economy, but also general government and community attitudes towards gender and specific gender sub-groups<sup>22</sup>. Sen (1990) has suggested that perceptions of roles and their relative value may influence the allocation of resources within the household, while the discrimination literature suggests that the perceptions of both workers and employers affects wage determination in the market (Bruce, 1989: 983). Women's and men's general perceptions about gender also affects data. The under-enumeration of female labour force participation, for example, is probably as much affected by the perceptions of the women themselves and the male heads of their households as it is by the 'measurement blinkers' (see below) of the economic experts who collect and analyse the data<sup>23</sup>.

Section II identifies and describes three sets of blinkers and two problem areas which contribute to the unsatisfactory treatment of gender and gender-related issues by economists and economic policy-makers. Invalid assumptions about the nature and importance of the boundary between the household and the market are identified as "boundary blinkers". An associated failure to recognise the contribution of the household, and particularly of women in the household, to social and economic welfare is characterised as "the specification problem". It is closely related to, but more fundamental than, the now generally recognised "measurement blinkers" that cause the contribution of women to economic production to be almost universally under-enumerated. The specification problem contributes to a flawed view of allocative efficiency, described as "the efficiency problem". Finally, failures to recognise the importance of the institutional context within which economic behaviour takes place and, in particular, the gender-differentiated impact of the institutional context, are classified as "contextual blinkers".

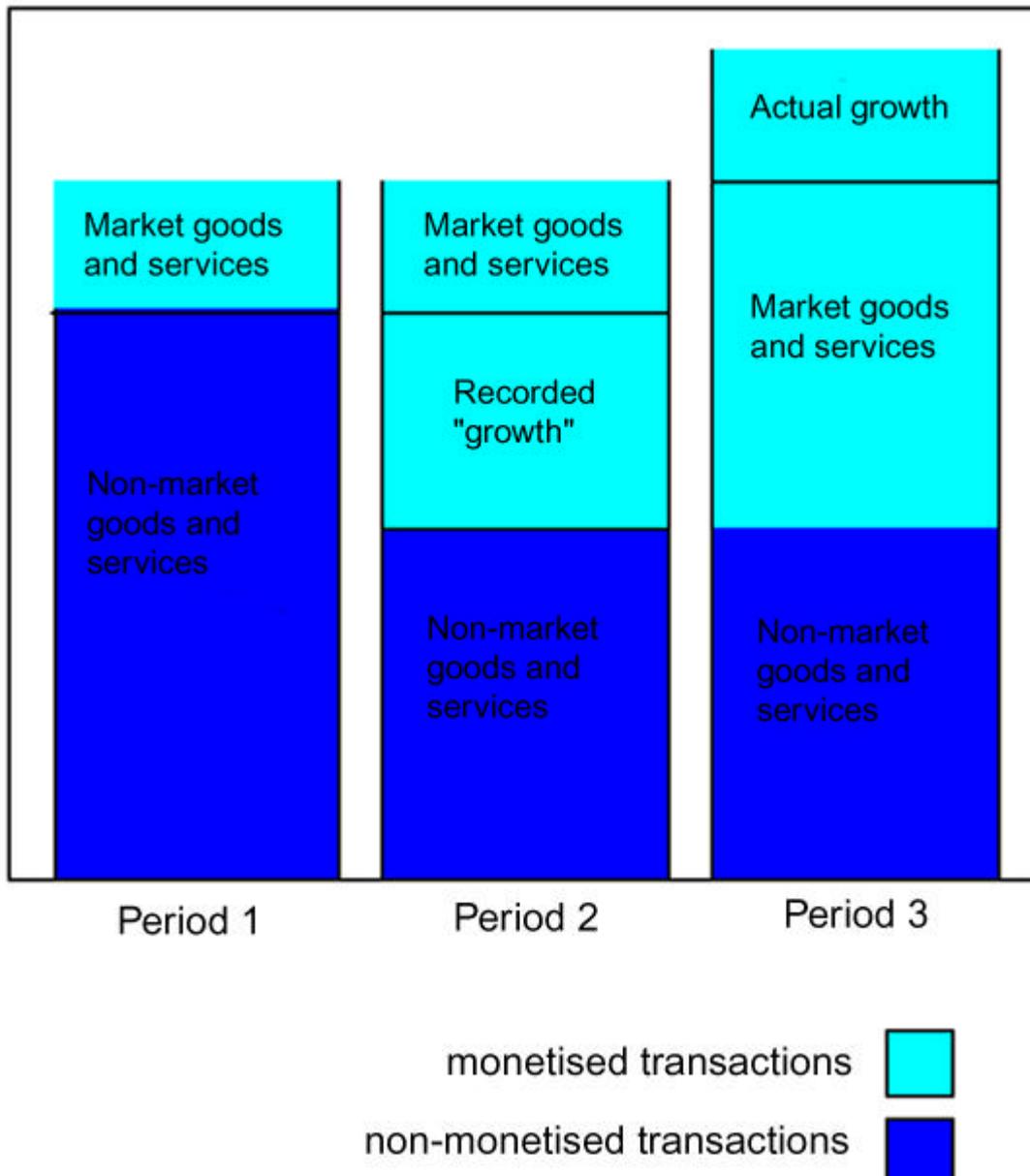
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<sup>22</sup> The relationship between attitudes and knowledge is complex and operates in both directions. Whether theorists adopt theories that are consistent with their attitudes, or attitudes are affected by theories, are questions of academic interest only. This paper is *not* concerned with the question of whether economists or their discipline should be held responsible for the gender-blind practice and gender-differentiated effect of economics in developing countries. It *is* concerned to establish the ways in which economics, directly or indirectly, wittingly or unwittingly, contributes to these, and to suggest ways to make the theory and practice of economics more aware of the vital significance of gender in its sphere of interest.

<sup>23</sup> However, popular perceptions themselves are influenced by the misleading measurements produced by the experts.

## Boundary Blinkers

Movements of productive activities from the household to the market are interpreted as an increase in total production. However, they only represent a change in where/how the goods or services are produced.



### 31 GENDER IN ECONOMIC THEORY

Although it is a universal social and cultural phenomenon with major economic effects, gender has received only limited attention from economic theorists, particularly macroeconomic theorists (Elson, 1989: 57; Wilson, 1991: 31). The language of conventional neoclassical economic theory refers only to undifferentiated individuals and firms at the micro level and to neutral economic aggregates at the macro level. Its models are based on simplistic assumptions that abstract economic behaviour from its social, cultural and institutional context, and therefore fail to consider gender differentiation in micro-level behaviour or in the micro-level impact of macro-level policies. Economic theory is "gender-blind".

Yet such a universal phenomenon as gender cannot be entirely ignored, even in a discipline handicapped by an ungendered body of theory. Gender appears most conspicuously in applied economics as a dimension of the division of labour and of labour market segregation, which is more often analysed in terms of gender than of other characteristics such as age, caste or class<sup>24</sup>. However, a recent review argues that the division of labour is itself one of the most neglected categories in contemporary economic and social theory (Sayer and Walker, 1992: 1). This may partially explain the failure of the discipline to incorporate gender into its theoretical framework as anything more than a special case of labour market segregation.

The significance of gender extends far beyond the confines of the formal labour market. The gender-based division of all kinds of labour is a fundamental dimension of society. Women and men have gender-differentiated roles and responsibilities: traditionally, men "work" and go to war, while women bear and rear children, and provide for the general care and maintenance of the family (Brydon and Chant, 1989: 58). Where both men and women are engaged in agricultural production, most societies distinguish women's from men's tasks, and some, particularly in Africa, also differentiate between women's and men's crops (Elson, 1992: 48; Koopman, 1992: 87-90; Palmer, 1991: 21-29; Whitehead, 1990: 432).

Even a cursory reading of the literature of economic history or comparative anthropology indicates that gender is not only a fundamental division of society, but a division with an economic significance that can change with the level of economic development. In traditional settled societies, most activities of both women and men took place within the household compound and its environs, and the extent of gender-based specialisation was limited. Women worked on the family farm, assisting in providing for the material needs of the family, while men were involved in many aspects of family care and maintenance within the household, particularly the care and training of older children<sup>25</sup>.

However, although women and men shared economic and domestic work within the household, only men were associated with activities that took place in the wider society. Women's primary responsibility for childcare effectively tied them to the home, the most convenient location for most child-related activities. Despite some gender sharing of economic and domestic production, the congruence of role and location is so close that in most societies, both traditional and modern, virtually all activities that take place within the family dwelling are associated with women's roles and regarded as "women's work". Thus, in addition to child care, tasks such as processing, preparing, cooking and serving food, cleaning, washing and caring for clothing, and providing health care are almost invariably considered women's work. In many societies, women's work also includes activities that take place within the dwelling compound and its immediate surrounds, such as gathering domestic fuel, fetching water, feeding domestic animals and tending the home garden. By contrast, men are primarily responsible for meeting the material needs of the household, providing for its physical security and fulfilling its obligations in relation to community and public organisation<sup>26</sup>.

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<sup>24</sup> This is because gender-based segregation is a component of most other forms of labour market segregation (Scoville, 1991). See Sayer and Walker 1992: chapter 1 for a comprehensive review of the concept of the division of labour and a particular view of the role of gender in relation to the division of labour.

<sup>25</sup> Blau and Ferber (1986: 25-26) paint a very similar picture of colonial American society.

<sup>26</sup> In some agricultural societies, especially in Africa, men's responsibility for material needs is largely limited to the household's non-food needs, with food needs being the responsibility of women.

Modernisation and development have brought about significant changes in these arrangements (Joeke, 1986: 18; Boserup, 1990). Technological change has increased specialisation and expanded the scale of activity: more resources are required than can be provided by one household and more of a particular type of output is produced than can be consumed in one household. This has led to the physical removal from the household and its immediate environs of many formerly home-based activities. Having moved outside the household, these activities also enter the process of exchange and become increasingly monetised.

The physical relocation of activities away from the household has almost inevitably been associated with increased gender-differentiation. Women's activities have tended to be restricted to the vicinity of the household because women's work has had to be compatible with their primary domestic and child-care roles, particularly in high-fertility societies. Thus women have become associated with activities that are largely non-monetised and produce goods and services that have a direct "use value", while men have become associated with monetised, market-oriented enterprises which produce goods and services that have an exchange value<sup>27</sup>. This has had profound consequences for the way in which the modern discipline of economics has treated women and men.

In theory, the allocation of both domestic and market resources forms part of the "basic economic problem" that has monopolised the attention of neoclassical theorists: that is, the allocation of scarce resources among competing uses<sup>28</sup>. In practice, however, neoclassical economic analysis has been largely confined to those areas of human activity that are monetised and take place in the market, as is suggested by the use of the term "economy" to describe the market sector. Conventional neoclassical economic theory, particularly macroeconomic theory, has restricted its attention to those activities that involve monetary transactions and, as a consequence, to those in which men are the principal actors. The discipline of economics has been much less concerned with the allocation of resources within the household and, as a result, has paid very little attention to the activities of women. In practice, it has only considered the activities of those women who, as economies have developed, have increasingly become involved in "male" (that is, monetised) areas of activity.

Thus, despite its economic significance, gender has not been a major concern of economics. By confining its interests to production for and consumption in the market, conventional economics has tended to ignore activities most closely associated with women. Although women in traditional societies were involved in both economic and domestic production, the more specialised division of labour brought about by development has resulted in women being increasingly identified in the public perception with domestic activities. This perception has never reflected what women actually do, even in traditional societies. It is even less accurate in modern developing societies, where women are being drawn from traditional forms of household-based economic production into modern production in the market sectors. However, economic theory remains reluctant to adapt its models to fit the reality of women's lives.

## **3.2 BLINKERS AND PROBLEMS IN MICROECONOMIC THEORY**

### **a) Boundary blinkers**

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<sup>27</sup> The timing of this process differs among groups and classes of women. During the early stages of development, domestic activities within middle and upper-class households may become monetised through the employment of domestic servants, facilitating the conversion of women in such households from their former roles as domestic producers and managers to full-time housewives or, in modern developing countries, enabling those with education to enter the labour force despite comparatively high levels of fertility. As development proceeds, poorer women become less willing to accept domestic service, even when it offers higher wage rates than alternative factory employment, presumably because they prefer the working conditions provided by factories. [I am indebted to Will Martin for this point.]

<sup>28</sup> Note that the "basic economic problem" has been identified differently by particular groups of economic theorists. Neoclassical economics is primarily concerned with exchange and allocation, while Marxism has been much more concerned with production and would view the basic economic problem in production terms. The Austrian economist Hayek viewed the basic economic problem as socially mobilising and coordinating the vast and fragmented body of knowledge of consumers and producers (Sayer and Walker, 1992: 227).

Conventional microeconomic theory has been concerned with the behaviour of individual units involved in the production or consumption of goods or services that have a scarcity or exchange value. Such goods and services are exchanged in the market for money<sup>29</sup>. Production is generally defined and measured in terms of the creation of goods and services that have an exchange or market (monetary) value, resources are defined as goods or services that can be transformed into or used to produce things of monetary value, and consumption is the purchase of goods or services for money. The different operational spheres of women and men has had a marked impact on the role of gender in the discipline of economics. Men have always tended to operate outside the household, where transactions have now become monetised, but women's lives have continued to focus on the household, where monetised exchange is of less importance. As a result, the things that men produce and purchase in the market fall within the domain of economics, while the things that women produce and consume within the household do not.

Boundary blinkers arise from this partial coverage of economic analysis, which focuses almost exclusively on monetised activities and resources that occur in the market while ignoring non-monetised activities and transactions that take place in the household<sup>30</sup>. To borrow a demographic metaphor, boundary blinkers represent a failure to correctly specify the "base population" for the measurement of economic activity. Consequently, movements of productive activities from the household to the market are interpreted as an increase in production because the basis for comparison is not the total universe of economic activity but only that part of it which is monetised. (See diagram 1.) While such movements occur routinely during the course of development, transfers in the reverse direction may occur during periods of economic recession. For example, poor households who are no longer able to afford public education or health services must provide non-monetised substitutes from household resources. Although the costs involved may represent a heavy burden on the household, they are not met by the market and thus not counted. These reverse movements across the household-market boundary are also incorrectly interpreted by economic theory as increasing the amount of resources available for alternative uses (Elson, 1989: 57).

By ignoring both non-monetised domestic activities within the household and transfers over time between the household and the market, economics presents an inaccurate and incomplete picture of the micro-level consequences of macro-level policies. The partial spatial coverage of economics inevitably results in a serious gender bias because the allocation of human resources between the non-monetised domestic sector and the monetised market sector in most societies is highly correlated with gender. Thus, the assumptions and predictions associated with particular macroeconomic policies are more accurate and complete with respect to men than women. The essentially static approach of economic theory also results in inaccurate perceptions of economic change over time. The narrow focus on the market sector alone implicitly assumes that market allocation decisions and their impact on measured welfare and efficiency are unaffected by changes over time in the relative share of monetised and non-monetised activities. However, the micro-level process of structural transformation associated with development involves just such a change. Over time, the production of a wide range of goods and services moves out of non-monetised household production into the market, and this change does affect welfare and efficiency as measured in the market sector.

Concern about the limitations of conventional neoclassical economic analysis arising from its preoccupation with monetised activity in the market has led to the development of the New Household Economics (NHE). Utilising time as a measure of value, the NHE allows economic

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<sup>29</sup> Some goods (for example, subsistence production) and services (for example, public service) that are not actually exchanged in the market are incorporated within the "economy" by measuring their value in terms of a convenient money equivalent.

<sup>30</sup> Other important elements of the fundamental allocative problem that have similarly been ignored by conventional economic analysis include the "use" of natural resources such as air, water, trees and scenery that do not have a scarcity (exchange) value.

analysis of non-monetised activities. Behaviours and transactions that would previously have been considered 'non-economic', including crime (Becker, 1974), fertility, marriage and divorce, and general social interactions (Becker, 1976), have been analysed in economic terms. Time allocation theory has been applied very productively at the micro-level to identify important differences between women's and men's uses of time, and to analyse certain non-monetised behaviours of particular relevance to women, such as fertility, marriage and divorce. Unfortunately, the time allocation literature has not yet been combined with conventional analysis to produce an integrated coverage of monetised and non-monetised behaviours. It remains somewhat detached from more conventional analyses of monetised behaviours and activities, and thus has not led to the creation of a more gender-sensitive approach to economics.

The consequences of boundary blinkers are most clearly seen in two key areas of economic analysis. The first is the national accounting system, which provides much of the basic data used in developing and assessing the impact of macroeconomic policy. The United Nations System of National Accounts (UNSNA) has been adopted by most countries to measure the national product: the amount of goods and services produced by an economy. The UNSNA is used by economists to examine how the national income arising from this production is allocated within society, and to measure changes over time in national income, national product, the allocation of national income and the contribution of factors of production to the creation of national product.

In theory, all goods produced are included in the computation of the national product, regardless of whether they are sold for cash or consumed directly by producers as subsistence. In practice, however, many goods produced and consumed within the household or on the household farm are not included in the national product because of the difficulty of obtaining accurate information about them and the lack of a comparable price by which to value them. Thus the output of home gardens, and of many of the productive activities of women that take place within the home, is excluded from the national accounts, partly due to lack of information. However, similar goods produced for the market (such as processed foods and tailor-made garments), are included. Moreover, similar kinds of products produced largely by men, such as farm-produced and consumed animal fodder and staple foods produced on the family farm and consumed by the household are included in the national product, despite the same difficulties involved in obtaining information about them.

Although in theory the national income comprises the value of all goods and services produced, by convention only those services performed for cash are included. Since a large proportion of women's time is spent in rendering domestic services to their families, most of women's activities are automatically excluded. As Blacker noted, this also leads to the bizarre situation whereby the marriage of domestic servants to employers reduces the national product because services previously performed for cash are now performed without payment (Blacker, 1980: 72-73).

The exclusion from the national accounts of services not performed for cash and of most household-based production seriously limits the capacity of economics to appropriately analyse structural change. This is evident in the literature on the measurement of economic growth. During the process of development, production activities, as well as much consumption, are relocated from the household and family farm to the market. However, the almost total neglect of the role of the household has led economists to exaggerate the extent of economic growth, which is defined as an increase in the amount of goods and services produced. Much of what appears as growth is merely the transfer of production and activity from the household, where they were invisible (and, by implication, unimportant - to policy-makers), to the market where they suddenly become visible (and important).

This transfer may involve an increase in the quality of the particular good or service which could be described as growth. However, the net increase in production that appears as economic growth in the national accounts does not represent the amount of real growth in output<sup>31</sup>. In Diagram 1, the change in the composition of goods and services consumed in the household from period 1 to period 2 would be recorded as an increase in the volume of monetised goods and services circulating in the economy, and would therefore appear at an aggregate level as economic growth. However, the "growth" is actually only a decrease in the volume of non-monetised goods and services matched by an equal increase in the volume of monetised goods and services, leaving the household with exactly the same "real income". Only in period 3 is there a real increase in the volume of goods and services available to the household.

Similarly, conventional economic analysis tends to misinterpret the results of macroeconomic policies that may result in the substitution of household-based (and therefore unmeasured) goods or services for those formerly provided by the market, such as those associated with structural adjustment programs. Elson observed that if reduced provision and rising costs of medical and hospital care increased use of home-based health care or home-nursing this would appear to economic analysts as a more efficient use of resources (Elson, 1989: 58). Yet, the burden of home-based care on the women who must provide it (and perhaps the reduced effectiveness of home treatment) might lead to higher levels of morbidity (and even mortality) and reduced household productivity, and thus result in a decrease in the real volume of goods and services available in the economy. Moser (1989: 1814) also observed that:

*"Disinvestments in human resources, made in the name of greater efficiency in IMF and World Bank 'conditionality' policies, have resulted in declines in income levels, severe social expenditure cuts in government health and education, and reductions in food subsidies. These cuts . . . [are compensated by] . . . increasing self-production of food, and changes in purchasing habits and consumption patterns [by households that reduce their capacity to undertake human resources development]."*

Thus, as a result of boundary blinkers, disinvestments in human resources are regarded as "efficient" because they transfer the burden of meeting basic needs away from the public sector and perhaps out of the monetised economy altogether. The burden falls back on the household, where the real but non-monetised costs become conveniently invisible, giving a false impression of net efficiency gains for both the public sector and the economy as a whole.

#### **b) Measurement blinkers**

Measurement blinkers prevent accurate recognition of women's contribution to economic production due to under-enumeration of their participation in the labour force. Measurement blinkers are largely an outcome of boundary blinkers because the definition of labour force participation is closely related to the measurement of national income/national product. Because the labour force is defined as the supply of labour available to produce the national product, labour force participation is defined as all production of goods and the provision of services for cash. Again, while men's production of goods and women's production of market goods are generally included in the formal definition of economic activity, much of women's household-based production of goods remains excluded and all of women's household-based service provision is excluded.

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31 It follows from this that, in comparison with more developed countries, poor countries, where more production is household-based and not included in the national accounts, are not quite as poor as international figures would suggest. It may also help to explain why even relatively high rates of "growth" during the early stages of development have not led to commensurate improvements in the standard of living of the majority of the population. In this situation, much "growth" merely involves the substitution of visible market-provided (and therefore "counted") goods and services for formerly invisible household-provided (and therefore uncounted) goods and services, with no real increase in either amount or quality.

In practice, gender influences the collection of data on labour force participation even more strongly because of cultural perceptions about women's and men's roles. Data on labour force participation are collected directly from individuals -- more typically the (male) heads of households -- in the form of responses to questions about "work". Individual perceptions about the roles of women and men in relation to "work" have a marked effect on these responses. Since "work" is often associated with activities that take place outside the household and which involve the receipt of cash, more men than women are perceived or perceive themselves to "work" and are thus measured as economically active. This is especially the case if the question is asked in relation to "usual" or "main" activity: women's roles as housewife and mother are typically considered to be their usual or main activities, while "work" is typically seen as the usual or main activity of men, regardless of the amount of time spent on or income gained from the activity. Thus, much of even that part of women's activities that is formally defined as economic activity is excluded from the data on which economic policy is based.

However, the problems of collecting data on women's economic activity are more fundamental than the bias that arises from subjective perceptions of women's and men's roles. The nature of women's roles creates an even more difficult practical problem that frustrates efforts to improve the collection of accurate data on women's economic activity.

Microeconomic theory assumes that the individual's decisions about the allocation of her/his time involve a simple choice between work, which is productive, and non-work, described as "leisure" in earlier analysis and as "non-market activity" in the more recent literature (Blau and Ferber, 1986: 76-96;) and which is generally regarded by society and policy-makers as unproductive<sup>32</sup>. Work and leisure are also assumed to constitute mutually exclusive choices: that is, at any given time, an individual who is working is not engaged in leisure, and vice versa. This assumption greatly aids data collection, since "working" implies "not at leisure".

While data collection has concentrated on the problem of whether individuals work, the main issue in labour market theory is "how much they work". Analysis focuses on how individuals allocate their time between work and leisure, since it is assumed that they do both.

This model generally describes the situation of men reasonably accurately. In most societies, all men between the ages of full-time education and retirement are working or seeking work and, because men's work usually takes place away from the household, work and non-work tend to be largely mutually exclusive activities. However, the model describes the situation of women much less accurately.

Women's activities differ from those of men because women bear primary responsibility for biological reproduction and "social reproduction". Biological reproduction concerns the survival of the family and of the species, while social reproduction<sup>33</sup> may be considered as those institutional arrangements, customary activities, cultural practices and social norms which serve to maintain the society, transmit its values, norms and practices from one generation to the next, and enable it to adapt and develop over time (Roberts, 1991: 60). Many of the most critical elements of social reproduction are carried out by women because of their role in biological reproduction and the associated socialisation of children (Brydon and Chant, 1989: 11). At the household level, social reproduction covers the care and maintenance of family members and the capital equipment that sustains them. At the community or social level, it includes the production and transmission of the values, attitudes and cultural skills such as language, arts, crafts and performance that make each society unique and enable it to adapt to a changing environment.

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<sup>32</sup> Modern time allocation analysis recognises the value to the individual or household of leisure or non-market time, measured in terms of the value of time and market goods required to 'produce' it.

<sup>33</sup> The term has been borrowed, with modification, from the Marxist literature (Brydon and Chant, 1989: 10-11).

While most men divide their time between mutually exclusive activities, women tend to be engaged in multiple and concurrent activities because biological reproduction and child-care make continual and large demands on their time. The heavy and increasing burden of women's multiple roles has been widely recognised in developing countries (Elson, 1989: 58; Haddad, 1991: 11-14; Tinker, 1990). The Commonwealth Secretariat (1990: 3) observed:

*"The essence of women's distinctiveness lies in the multiplicity of their roles. Most men can confine themselves mainly to being producers. Most women, in addition to being heavily involved in economic production, take prime responsibility as home managers, child-bearers and carers of children and the elderly. Both women and men are also community organisers. In consequence, women work longer hours than men, usually with smaller resources, fewer opportunities and lower rewards. Inequities, in fact, typify gender differences."*

The key to the difference, particularly in developing countries, is that many of women's multiple roles must be performed simultaneously. Thus, while a man may be hoeing in the field, or chatting with friends or attending a community meeting, his wife is more likely to be weeding the kitchen garden, and minding a toddler, and breast-feeding the baby and keeping the chickens away from padi drying in the yard, all at the same time.

In addition, women's domestic activities tend to be much less discretionary than men's (Shelton, 1992: 147). Although men are often engaged in important domestic activities<sup>34</sup>, these can be more easily avoided or re-scheduled (for example, the fence can be allowed to fall down or repaired on another day). By contrast, women's responsibility for the care of small children requires continuous inputs of time and can neither be avoided or postponed. Other domestic tasks also tend to be routine: meals must be prepared at fixed times every day, clothes washed regularly, etc. Such activities are vital to the health and survival of the family and the society, and their importance in most societies is underlined by strong social sanctions against any women who might seek to avoid them. They thus allow women much more limited flexibility in the use of their time than is typically afforded to men.

The multiplicity and simultaneity of Third World women's tasks creates enormous problems for data collection that even innovative methods have found difficult to overcome. For example, time allocation studies have succeeded in revealing the many and varied activities of women, showing that in most societies women's total burden of domestic and economic production is greater than that of men. However, they have still failed to adequately measure certain vitally important activities of women, the most notable being time devoted to child care. It is also extremely time- and resource-intensive, and is not practicable for large-scale data collection. It has thus not been integrated into the conventional methods of labour force data collection that provide the data on which economists and policy-makers must rely.

The failure of such innovations to overcome the problems created by measurement blinkers means that women continue to be disadvantaged. Policy-makers and planners also remain ignorant of both the economic importance of women and the differences between real women and the mythical gender-neutral labour force units of economic analysis. While GDP measures are not normally identified in terms of women's and men's contributions, the lower (and particularly absolutely low) *measured* labour force participation of women implies that their contribution is small and of no particular importance<sup>35</sup>. This perception contributes to the lack of attention paid to women's activities and interests by policy-makers and planners. Women's contribution to even the economy as narrowly defined tends to be overlooked, and their contribution to the wealth and welfare of their families and the community continues to be under-enumerated and unrecognised.

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34 Contrary to the assumptions in much economic analysis.

35 Estimates of the value of women's uncounted domestic production in the United States suggest that it is ?? [YES, STILL!].

## c) **The specification problem**

The specification problem arises from the failure of conventional economics to correctly identify or take into account the opportunity costs of women's time<sup>36</sup>. The opportunity cost of an individual's time devoted to, for example paid work, is the amount of socially or economically productive work that must be foregone because the time formerly used for that work is now spent in working for wages. For women, this is likely to include child care, domestic work and some community activity, all of which are commonly overlooked in economic analysis. The failure of economics to take account of the opportunity costs of women's time is largely a result of the boundary and measurement blinkers, which prevent economics from recognising any of women's socially productive activities and some of their economically productive activities within the non-monetised household sector. This leads to a failure to recognise that the withdrawal of women's time from these activities involves significant opportunity costs that need to be considered in planning and policy formulation.

Conventional neoclassical labour market analysis ignores the productive value of most unpaid activity, whether it takes place in the household or in the community, and thus overlooks the real opportunity costs of particular activities. It assumes that individuals face a simple dichotomous choice between market work and non-work, the latter described as leisure and commonly regarded as non-productive. Even for men, this model of individual work choice ignores the potential productive value of unpaid community service and domestic activity within the household<sup>37</sup> (Akeroyd, 1991: 151; Moser, 1989: 1801). It is especially inappropriate for women, who face a more complex set of choices, including biological reproduction (pregnancy and lactation), child-care, unpaid domestic work, and unpaid community work as well as market work.

The New Household Economics (NHE) revision of this area of neoclassical analysis, although primarily an analysis of consumption decisions, achieves a conceptual advance by focusing on the household's allocation of both income and the time of its members. The NHE thus distinguishes between time allocated to the market (work) and 'non-market time' allocated to the household production of "Z-goods" such as leisure, cooked meals, or social prestige that yield direct satisfaction to household members. All activities produce value and therefore have an opportunity cost which can be measured by the value of market goods used up in the activity and the opportunity cost of the time involved, usually measured in terms of the market wage rate for the particular individual concerned. The opportunity cost of non-market time is thus measured as the value of potential earnings foregone, earnings being merely a convenient numeraire.

In economics generally, women's non-market time is treated as costless and tends to be ignored because it is an unpriced resource. Thus, in the current economic climate, 'community participation' (which generally equates with 'women's unpaid labour') has been widely promoted as a means of reducing the costs of service provision in health, family planning and other social programs (Bruce, 1989: 987; Kandiyoti, 1990: 17; Moser, 1989: 1814). The opportunity costs that may be involved in this re-allocation of household resources are conveniently invisible and disregarded in policy formulation and programming.

Although women's time is 'appropriately' valued in academic studies based on NHE, its opportunity costs remain largely ignored by policy-makers, planners and economic advisers. The practical assumption, observed in many development situations, that the opportunity cost of women's time is zero is based on an incorrect understanding of theory, and leads to flawed

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<sup>36</sup> This discussion concerns the opportunity costs of labour devoted to "productive" market work as opposed to "unproductive" non-market work, not the opportunity costs of particular kinds of market work.

<sup>37</sup> Although most men certainly contribute less to the production of household goods and services than women, their contribution in most societies is not negligible. They may also play an important role in community activities and services, especially in areas such as formal organisation and leadership and in the political arena. Such contributions are ignored in conventional economic analysis and data collection (Akeroyd, 1991: 151).

empirical calculations and dubious policy recommendations. Kabeer (1992: 125-7) relates the example of a cost-benefit study of breast milk versus bottle feeding of infants in Zimbabwe in which the advantages of breast milk were extolled as:

*"a natural resource of almost unequalled importance . . . available almost equally to rich and poor alike. (Greiner, 1983: 55 cited in Kabeer, 1992: 127)."*

However:

*"the strength of the case for promoting breastmilk as more 'efficient' stemmed partly from the fact that an unpriced commodity (breastmilk) was being compared with manufactured milk powder - a product of the monetised economy and furthermore a 'traded' good on which scarce foreign exchange was directly incurred. The time and energy needed for the mother to produce breastmilk was rightly or wrongly treated as costless. The converse applied when investment in support [of] measures for working mothers, such as childcare centres, was being considered. Here, resources from the cash economy - investment in childcare centres - had to substitute for non-cash resources (namely women's labour and energy) so that it was as easy to make day care look artificially costly as it was to make breast-feeding look artificially costless." (Joshi, 1983 cited in Kabeer: 126)*

In fact, neither breastfeeding nor childcare are costless, both making considerable demands on women's time and energy. According to NHE, the opportunity costs of the amount of time and additional food required in breastfeeding and the caregiver's time and costs of other resources utilised in home-based child care should have been included in the cost-benefit calculations. That they were not is indicative of the considerable divergence between academic economic theory and the practice of economics in development.

Part of the confusion about whether women's activities are productive and therefore bear an opportunity cost, or unproductive and thus costless, also arises because the term "productive" is used differently in micro- and macroeconomics. Microeconomics focuses on the decisions and welfare of individuals rather than society. It thus regards all activity, including leisure, as productive, because an activity would not be undertaken if it did not produce value to the individual undertaking it. Thus the NHE measures the value of leisure 'production' in the household in terms of the opportunity cost of time and the market price of the goods required to 'produce' it. Macroeconomics, by contrast, is concerned with the aggregate level of economic activity and the growth of the economy as a whole. It uses the term "productive" to describe the activities that produce those goods or services that are counted as part of the Gross National Product, and it is in this sense that the term is most widely used by both the public and policy-makers. The "productive" sectors of the economy, such as agriculture and industry, contribute to the production of Gross National Product, while the social (and by implication 'unproductive') sectors consume it as a share of Gross National Expenditure. Macroeconomics thus tends to consider women's traditional activities as "unproductive" consumption.

The focus of macroeconomic policy, particularly in the current economic environment, has been on current production. Although microeconomic theory recognises the long-term contribution of health and education to human capital formation and therefore to future production, even these social expenditures continue to be treated in macroeconomic policy as if they were unproductive. By identifying women principally as members of households, which are treated in the national accounts only as consumers of the national income, boundary and measurement blinkers reinforce this macroeconomic view of women as unproductive consumers.

Women's biological and social reproduction cannot be sensibly regarded as "unproductive", in either a macro or even micro sense. From the perspective of society as a whole, biological and social reproduction contribute to economic production. Women's domestic activities create human capital and therefore contribute to economic production in the same way as other producers of capital goods. If women did not bear, rear, feed, clothe and otherwise care for their

families without payment, then society (employers or governments) would be obliged to pay for equivalent services in order to 'reproduce' the labour force. As the economist Sen (1990: 128) has acknowledged:

*"On the one hand, it is not denied that the sustenance, survival, and reproduction of workers are obviously essential for the workers being available for outside work. On the other hand, the activities that produce or support that sustenance, survival or reproduction are typically not regarded as contributing to output and are often classified as "unproductive" labour [original emphasis]."*

From the perspective of the household and the nation, the opportunity cost of women's time devoted to economic production is especially important because women have more than one productive option in the allocation of their time. If the time women devote to market work is not taken from leisure, some amount of reproduction of human resources must be foregone. The potential opportunity cost of women's time is indicated by micro-level studies which show that women's household-based activities are often vital to their families for both welfare and economic survival.

Yet, despite such findings and the theoretical advances of NHE, development policies continue to assume that women's unpaid time is "free" and involves no significant opportunity costs that need to be considered in policy formulation or program design. Programs advocating community participation by unpaid (and therefore female) community volunteers, for example, ignore the opportunity costs of women's participation, although these may largely explain the frequent failure of the programs to achieve stated objectives. Similarly, numerous rural development schemes have floundered because they did not anticipate the opportunity costs of women's participation (Clatts, 1991: chapter 7). After programs have failed because of poor cooperation or low levels of participation among women, experts and policy-makers have even blamed women for their "conservatism" or some other "non-economic" characteristic that is felt to "explain" their reluctance to accept the unquestioned program benefits.

The absolute importance of women's work has been established in an extensive time allocation literature. Women's market plus non-market work requires significantly longer hours and allows them less personal or leisure time than men<sup>38</sup>, particularly in developing countries (Bruce, 1989: 982; Haddad, 1991; Tinker, 1990)<sup>39</sup>. Using time allocation data from four countries, Indonesia, Burkina Faso, India and Nepal, Tinker shows that the total amount of time allocated to survival activities was considerably more for women than men, with men's total work time ranging from as little as 56 per cent of women's total work time in India to a maximum of 78 per cent in Burkina Faso (1990: 11, table 2).

Views of the opportunity costs and elasticity of women's time vary in the literature. Whitehead questioned the "planning assumption" that women's activities have low opportunity costs, noting that because conventionally the concept of opportunity costs depends on price criteria it is rather difficult to assess the value of non-market labour foregone or to predict what the "elasticity" of demand for this is. A number of other writers have also noted that governments and development planners often assume implicitly that women's time can stretch to accommodate new burdens without cost. This suggests that women's time is perceived as

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38 Shelton (1992: 145), found that American men spent more time in passive leisure than American women and (p.147-8), after controlling for total work time, women spent less time on leisure than men. Some of women's leisure activities were also very closely related to household labour (p.140). The single most time-consuming hobby for non-employed women was preserving and canning fruits and vegetables.

39 Gender-differentiated time use occurs from early childhood to old age. The time allocation literature has shown that in most parts of the world, women work more hours of both paid and unpaid work than men of the same age. The differential impact of children on the women's and men's use of time is particularly marked. Parenthood has little effect on father's time use, but significantly affects the mother's time use. Moreover, additional children tend to reduce the already small amount of time spent by fathers on child care, but may erase the leisure time of the mother completely and reduce her sleep time close to the biological minimum (Bruce, 1989: 982).

extremely, even infinitely, elastic<sup>40</sup> (Moser, 1991: 1814; Elson, 1989: 57). By contrast, the time allocation literature suggests that the time of poor women, particularly in rural areas, is extremely inelastic (Tinker, 1990: 6). This view is supported by the experiences of a number of rural development projects whose failure was partly due to constraints on the availability of women's time<sup>41</sup>. Thus, while the empirical time allocation literature suggests that the opportunity costs of women's time are very high, the planning literature suggests that they can be ignored because they are low.

The opportunity costs of women's time devoted to market work have been ignored partly because of the influence of the dichotomous work/leisure choice of conventional neoclassical labour market theory. Although NHE recognises that a positive cost is involved, it has so far focused more on measuring the opportunity costs of women's time spent on domestic and child-care activities in terms of the value of their market time than on measuring the opportunity costs of market time itself. The opportunity cost of the "household" time<sup>42</sup> of all members of the household is conventionally measured in terms of the wages they might have earned had they worked the equivalent amount of time in the market. While technically this has no effect on empirical results, the use of money wages as the numeraire to measure the value of time has been seen to imply that the "next best" use of household labour time is always market work. As Whitehead (1990: 450), noted:

*"Although it is recognised that [women's reproductive activities] cannot be entirely foregone, it is assumed that it is on the whole more sensible to choose income earning activities rather than not."*

Perhaps more importantly, the approach has not encouraged economists or planners to identify or take into account the real opportunity costs of women's time devoted to the market.

The treatment of men's work choice in economic theory is also deficient, but with less serious consequences for policy-making and planning. Men's roles tend to be mutually exclusive, and men's socially productive non-market activities tend to be less critical<sup>43</sup> than those of women (or can be taken over by women). Men's social roles have also been more often monetised (and hence redefined as market work), as in the case of men's political and military roles, which have been extensively monetised. Although men's reduced participation in household and community activities due to market work and commuting are also ignored, men's involvement in community work is also often paid (Moser, 1989: 1801 and footnotes 10 and 11). Where men's time has been largely withdrawn from social reproduction at household or community level, women have sometimes been obliged to substitute their time for that of the men, reducing or disguising the real cost. For example, women have become increasingly involved in local leadership and communal solidarity roles as men's work tends to remove them from the community, especially where it involves extended absences due to commuting, circulation or migration.

Thus, the specification problem leads to the opportunity costs of women's time being ignored or undervalued. Despite the contribution of the New Household Economics, planners and policy-makers continue to make decisions that imply that women's time is costless. In particular, the contribution of women to human capital formation in the form of the health, education and "quality" of the next generation is consistently undervalued. As a result, on the one hand the potentially high social costs of increased women's market participation are ignored while, on

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40 The assumption that women's time is highly elastic has been attributed to the fact that the process of reproduction and maintenance of human resources does not respond to market signals (Elson, 1989: 57-58). However, the demographic theory of fertility transition would argue that in the long run it does.

41 Clatts (1991: chapter 7) shows how the failure of an agricultural development project in the Philippines to take proper account of the opportunity costs of time, particularly women's time, largely explained the failure of the project.

42 The time spent on the production of Z-goods within the household.

43 Moser (1989: 1801) notes that men do not have a clearly defined reproductive role. Brydon and Chant (1989: 59) also note that while men do play with young children, it is not usual for small children to be left continually in the care of men.

the other hand, the comparative disadvantage that the burden of social production imposes on women in the labour market is also overlooked.

**d) The efficiency problem**

In focusing on allocation as the basic economic problem, neoclassical microeconomics has been preoccupied with the concept of allocative efficiency<sup>44</sup>. Allocative efficiency is defined by the Pareto criterion as a situation in which it is not possible to change the allocation of resources without making someone worse off. At the macro level, short-term static allocative efficiency is achieved when it is impossible to rearrange resources to produce a larger total output. In a free market economy, this requires that every input and output be priced at the level that reflects its opportunity cost to the economy as a whole. That is, the price of an input must be just high enough to bid it away from its next most productive use. Dynamic allocative efficiency, which refers to the long-term allocation of resources in the process of growth and transformation, requires that the allocation of resources be efficient over a certain period taken as a whole. This concept recognises the possible need to forego some current benefit in order to undertake investments to increase productivity and obtain a larger future benefit. In practice, there is a trade-off between static and dynamic efficiency, and policy-makers typically seek to meet some combination of short- and long-term efficiency goals. This trade-off represents a compromise between the short-term adjustment of the economy to its immediate environment and the long-term structural transformation of the economy in a changing environment.

Achievement of static efficiency requires that resources be free to move between different uses and different employers and be able to compete in the market on an equal basis. However, in the labour market gender interferes with these conditions in a number of ways. As Elson noted (1992: 49), women are not "free" to move in and out of the paid labour market or between different jobs and employers in the way that men can. They are less mobile because of the nature of biological and social reproduction, and because of the strength of social and cultural norms that tie them to traditional female roles and impose high social costs on alternative behaviours. Thus, women cannot compete with men on equal terms, and their lower levels of participation in paid work and/or lower earnings lead to static inefficiency.

Attainment of the neoclassical ideal of allocative efficiency, both static and dynamic, requires that all markets be perfectly competitive, without subsidies or taxes. This implies that the prices of all resources and factors of production equal their marginal productivity, defined as the market value of the output of the last unit of the factor or resource that is applied to production. Prices of all goods should similarly equal their opportunity costs. However, in the real world, market imperfections such as imperfect knowledge among producers and consumers, insufficient numbers of producers (monopoly) or consumers (monopsony), and especially the existence of subsidies or taxes, interfere with the achievement of allocative efficiency. Subsidies encourage the consumption of resources or products beyond the economically efficient amount, while taxes discourage their use by imposing a penalty on users. Imperfections such as taxes or subsidies in just one market, whether a factor or a product market, produce a ripple effect that prevents the attainment of efficiency elsewhere in the economy through the impact on demand and supply in other markets.

In effect, gender-based imperfections act as a subsidy in the markets for products and resources. Unpriced household inputs are not "paid" their true opportunity cost, and labour and goods produced by the household are therefore sold in external markets at prices that are less than the true opportunity costs of producing them. The true opportunity cost of women's labour is not reflected in the wages women are offered in the labour market. Palmer has described this as a "reproduction tax" on women (Palmer, 1992: 79).

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<sup>44</sup> This discussion has benefited greatly from the insights of Palmer, 1990 and 1992.

Women's unpaid family labour subsidises economic production generally. This creates additional inefficiencies because some women's labour time is likely to be utilised in poorly-paid low productivity employment in the market although it would be more efficiently employed in social reproduction in the household. Women's labour will tend to be utilised in the market beyond the economically efficient amount, and "ripples of subsidies" (Palmer, 1992: 76), commencing with the price of the output of the household, produce distortions in virtually all other markets.

Women also experience unequal access to and control over resources in the household or family farm (Palmer, 1990; 1992; Afshar and Dennis, 1992; Brydon and Chant, 1989; Onimode, 1989). This additional source of market imperfection is due to the monopsony power of the (usually male) household head, who is often the only purchaser of household labour. This tends to result in an excessive application to household economic production of tied and unpaid female or child labour. The inability of women to move freely to other employers or occupations in search of higher returns also leads to a lack of incentives for households to provide female labour with complementary physical capital or technology inputs to raise the productivity of unpaid female labour.

The way in which the integrated family farm or household production unit contributes to inefficiency is clarified by examining the situation in societies where the household includes separate accounting units that trade with each other and have separate rates of return (Koopman, 1992: 91; Palmer, 1992: xx; Roberts, 1991: 63; Whitehead, 1990). This situation is particularly typical of certain African societies, where husbands and wives may head individual accounting units, and labour and other resources are exchanged between these units according to the gender-based division of labour<sup>46</sup>. Both husbands and wives usually participate in some factor or product market, such as wage employment, agricultural production or informal sector activity (Koopman, 1992: 89). This gives each some bargaining power and encourages mobilisation of resources under their control in such a way as to obtain returns approximately equal to opportunity costs. Thus, internal gender-based markets within households tend to encourage allocative efficiency.

However, in spite of this, the overall operation of such households is still marked by inequality. The value of women's productivity in biological and social reproduction is not priced, and the greater amount of unpriced reproductive activity carried out by wives turns the barter terms of trade against their particular economic activities. Thus, compared to men, women in general must still work longer hours of often more arduous labour to gain an equivalent unit of personal disposable income (Koopman, 1992: 90)<sup>47</sup>.

In modern economies, economic production and biological reproduction are largely incompatible. This is both a fundamental source of dynamic allocative inefficiency and a basic cause of women's inequality. Biological reproduction necessarily involves a period of absence from the labour force even for those women who normally sell their labour in the external labour market. Women's absences from work due to pregnancy, child birth and lactation constitutes a turnover cost that tends to raise the relative cost of female labour to employers, reducing the demand for female labour and thus resulting in lower female wages. Women's lifetime earnings are also reduced by the loss of income for the absence, which is unpaid for most women in developing countries, as well as their lower levels of experience. In addition, women's absences from the workforce are often associated with a decline or obsolescence of skills<sup>48</sup>, which further contribute to lower female wages. Employers are also less willing to

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45 See Reynolds, 1991 for an excellent study of child labour in rural Africa.

46 A similar situation would also be found in most extended households in developing countries, including those in Asia. However, the basis for exchange within the extended household is the age-based rather than gender-based division of labour.

47 The disadvantage in the terms of trade is often increased by differentials in the market prices prevailing for women's and men's crops and women's and men's labour.

48 When new technologies are introduced, women who are absent from the workforce are unable to take advantage of employer-provided retraining opportunities. Employers may also be reluctant to invest in retraining for women workers because of anticipated future absences.

invest in female human capital through training because of the reduced returns to such investments. Thus, the impact on women of reproductive absence from the labour force is manifold.

In developing countries, the potential impact of reproduction on the lifetime duration of women's work is a significant source of inefficiency and inequality. The majority of women in developing countries produce at least two children, more usually three or four. Assuming that the children are breastfed, as is the norm in most developing countries, and that this is incompatible with paid work, the minimum absence from the labour force for a mother of three children would be three to four years. However, with modernisation and urbanisation, the capacity of the nuclear and extended family to provide substitute child care to pre-school children is increasingly limited. Older siblings are likely to be in school, grandparents may live too far away, particularly for urban families, and domestic servants are only an option for middle-class women and even for them are increasingly expensive and difficult to obtain (Zurbrigg, 1989: 139). Thus, high fertility and the lack of substitute child care cause most women to withdraw from the labour force for much longer periods - an average of ten to twelve years for women with three children.

Women's lower lifetime earning capacity leads to reduced incentives for individual families and households to undertake investments in female human capital, whether for women or girls. Families are the key agents for the most important human capital investments, nutrition, health and education and training, most of which are undertaken by parents in respect of their children. Poor parents in particular must carefully weigh the potential costs and benefits for the family of such expenditures on individual children. While the costs are immediate and usually involve cash expenditures by the parents, the benefits are long-term and initially obtained by the child rather than the parent.

The potential benefits, particularly for poor parents, are likely to be seen in terms of the support given by their children during old age. They depend first on the child's potential earnings, which are on average lower for girls than boys because of the effect of the reproductive tax<sup>49</sup>, and on the likelihood that part of the child's earnings will be passed to the parents. Female children are often doubly disadvantaged: their earnings will be lower than those of their brothers, and institutional arrangements associated with marriage often direct the benefits of those reduced earnings, not to their own parents, but to their in-laws. Thus, because the incentives for families to invest in human resources are weaker for daughters than for sons, women tend to have poorer quality human resources than men.

At the aggregate level, these gender differentials in human capital endowments and the impact on demographic change can be a significant source of critical inefficiencies. Where the rate of population growth is high, women's limited access to education contributes to the maintenance of high fertility and high infant and child mortality (Blumberg, 1991: 133-135; Caldwell, 1986; Caldwell, 1987). The surviving children of poorly educated women and women who have given birth to many children also tend to have poorer health and receive less education than the children of more educated mothers with smaller families. Such children constitute a significant proportion of the total in high fertility populations, contributing to low national levels of human resources development and labour productivity. Although these general relationships are recognised by economics at the aggregate level, the continued failures to take account of the differential micro-level costs and benefits for health and education expenditures on daughters and sons has limited the success of policies to increase female education and reduce fertility in a number of countries. The resultant population pressure is widely seen as a major obstacle to development and a critical source of dynamic allocative inefficiency.

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<sup>49</sup> This effect is multiplied where women do not enter the paid work force at all, or where, as is usual, women are paid lower wages than men.

e) **Contextual blinkers**

Conventional neoclassical economics is blinkered to the economic significance of the social and institutional context in which economic activity takes place. In particular, neoclassical economics neglects the role of families and households, and the role of social and cultural norms, conventions and institutions. However, these are especially important influences on women's economic behaviour.

The family household is a complex institution within which many of the most fundamental economic decisions are made, yet it has been largely ignored by neoclassical economic theory. Occupying an intermediate level between individual economic actors and the aggregate economy, the household or family unit presents major conceptual difficulties for economic theory. Economics has divided into two major sub-disciplines, microeconomics focusing on individual economic behaviour and macroeconomics focusing on the analysis of economic aggregates. On the production side, firms are recognised as an intermediate level of analysis, but households are not recognised as an equivalent intermediate level of analysis on the consumption side. Thus, despite considerable evidence of the economic importance of the family households in the sociological and anthropological literature, 'much of economic theory proceeds as if no such thing exists' (Sen, 1983: 14).

Neoclassical economic theory has traditionally considered the family and household to be part of the "moral economy", which it has regarded as beyond the scope of economics<sup>50</sup>. Conventional consumption analysis has focused on individual decisions, which are considered to be motivated by the concept of "utility", the amount of satisfaction or benefit that a person obtains from consumption. The basic neoclassical assumptions of rationality, crude competition and self-interest that are implied in this analysis seem particularly inappropriate as a model of human relations within the family. Thus, economics has drawn a clear distinction between the political (market) economy, where individual self-interest is assumed to rule, and the moral economy, where a group level of analysis and a more social view of motivation seem more appropriate.

New Household Economics (Becker, 1976, 1981) has attempted to lift the contextual blinkers and bridge the chasm between the moral and political economies by incorporating the household within the neoclassical framework. Drawing an analogy between the household and the firm<sup>51</sup>, NHE views individuals within the household as operating in an implicit market in which "shadow" or imaginary prices, behaving in similar ways to market prices, determine decisions. Whereas conventional consumer demand theory assumes that consumers obtain satisfaction passively simply by the act of purchasing a consumption good, NHE suggests that satisfaction can only be obtained actively through the creation of use-values within the household. Thus, households are regarded as centres of both production and consumption, producing "Z-goods" that have a direct use-value in the household. These Zgoods are produced by combining goods purchased in the market with household capital goods and the time of household members<sup>52</sup>.

The most serious problem for the NHE revision, the specification of the objective function to be maximised, is solved by adopting what Sen (1983: 15) has described as the "glued-together family". The household is assumed to behave in exactly the same way as an individual,

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<sup>50</sup> In this, it is not unique. Folbre (1986b: 245) has pointed out that Marxist theory similarly locates the household within the moral economy of altruism and cooperation, while adopting a conflict model of human behaviour in the area of class relations on which it chose to focus.

<sup>51</sup> The analogy with the firm is somewhat strained for a number of reasons: many household exchanges do not resemble sales and purchases in a competitive market; products are often highly differentiated; household members may act as both 'buyers' and 'sellers'; and the cost of many Z-goods, such as children, is not exogenously determined (Folbre, 1986b: 247).

<sup>52</sup> For example, a Z-good such as a cooked meal would be "produced" in the household by the use of capital goods such as the kitchen, stove and refrigerator, together with store-bought ingredients and the time and skill of the cook.

maximising a common interest this is defined by an unspecified process that implies harmonious relations and complementarity of interests among individual members. Under this assumption, the combined incomes and preferences of the individuals in the household can simply be aggregated and a joint household utility function substituted for the conventional neoclassical individual utility function.

This solution produces a model of intra-household behaviour that is both at odds with the facts and radically different from the model of human behaviour assumed in other areas of economic theory. The glued-together family household functions under the leadership of an altruistic household head who acts in the best interests of the group as a whole, a kind of "benevolent dictator". As Folbre has pointed out, the result is a marked divergence from the neoclassical view of motivation at the individual level. She contrasts the:

*"naked self-interest that presumably motivates efficient allocation of market resources [with the] perfect altruism that presumably motivates equitable allocation of family resources." (Folbre, 1986b: 247).*

This not only ignores extensive evidence of potential conflict within the household and family unit, but assumes a level of interdependence which, in the market, would be considered a barrier to efficiency (Evans, 1991: 53). It ignores the different structural contexts within which female and male members of the household live and work.

Just as conventional neoclassical economic theory is blinkered to the existence of the household, it is also blinkered to the economic significance of the institutional context within which individuals (or firms) operate. In particular, it underestimates the relevance to economic theory and policy of the social, cultural and institutional micro foundations of economic behaviour. While the economic importance of fundamental capitalist institutions such as property rights, laws of contract and the existence of formal institutions is generally recognised<sup>53</sup>, the economic relevance of the more nebulous social institutions such as values and attitudes, social conventions, behavioural norms and cultural mores is overlooked<sup>54</sup>.

Conventional neoclassical economic theorists typically regard such social phenomenon as "non-economic factors", and ignore them because they are considered to lie outside the bounds of the discipline<sup>55</sup>. According to the principle of Occam's Razor, institutions can be validly omitted from consideration in economies where they operate in accordance with the basic axioms of theory. Social institutions may therefore be excluded from economic analysis in developed economies where institutional conditions resemble those assumed by neoclassical economic theory<sup>56</sup>. However, in Third World economies the relevant institutions may not exist or may so differ from the western model as to confound the predictions of theory<sup>57</sup>. Numerous studies in developing countries illustrate how social and cultural norms and expectations may fundamentally affect economic incentives, particularly for women and minority groups.

However, neoclassical economic theory assumes that economic agents behave in fundamentally similar ways, regardless of the institutional framework of norms, customs and values within which they function<sup>58</sup>. Rather than excluding institutions from economic analysis, this actually

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53 Price stability, for example, may be attainable only if some external agency such as a central bank enforces certain institutional arrangements on economic agents (Garretsen, 1992: 5).

54 For a useful discussion of social institutions, including an outline of the new institutional economics that has emerged within the economics discipline in recent years, see Ensminger, 1992: 4-24.

55 Sen (1984: 1), introducing his classic study of the 'peculiar role of values in social behaviour', noted that:

"some of the issues also call for going beyond what are often taken to be the boundaries of economics . . . boundaries . . . often defined very narrowly, involving partitions that classical economists, such as Smith or Marx, would not easily have recognised."

56 Feminist research has established that the institutions assumed by economic theory are those of the dominant male culture. Thus, the economic impact of institutional factors cannot be ignored even in developed countries.

57 Keynes (and classical economics in general) had a very different view of the economic role of social institutions from mainstream neoclassical economics. The former accept that individual actions are partly determined by conventions and institutions. By contrast, neoclassical models adopt a methodological individualism in which the micro foundations of macro-economics are fully derived from individual decision-making (Garretsen, 1992: 10).

58 Seeking to establish universal propositions, and thus adopting a 'simplistic and outdated brand of positivism' (Folbre, 1986b: 246).

assumes a particular implicit institutional context, specifically the set of Western norms, values and attitudes within which capitalism originated and which have been adopted to a greater or lesser degree throughout the modern (urban) world. This context is not only specific to western capitalist society, but represents the particular institutional context in which western men operate. This is significantly different from the context within which western women function because, even in the same culture and society, women and men live, work and relax according to different norms, customs and values. These contexts affect economic choices in quite different ways.

The economic effect of the social and cultural context is especially marked for women in non-Western societies because it often involves restrictions that are related directly or indirectly to economic activity and access to the economy. For example, the exclusion of women from traditional male social, cultural or religious organisations has significant economic implications where, as is typically the case, these organisations have become important channels for the dissemination of commercial information and the regulation of economic relations. Contextual blinkers blind economics to the fact that the exclusion of women from these groups denies them access to the information and the lower transaction costs which social networks often provide.

Social conventions about appropriate behaviour for women and men also constrain women's economic activity in developing countries in ways that neoclassical economics has failed to recognise. To a large extent, traditional behavioural norms and social values represent a male-centred view of the world which, during the course of development, has tended to diminish and deny the value of women's traditional economic role. Modern social norms increasingly reflect middle class or elite ideals in which women's active role in production has been further devalued and their dependent roles as housewives and mothers augmented. Although reflecting ideals about what women, in an ideal world, should do, rather than what real women actually do, such ideals can seriously constrain women's responses to the economic incentives created by development.

The impact of development-induced social and institutional changes has also profoundly changed the lives of women in ways that have largely been ignored by economics. Declining fertility and infant mortality and widespread primary schooling have profoundly affected women's traditional activities of child bearing, child rearing and domestic production. Moreover, the impact of such radical changes has been much greater on women's roles and activities than on men's (Boserup, 1990: 14). Although increasing numbers of women are moving into the labour force alongside men, women retain primary responsibility for housework and child care and often assume an increased role in community management. While these changing roles tend to move women out from the "protection" of their households, social conventions continue to restrict and control their behaviour more rigidly than men's because of the social, economic and political consequences of women's fertility. Thus, the tension between the ideals of the past and the realities of the present are greater for women than men, and the lag between economic and social development and changes in social conventions has a greater impact on women.

Contextual blinkers have also blinded economics to the fact that social conventions are another source of allocative inefficiency, restricting the free movement of female resources to their most productive use by increasing the social and psychological costs and reducing the benefits of market work for women. Social conventions may even increase the economic costs by, for example, preventing women from travelling on public transport or without an escort. They may also reduce monetary benefits by restricting women's work to all-female environments, thereby reducing their job choice and occupational mobility. Thus, the failure of conventional economic theory to incorporate the social, cultural and institutional context of economic behaviour into its

models and analysis is another example of the effect of contextual blinkers and the discipline's failure to recognise the economic significance of gender.

# GENDER-DIFFERENTIATED IMPACT OF MACROECONOMIC POLICY

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## 41 THE ECONOMIC POLICY CONTEXT - STABILISATION AND ADJUSTMENT IN DEVELOPING COUNTRIES.

During the decades following the first of the international oil shocks, developing countries have focused on two major macroeconomic strategies: stabilisation and structural adjustment. Both stabilisation and adjustment strategies have as their principle objective the attainment of external balance<sup>59</sup>. Stabilisation focuses on the short-term and the demand side, seeking to improve the balance of payments by reducing domestic demand through fiscal and monetary restraint over a period of one or two years. By contrast, adjustment approaches a similar policy objective over the longer-term and from the supply side, aiming to reform production structure over a period of three to five years in order to increase exports and stimulate overall economic growth. Of the international financial agencies which have played a major role in the developing countries' adoption of macro-policy packages, the IMF has been most closely identified with stabilisation while the World Bank has promoted structural adjustment. The essential congruence of these strategies is underlined by the fact that an IMF stabilisation program has usually been a pre-requisite for a World Bank Structural Adjustment Loan.

The macroeconomic policy objectives of stabilisation and structural adjustment have different time frames and have also tended to be associated with different sets of policy instruments. The short-run focus of stabilisation strategies has led to an emphasis on reduction of domestic demand. This is most readily achieved through fiscal and monetary policies because demand responds comparatively quickly to changes in these policy instruments. By contrast, adjustment policies, being more efficiency and growth-oriented, have focused on the longer-term. They seek to increase output through supply-side policy instruments that affect exports and domestic production by changing the pattern of incentives facing producers. In particular, export-led growth strategies have been promoted with the objective of moving resources away from the production of untraded goods and towards the production of traded commodities and services. Both stabilisation and structural adjustment strategies have emphasised a reduced role for government and increasing reliance on market forces for resource allocation. Specific measures include privatisation of government agencies and instrumentalities, contracting out publicly-provided services to the private sector, and deregulation of markets.

The major objectives of these macroeconomic strategies, external balance and a more efficient use of resources to stimulate growth, are relatively uncontroversial. Even in the poorest and most severely debt-ridden countries, where the very high human costs of such policies may provide grounds for considering more radical alternatives, the objectives themselves are not in question for the longer term<sup>60</sup>. What is in question, especially in countries under externally-initiated SAPs, is the means to be used to achieve macroeconomic policy objectives.

Governments may use a combination of general or specific policy-instruments to achieve macroeconomic goals. General instruments operate on basic macroeconomic parameters such as the money supply, interest rates or exchange rates, while specific instruments affect the supply and demand conditions that determine these macroeconomic parameters. General policy instruments affect equally all who participate in the relevant category of transactions - for example, the interest rate affects all borrowers equally, regardless of sector. By contrast, specific instruments such as subsidies or taxes tend

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<sup>59</sup> A balance between debit and credit transactions with foreign countries and international institutions. A modest external imbalance (a deficit or a surplus in the balance of payments) is not necessarily bad in itself. However, an improved external balance through a reduction in the balance of payments deficit has come to be generally regarded as a desirable macroeconomic goal for all developing countries because of the persistence of substantial deficits in a number of developing countries in recent years.

<sup>60</sup> Such radical alternatives include debt rescheduling, debt-equity swaps or even outright default (Boyce, 1990: 83-92).

to affect particular sectors or groups differentially: food producers may receive a subsidy, for example, while producers of manufactures may not. Policy analysis consequently tends to pay more attention to the impact on particular groups of individuals of specific policy instruments such as subsidies or taxes. The impact of general policy instruments affecting broad macroeconomic parameters such as the money supply tends to be overlooked.

However, individual economic actors are affected differentially by both general and specific policy instruments, depending on the individuals' relationship to the kinds of transactions targeted. Thus, a rise in interest rates is more likely to benefit the affluent than the poor because the poor are more likely to borrow than to lend. This differential impact of even general policy instruments on groups such as rural residents and the poor has been established by a considerable body of economic theory and empirical analysis. Much less attention has been paid to the role of gender in the differential impact of policies. Although a limited body of theoretical analysis has examined the gender-impact of policies, this has had little effect on economic policy formulation at the micro level, and even less on macroeconomic policy.

## **4.2 THE IMPACT ON WOMEN OF STABILISATION AND ADJUSTMENT POLICIES**

In order to examine their gender-differentiated impact, this analysis will focus on three major categories of economic policy: policies designed to reduce demand, those designed to reduce public expenditure, and those designed to promote exports. These affect households through household income, the prices of goods consumed by the household, access to public goods<sup>61</sup> and household participation in production and work. The short-term effects of economic policies on individual women and men depends primarily on their roles within the household. In the longer term, policies may also affect human capital formation for women and men by changing incentives and/or the capacity of households to undertake long term investments, particularly education and health, for female and male children.

### **a) Policies to reduce aggregate demand**

Macroeconomic policies focusing on stabilisation tend to emphasise the balance of payments at the expense of short-term economic growth. The balance of payments problems that created the need for stabilisation policies have often been brought about by high levels of private and public sector expenditure on imports. Consequently, stabilisation packages have typically concentrated on reducing aggregate demand in the economy<sup>62</sup>, leading to a decrease in the level of aggregate economic activity (deflation). Devaluation of the exchange rate has also been an important component of most stabilisation packages because the high level of imports was facilitated by over-valued exchange rates. However, the major instruments of stabilisation have been deflationary fiscal and monetary policies to reduce real incomes and hence the demand for imports, potential exports and government services.

What, in the impersonal language of economics, is described as "a reduction in aggregate demand", is experienced by individual women and men as a decrease in their economic capacity to meet their needs and those of their families. For example, credit restrictions to reduce the money supply will initially reduce purchasing power as businesses cut back on expenditure, resulting in a loss of employment for some and reduced earnings for others. Devaluation of the currency will also increase prices: the prices of entirely locally-produced substitutes for imported consumer goods rises as sellers take advantage of limited competition, while the prices of others with an import component rises due their rising costs of production.

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<sup>61</sup> Through changes in the level and composition of government expenditure.

<sup>62</sup> Especially by cutting imports.

Thus, the lower level of aggregate demand that typically results from the imposition of stabilisation policies leads to an initial reduction in real incomes.

The impact on individuals of this short-term decline in economic activity is considerable, especially where the deflationary impact is general. Widespread and severe deflation produces a general recession that affects most sectors of economic activity. For example, devaluation increases the prices of imported consumer and producer goods, leading to a flow-on increase in most domestic prices and a corresponding decrease in domestic production. If imported fertilisers and other farm inputs comprised a significant element of production technology, agricultural production may fall. This has an immediate impact on farm incomes and flow-on effects not only for urban consumers, but also for small rural producers dependent on the market to raise income for part of their food consumption. Those employed in the informal sector feel the flow-on effects as the real purchasing power of income falls. Unemployment and underemployment increase in the economy as a whole, and those in work, especially the poorly-paid and unskilled, are unable to protect their earnings against inflation. Many households are thus squeezed by both declining money incomes and the decreased purchasing power of each unit of income.

As real household incomes fall, the pressure on women who carry the basic responsibility for meeting families' needs increases. Many women are given fixed housekeeping allowances, from which they are expected to provide for the husband and children, as well as themselves. The amount of the allowance is wholly determined by the husband, and often not adjusted to take account of rising prices (Elson, 1989: 68). During a general recession, the amount of the allowance is more likely to be reduced as the husband's earning capacity decreases, especially if he is employed in the informal sector or paid on piece rates. It may also be reduced as the husband feels the pinch of rising prices on his personal expenses. Instead of reallocating total household expenditure to compensate for falling real incomes, many women struggle to provide basic needs for their households and children from declining housekeeping allowances. The distribution of income among individuals within the household tends to restrict the extent to which expenditure can be reallocated in response to increases in the prices of food and other necessities (Elson, 1989: 68).

Women have only a limited range of responses to such pressures. Initially, they may substitute inferior staples for more expensive foodstuffs, with a probable consequent increase in the time required for food preparation and a consequent decrease in the time they can devote to supplementary work to earn cash. Both the substitution of inferior foods and the loss of cash income may have a negative impact on family nutrition. Non-essential consumption, which may include expenditure on health and education, will also tend to be sacrificed. The intra-household distribution of food may also be modified, especially in the poorest families which are likely to strive to maintain the food intake of the male breadwinner at the expense of the mother and, if necessary, the children. In some cultures, the food intake, health and education of girls are especially likely to suffer (Harriss, 1990: 364-367 and 405-406).

If these measures fail to ensure survival, women who were formerly not in the work force or who worked less than full time may seek supplementary sources of income through paid work, if available, or informal sector enterprises. Such women are driven by the compelling need for income to seek additional work despite generally diminishing employment and income-generation prospects. Under such circumstances, they are forced into the lowest paid, and least desirable forms of employment. In some situations, children may also be forced into the labour force, reducing opportunities for schooling.

Conversely, some women who were already in the paid work force may lose their jobs as a consequence of the slowdown in economic activity. Due to a general trend towards increased female labour force participation in many countries in recent years, and higher female labour

force turnover, women in the formal sector are most likely to be among the most recently hired and therefore tend to lose their jobs first. Moreover, employers, who share the general social perception that all men are breadwinners and all women's earnings are only supplementary, may tend to dismiss female before male workers.

Although the informal sector is the last refuge of those seeking work and income in most developing countries, its capacity to absorb labour is also seriously diminished by the decline in aggregate demand. Many of the most marginal informal sector enterprises, which are typically operated by women, may be forced to close by declining real incomes among their customers. Consequently, while the number of employment and income-earning opportunities in the informal sector decreases, the competition for them increases. Women displaced from within the informal sector, housewives forced into the labour market for the first time by declining real household incomes, and both women and men retrenched from formal sector employment must compete for the decreasing number of informal sector employment and income-earning opportunities. In such a highly competitive environment, men tend to be advantaged by superior access to petty capital and contacts (Standing, 1989: 1087).

Whether as consumers or producers, women are likely to shoulder much of the burden of household adjustment to stabilisation policies. When, as has usually been the case, stabilisation measures are accompanied by structural adjustment measures, the impact is often exacerbated by cuts in public sector expenditures in the areas of greatest benefit to women.

#### **b) Policies to reduce public expenditure**

The reductions in public expenditure and expenditure switching from the social to the "productive" sectors, which are key components of many structural adjustment policy regimes, most affect women and children. Similarly, the consequences of privatisation and the application of user-pays principles to the provision of public services are most severe for poor families and women.

Women's and children's welfare is most dependent on public expenditure in education and health (including family planning services), which are the areas of public sector activity most likely to suffer under budget cuts. When services are withdrawn or become prohibitively expensive, women must provide substitute services such as home education and training, general child care, and home nursing for children who will be ill more often and for longer. They must also bear the costs of their own poorer health and possibly higher fertility, while the loss of education and health services will restrict their access to the labour force<sup>63</sup>.

Cuts in public sector employment are also likely to have a greater affect on employment prospects for women than for men. Governments in many developing countries are among the largest employers of female labour, particularly in traditionally 'female' areas of work such as teaching, nursing and clerical work. In recent years, women's share of public sector employment has tended to increase. As a consequence, where redundancies are involved in either public sector cut-backs or privatisation, women may be disproportionately affected because of their lower levels of seniority. Although governments under structural adjustment regimes have not usually sacked permanent workers, the effect of sharp declines in public service recruitment has been to disproportionately reduce young women's access to formal sector employment. Women also occupy a relatively large share of less secure, non-permanent and marginal positions in the public sector, some of which were lost as a direct result of public sector spending cuts.

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63 Age-specific patterns in many countries show significant increases for women in those age groups where their youngest children would have recently entered school. The health sector also facilitates women's work because the conflict between child care and women's work is exacerbated when children are ill. Any decrease in access to health services is likely to be accompanied by increased morbidity (and possibly disability) among children, which will reduce the capacity of mothers to enter or remain in the work force.

Privatisation as a means of reducing public sector spending may also have more serious implications for women's than men's employment opportunities. Women's wages and employment conditions are generally better in the public sector than the private. Wage differentials between women and men tend to be smaller in the public sector, and the public sector in most developing countries has also been more willing to employ women, particularly at more senior levels (Standing, 1989: 1087).

#### c) **Policies for export promotion**

Despite the generally negative short-term impact of stabilisation policies on women, the longer-term impact of macroeconomic strategies on women is not always adverse. Where export-oriented growth strategies have proved successful, women appear to benefit disproportionately from increased access to employment. In developing countries, the most successful export-oriented industries have been those that exploit comparative advantage in an abundance of low-wage labour. Many of these industries, particularly those located in export and free-trade zones, have tended to favour female labour because, in addition to working for lower wages than men, female workers are considered to be docile and submissive and particularly suited to the simple, repetitive tasks required. Exchange rate reform has contributed to the general expansion of labour-intensive industry in developing countries by reducing the incentive for employers to use imported capital as a substitute for local labour. Women have therefore been major beneficiaries of those macroeconomic reforms that have encouraged export-oriented industrialisation.

However, the feminisation of labour in export-oriented industries has been regarded with mixed feelings. From a conventional neoclassical perspective, Perkins observed with apparent approval the close correlation among industrial growth, export orientation and increasing female employment during the period after the Second World War and asserted that industrialisation has been 'as much *female* led as *export* led' (emphasis in the original, Perkins, 1992: 112). Standing (1989), from an ILO perspective, criticised the increasing levels of female employment in export-oriented industry as exploitation of unorganised and unprotected labour. By contrast, Lim (1990) compared employment in export-oriented factories with the available alternatives and concluded that most of the women involved apparently preferred the factory employment.

Increased female employment, especially formal wage employment in the modern sectors, offers a number of important potential benefits for women. In the long run, women's increased income-earning capacity encourages families to undertake human capital investments in their daughters, especially if this is also associated with rising ages at first marriage which provide a longer period during which the family may share in the returns to their investments<sup>64</sup>. Increased female wage employment is also likely to contribute to women's higher status in the household, as well as to their economic and social independence and self-esteem, particularly where they retain a considerable control over their earnings (Heyzer, 198?: 191). It also encourages recognition of the appropriateness of paid employment for women, more accurate reporting and measurement of women's economic activity and greater social recognition of women's economic contribution to the household and the nation. Such changes, in turn, tend to reduce some of the social costs of female employment and thus remove some social barriers to women's entry to the paid labour force.

The general impact on significant numbers of young women in urban areas has probably been positive in those countries where women have been pulled rather than pushed into this kind of

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<sup>64</sup> The demographic literature suggests that increased female employment is likely to be associated with rising age at first marriage. For example, a Philippines study found that female employment in the Bataan Export Processing Zone was associated with later marriage (Zosa-Feranil, 1984 cited in Brydon and Chant, 1989: 153).

employment (Wolf, 1992). Urban women with high to moderate levels of education are often drawn into the industrial labour force by the attraction of cash earnings, economic independence and an urban lifestyle, and generally benefit from the experience. However, in those countries where structural adjustment policies have been associated with serious economic recessions that have probably pushed women into the labour force, the experience supports a more negative view. Women with little education, particularly those from poor families in backward rural areas, may be driven by poverty into the fringes of the urban economy where they have little choice but to accept a pittance for a wage and appalling conditions, including prostitution and every kind of exploitation. In the Philippines, many women have been driven into the industrial labour market in search of a livelihood for their families. Their bargaining power is minimal and they are forced to accept poor conditions and very low wages (Boyce, 1990; Pineda-Ofreneo, 1991).

In most countries, only a small proportion of women have benefited from improved access to modern sector employment in export industries. However, the impact on public perceptions of small but growing numbers of young women entering wage employment should not be underestimated. Although social perceptions of the effects of factory employment on women's roles have been largely negative (Arifin, 1984; Heyzer, 1986), evidence suggests that these women's access to paid employment is changing parental attitudes on education for girls in general (Greenhalgh, 1988: 656). Studies also indicate that women's access to cash income is associated with increased status and increased decision-making roles within the household. For example, a recent study of female industrial employment in Pakistan observed that cultural perceptions of the appropriateness of certain roles for women were changing as more women entered the labour market (Kazi and Raza, 1991: 737).

**d) Inter-household differences in the impact of macroeconomic policy**

Both stabilisation and structural adjustment policies affect different groups of women in different ways. In theory, urban women who are totally dependent on the market for their food will be affected negatively by rising food prices. By contrast, women food producers in rural areas should benefit from policies directed toward moving the internal terms of trade in favour of agriculture. However, the reality is more complex.

In the densely populated countries, the majority of the female population live in poor households that must purchase some of their food requirements in the market. Rural women in these food deficit households include those from rural labouring families and those with insufficient land to meet subsistence requirements. Although involved in agriculture, such households are often heavily dependent on the market for most of their food. In India and Bangladesh, for example, it has been estimated that the rural poor derive up to fifty per cent of their calories from market purchases. Food deficit households suffer from the rising food prices that advocates of structural adjustment policies believed would benefit agricultural households (Due, 1991: 10).

It is clear that not all agricultural households benefit from increased prices for their output. Deflationary policies cause the total domestic demand for food to decline as real incomes decrease. The prices of those foods that cannot be exported are therefore likely to fall. This particularly affects women in poor households who depend on sales of perishables such as fruit and vegetables from their home gardens for cash income. While all women will be hurt by the removal of price controls and the impact of exchange rate policy on basic commodities such as soap and kerosene, poorer women may also be forced to spend more time collecting natural fuels to replace the kerosene they can no longer afford and therefore have less time for income-generating activities. Thus, in rural areas policies favouring the production of agricultural products for export may benefit women from landed households but hurt those from landless and land-poor households.

Even where the prices of agricultural commodities do increase, not all producers will benefit. Many poor farmers will be unable to expand output to take advantage of the price incentives. Poor quality infrastructure restricts their access to markets, while inadequate extension services, lack of water, limited access to land and credit, and poor quality human resources limit their capacity to respond to price incentives (Chhibber, 1989: 66). Among the poorest rural households the gains obtained as producers will be quite small, whereas the losses suffered as consumers are more likely to be large.

In urban areas also, some women will gain and others suffer from stabilisation and adjustment policies. Women in the informal sector will suffer under policies designed to shift resources away from services and non-traded goods, and as a result of the reduced demand created by deflationary measures. Conversely, young women with intermediate levels of education who have access to factory employment may benefit from the expansion of export-oriented manufacturing<sup>65</sup>. Macroeconomic policies promoting export-oriented industries at the expense of services and other non-traded production are likely to result in income transfers from poorer women to those from more affluent households, and from older, less educated women in the informal sector to younger, more educated women in the modern sector. Among the middle-classes, women in public sector-dependent households may be disadvantaged compared with those who are working or who are dependent on men who are working in the private sector.

**e) The impact on human capital formation**

Macroeconomic policies may affect human capital formation in one of two ways. In the long term, policies that contribute to increased female labour force participation encourage families to invest in human capital expenditures for daughters because of the increased likelihood of a return on the investment. Thus, the increased female employment in export-oriented industries noted previously creates strong incentives for families to invest in daughters' education in order to provide access to paid employment. The importance of wage employment opportunities for young women in providing better access to education for girls is recognised, particularly in countries such as Bangladesh and Pakistan where female access to education has been very limited.

However, this positive effect may be offset by policies that tend to reduce real household income. Lower income reduces families' capacity to send daughters to school and increases the probability of dropout. Wherever cuts in public expenditure reduce access to health or education, the impact is greater on girls than boys because of the higher potential returns that are usually to be obtained by males<sup>66</sup>.

Incentives for private investment in human resources development for girls tend to be weaker than for boys. Consequently, public education and health services, which tend to cost less than equivalent private services, are key resources for female human resources development. Any negative impact of public expenditure cutbacks on these sectors will therefore have a stronger negative impact on female than male human resources development.

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<sup>65</sup> Rural women with sufficient education (in most countries, some secondary schooling) may also benefit from these opportunities if they are prepared to migrate to the job site, as many young Malaysian women have done (Arifin, 1984; Heyzer, 1986; 1988).

<sup>66</sup> Males obtain higher personal returns to human capital investments through higher labour force participation rates, longer working lives, and higher earnings. Their families also gain higher returns if sons are expected to support parents in old age, and if daughters typically marry out of their natal household.

# **GENDER-DIFFERENTIATED IMPACT OF MACROECONOMIC POLICY: THE ASIAN AND PACIFIC REGION**

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**M**uch of the recent literature on macroeconomic policies associated with stabilisation and structural adjustment policy (SAP) regimes, particularly that focusing on the impact of SAPs on women, has drawn heavily on the experience of African countries. The picture which it presents of the impact of development and macroeconomic policies on women is singularly grim. Economics, particularly the conventional neoclassical economics of macroeconomic policy, appears as a constant threat, if not an implacable enemy, of one half of the population of the continent. The prospects for achieving a working relationship between practitioners of the 'dismal science' of economics, which has been the major influence on recent development policy, and those promoting the interests of women appear rather bleak.

By contrast, and with the notable exception of the Philippines, the development experience of women in countries in the Asian and Pacific region has been far more positive. Despite short-term setbacks associated with the oil shocks in most countries, several economies have enjoyed both rapid rates of growth and sharp declines in poverty levels. Moreover, while women still lag behind men in all countries and have gained a particularly small share of the benefits of development in South Asia, most indicators of women's human resources development show significant improvements. The prospects for reconciling the policy objectives of practitioners of economics and the interests of women thus seem much more encouraging in the Asian and Pacific region.

Section III of this paper presented "worst case" examples of the ways in which gender-blind implementation of the macroeconomic policies associated with a trade-led model of development can affect women. The Asian and Pacific region, although not yet an example of gender-sensitive policy-making, illustrates a "better case" in which the impact of macroeconomic policies have had less detrimental and some beneficial effects on women. It therefore provides a useful starting point from which to develop strategies to foster more gender-awareness among those who make and implement macroeconomic policy.

## **5.1 ECONOMIC POLICY CONTEXT: THE ASIAN AND PACIFIC REGION**

During the 1980s, a major shift occurred in the model of development which most developing countries, including those in the Asian and Pacific region, had adopted. The earlier model has been described as one of "social adjustment", in which the long-term objective was a redistributive welfare state. Domestic interests and considerations tended to dominate the demand-oriented policy debate in individual developing countries (Standing, 1989: 1077), and macroeconomic policy was servant rather than master. However, as the global economy became increasingly open to international trade, several of the Asian economies switched from domestic-oriented import-substitution to export-led development strategies focused on the international economy. The Newly Industrialising Countries (NICs) of Korea, Taiwan, Singapore and Hong Kong particularly were involved in this movement, with other Southeast Asian economies such as Malaysia, Thailand, and eventually Indonesia, making the change somewhat later. India and China, protected by their large domestic markets, have remained somewhat isolated from these trends, while the small open economies of the Pacific have tended to become even more exposed to the international economy and more dependent on external resources.

During the same period, the impact of inflation in the developed economies contributed to a rapid expansion of international lending from the developed to the developing world (Standing, 1989: 1078). However, when industrialised countries adopted deflationary policies, the borrowing countries faced heavy burdens of debt, which for many were greatly exacerbated by the oil shocks. The development policy reaction strongly promoted by influential international agencies involved an increasing focus on supply-side economic considerations. International competitiveness and trade in higher value-added industrial rather than primary products were advocated, an emphasis that led to an increasingly dominant role for macroeconomic policy in the overall policy debate.

The Asian and Pacific economies in general have adjusted to the external shocks and the fundamental shift in the global model of development more rapidly and with less trauma than African or Latin American countries. Even though almost all suffered serious growth setbacks during the 1980s, with a number (including Singapore, the Republic of Korea and the Philippines) registering negative growth, the response of governments in the region was relatively rapid and rather effective. The NICs dealt with balance of payments difficulties primarily through a combination of increased export market penetration and import reduction, and only to a lesser degree through external borrowing. The large economies of India and China continued to focus primarily on their domestic economies, moving more slowly and less completely to trade-based development strategies. Economies in South Asia (Sri Lanka to a lesser extent) generally adopted strong import-substitution industrialisation policies (Perkins, 1992: 142), moving to more open economic policies only in the early 1990s. China and Vietnam, reacting to both the oil shocks and recognition that central planning had not produced economic growth, also gradually moved to more market-oriented and open economies from the late 1980s. Although instability in the international economy presents especially difficult problems for small open economies, macroeconomic policy in the Pacific has also emphasised diversification into manufacturing for export and enhanced international competitiveness (Falvey, 1986: 127-129; Manuelli, 1992; Stein, 1992).

Policy measures to address increasing problems of external imbalance arising from the international recession varied within the region, but were comparatively successful, with the notable exception of the Philippines. The South Asian countries coped with their emerging external imbalances by reducing imports and increasing the flow of finance and remittances from abroad, while Indonesia, Malaysia and Thailand concentrated on diversifying exports and promoting higher value-added industries. Indonesia also commenced a program of microeconomic reform to enhance its international competitiveness. In the Pacific, Fiji successfully generated a significant number of new jobs after 1987, mostly in the manufacturing sector (Manuelli, 1992: 20). In Papua New Guinea devaluation, a tight credit policy, wage restraint and some trade liberalisation restored real GDP growth and improved the balance of payments situation by the end of the 1980s (Stein, 1992: 26-29).

The greater success of the Asian and Pacific economies in achieving stabilisation and structural adjustment goals seems to be due to a combination of inter-related factors, including more favourable initial conditions and a less radical approach to macro policy-making. The less acute problems of internal and external imbalance initially enabled governments to adopt a more gradualist approach to macroeconomic policy-making. Most governments in the region were under less pressure than their African and Latin American counterparts to accept externally-imposed technical solutions to their problems. Thus, Asian and Pacific countries seem to have adopted a middle path between the more social orientation of development policies during the 1960s and 1970s and the more economic orientation required to support export-led development strategies in the 1980s and 1990s. Favoured by production structures that have proved relatively responsive to price signals, the Asian and Pacific economies were also closer to the assumptions of the models on which macroeconomic policies are based. Reasonably well-developed markets and infrastructure enabled producers to increase production in response to improved prices more readily than has been possible in many African countries.

In addition to a supportive environment, resource endowments in the Asian and Pacific economies generally favoured export-led development, partly due to their location and physical resources but also

due to their abundant human resources. Large populations with rapidly increasing education levels were particularly valuable in the labour-intensive manufacturing industries that provided the base for export-led development. With the exception of the Philippines, the countries of the region had also avoided falling too deeply into the "debt trap" which crippled so many Latin American economies (International Labour Organisation, 1987: 3). This enabled them to derive considerable growth momentum from export-led development and to adjust more rapidly and successfully to the changing international economic environment.

Partly because they faced less drastic problems of external imbalance, countries in the Asia and Pacific region have tended to adopt less radical macroeconomic policies than those associated with IMF and World Bank Structural Adjustment Packages in Africa and Latin America. Initially, most Asian and Pacific economies concentrated on stabilisation measures, principally devaluation and fiscal policies having similar effects. Even though most, with the exception of Singapore and Malaysia, undertook major currency devaluations, inflation rates generally declined throughout the region.

In contrast to the countries of Latin America and Africa, production and investment were not reduced as an instrument of adjustment in Asia or the Pacific. During the early 1980s, several countries (Malaysia, Bhutan, Nepal, the Maldives and Sri Lanka) reacted by actually increasing public sector capital expenditure. However, this coincided with a decline in revenues due to the international recession, and exceptionally high deficits soon forced such governments to also cut government spending (International Labour Organisation, 1987: 10). In the Philippines subsidies on food and other necessities reduced or removed (Pineda-Ofreneo, 1991: 11, 16) and charges on government services increased (Pineda-Ofreneo, 1991: 15). However, with some important exceptions, public sector expenditures were generally maintained in most Asian and Pacific economies.

The initial stabilisation policies in Asia and the Pacific were accompanied by structural adjustment measures to reduce imports, diversify and increase exports and enhance efficiency. The South Asian economies placed more emphasis on reducing imports through food self-sufficiency, but elsewhere in the region the main emphasis was on increasing exports by strengthening the competitive position of export industries, particularly in the manufacturing sector. In a number of countries which had formerly favoured state enterprise, the private sector was promoted as a means of improving efficiency (Leeahtam, 1991: 93). Realistic exchange rate policies also contributed to the international competitiveness of export industries. In Hong Kong, India, Malaysia, Pakistan and Sri Lanka significant productivity gains in manufacturing were achieved between 1980 and 1985. Productivity stagnated or fell only in Bangladesh and the Philippines (International Labour Organisation, 1987: 49).

Throughout the 1980s, the success of structural adjustment policies were reflected in a rise in the share of manufacturing and a decline in the share of agriculture in Gross Domestic Product in most Asian and Pacific economies. While relative sectoral shares were almost unchanged in the Philippines, the fall in the relative importance of agriculture was particularly large in Korea, Malaysia, Thailand, and Pakistan, and significant in the other South Asian economies. The changing sectoral composition of output and the higher economic growth rates that tended to accompany successful structural adjustment strategies often led to major changes in the labour market.

## **5.2 IMPACT OF MACROECONOMIC POLICY ON WOMEN'S EMPLOYMENT**

Relatively healthy growth performance in most economies in the region has been associated with an upsurge in women's measured labour force participation. Part of the recorded increase is certainly an illusion, the result of changing perceptions of women's work and increased recognition that women do work. However, part of the increase is the continuation of a fundamental process through which needs are increasingly met by the use of the market rather than from subsistence resources. As households' demands for cash income increase with development, both women and men increasingly move into the paid labour force to meet them. Since most adult men are already in the labour force, part of these

increased demands must be met by increasing female labour force participation. In economies with high rates of international emigration or rural-urban migration rural women have moved into the agricultural labour force in increasing numbers to replace the outmigrant male labour.

In addition to these supply-side changes, which are to a large extent the outcome of the development process itself, macroeconomic policies favouring labour-intensive exports and particularly manufacturing exports have brought about a marked increase in the demand for female labour. Female labour is widely perceived to be dexterous and docile, qualities that are highly valued by industries producing intricately-assembled manufactured goods for volatile international markets. Perhaps more importantly, female labour is cheap and comparatively abundant. In export-processing zones, large numbers of factories in the garment and textile, electronics, toys, and footwear industries therefore specifically demand female rather than male labour. The net result of these supply and demand factors has been a rate of growth of female labour force participation that, between 1950 and the late 1980s, outstripped the increase in male labour force participation by two to one (Bruce, 1989: 981).

**a) Rural women and employment**

Despite the increase in manufacturing employment for women, the vast majority of Asian and Pacific women live in rural areas and work in agriculture. The high profile of the agricultural sector and the rural population in macro-policy formulation has tended to be maintained. Although a number of major rural capital expenditure programs<sup>67</sup> have been curtailed in the drive for stabilisation and structural adjustment, these have not had a major negative impact on rural populations.

Macroeconomic policy has had less effect on agriculture in Asia than in Africa. With the important exception of the plantation sector, Asian agriculture has been oriented toward meeting the needs of domestic consumers and has continued to enjoy strong government support. Although the subsidies enjoyed by agriculture have been reduced in a number of Asian countries, food production continues to receive high priority in national development policy. Asian governments, with the exception of the Philippines, have also been relatively sensitive to the interests of rural populations, and have not been forced by major external crises to withdraw from that commitment.

The Green Revolution and microeconomic rather than macroeconomic policy has been responsible for the major changes in female rural employment in most countries of the Asia and Pacific region. The adoption of high yielding varieties of rice has been responsible for a general increase in the demand for labour. However, the impact on women has varied. In countries such as India, this has been met by increased wage employment of women. In others, such as Malaysia, the Philippines and Indonesia, it has been met by the adoption of labour-saving technologies that tend to be operated by men rather than women.

In several countries, however, the emphasis in macroeconomic policy on maintaining strong remittance inflows has had a greater effect on rural women than agricultural policies. Remittances have been particularly important in countries associated with international migration to the Gulf region. Some Asian countries, most notably the Philippines, Pakistan and Sri Lanka, have institutionalised the export of labour as a long-term macroeconomic strategy to obtain much-needed foreign exchange (Heyzer, 1989: 1114).

The impact on women differs according to the culture of the sending and receiving countries. In the conservative male-dominated cultures of South Asia, international migration has been almost exclusively male, much of it from rural areas. This has had a marked impact on female labour force participation in agriculture, both directly through the need to replace outmigrant

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<sup>67</sup> Such as the Indonesian transmigration program and irrigation programs in other countries.

male farmers, and indirectly through the need to replace other male farmers drawn into off-farm employment by increasing non-agricultural employment opportunities in rural areas for male nonmigrants (Kazi and Raza, 1991: 736). In Pakistan, for example, labour force participation rates for females engaged in agricultural work on own farm increased from 39 per cent in 1972 to 54 per cent in 1980 (Kazi and Raza, 1991: 735).

By contrast, in India, Indonesia, the Philippines and Sri Lanka and increasingly Bangladesh and Thailand, women themselves have become international migrants. Large numbers of rural women have migrated as wage earners to the Gulf countries, Europe, North America and the more affluent Asian countries such as Hong Kong, Japan and Singapore (Heyzer, 1989: 1114). Many succeed in earning substantial incomes for their families, at the same time fueling remittance flows of vital importance to the national economy.

The short-term gains to migrant families and their countries of origin are readily apparent. However, the long-term gains are more doubtful, particularly for the migrants and their families. In countries of predominantly male outmigration, cultural pressures largely restrict the increased female labour force to unpaid work on the family farm, typically under the control of other men. Unlike paid work, which usually requires a minimum level of education, this largely unrewarded economic activity does little to raise the status of women and provides almost no incentive for families to educate daughters. Where women themselves comprise a substantial proportion of international outmigrants, most migrate to work as domestic servants in countries where the status of women is low, and in situations where economic and personal exploitation is rife. Although the incomes they earn may increase their status within the family, the women often experience great personal hardship and the social costs for their families and communities may be high (Heyzer, 1989: 1114-1116).

#### **b) Urban women and industrial employment**

In the Asian and Pacific region, manufacturing employment in the export sector began for women only in the late 1950s, initially in Hong Kong. In the 1960s Taiwan and South Korea sought expanding markets for locally owned import-substituting industries, creating many new employment opportunities for young women (Lim, 1990: 102-103). Female factory employment gradually spread to other Asian economies, particularly to the ASEAN countries. In 1990 a majority of Third World women working in export-oriented industry were to be found in Asia. Although employment of young women in labour-intensive, feminised industries pre-dates the structural adjustment emphasis of macroeconomic policy on export promotion, it was closely associated with the rise of export industries under the shelter of "free-trade zones" or "export-processing zones". Here industries were exempt from import and export duties, often allowed tax holidays, protected from trade union activity and permitted 100 per cent foreign ownership. At first, countries tended to establish export-processing zones to provide foreign exchange for the development of domestic industry, which remained their main priority. Later, a number of heavily-indebted Asian nations were pressured to adopt export-oriented strategies by international development lending agencies as part of stabilisation and structural adjustment measures, while others did so voluntarily in the face of mounting external imbalances (Lim, 1990: 104).

Export-led development strategies have been closely linked to the expansion of the female labour force. Export-oriented industries are forced by the pressure of international competition to seek cheap but efficient labour, and women in developing countries 'have been socially and economically oppressed for so long' that they are both willing to work and prepared to work efficiently for low wages (Standing, 1989: 1080). Women are also perceived to be suited to and willing to tolerate the semi-skilled and rather monotonous assembly and production line work required. According to Standing (1989: 1080), no country has successfully industrialised or pursued export-led development without relying on a huge expansion of female labour. The

female share of production employees has increased in all countries that have set up large Export Processing Zones, among which he includes Hong Kong, Republic of Korea, Malaysia, the Philippines, Singapore, Sri Lanka and Thailand. In the 1980s women comprised almost half of the total industrial labour force in Hong Kong, Indonesia, Philippines, Singapore and Thailand (Heyzer, 1989: Table 2), and as much as 80 per cent of the workforce in the electronics, garments and textile industries (Heyzer, 1989: 1117). Even in Pakistan, female employment opportunities expanded as the output of industries such as garments and food processing that have traditionally employed women increased sharply during the 1980s (Kazi and Raza, 1991: 737).

Although overall, export-led development strategies have been generally associated with expanding employment opportunities for women, these are not always in the formal wage sector. In a number of countries, the expansion of female employment has occurred in manufacturing in the informal rather than the formal sector. In Pakistan, women's representation among regular industrial employees is very low and *measured* urban female labour force participation has shown only a negligible increase. However, micro-studies of urban areas point to an increasing influx of women workers in the urban informal sector, where they are employed as temporary, casual or contract labour. Many are also in home-based piece rate employment, particularly in countries such as Pakistan and Bangladesh where cultural systems tend to restrict women's mobility (Kazi and Raza, 1991: 734 - 737; Heyzer, 1989: 1119).

The entry of women into the manufacturing workforce has been one of the most widely researched gender-related aspects of the impact of export-led development in Asia and the Pacific. The increasing numbers of young women working as unskilled factory workers in export-oriented industry have been viewed as both a positive and negative development (Heyzer, 1989; Perkins, 1990; Standing, 1989). In a recent review of this literature Lim, adopting a positive stance, noted that women usually:

*"tend to gain disproportionately less, and lose disproportionately more, from most forms of economic development, which . . . destroy more jobs than they create for women. Export manufacturing . . . is one exception that creates employment disproportionately for women." (Lim, 1990: 118-119).*

The growing dependence on female labour of economies with emerging labour shortages, such as those of Hong Kong, Republic of Korea, Malaysia, and Singapore, has opened up new opportunities for women and provided them with potential negotiating power.

More typically, the increasing employment of women in industries such as electronics, footwear, toy-making, textiles and garment manufacturing has been viewed from a negative perspective. In particular, the employment of large numbers of young women in factories owned by multinational corporations has drawn special attention and considerable condemnation (Pettman, 1992; Pongpaichit, 1988; Standing, 1989). Much of the literature on the recent expansion of female industrial employment in the Asian and Pacific region has emphasised the disadvantages for women. It is argued that most women in industrial employment work long hours for low wages, usually under male supervision. Many have been reported to experience occupational health problems, and most have little control over their labour or, in some cases, their earnings. They are given little training and therefore have limited prospects for promotion (Heyzer, 1989: 1118; Standing, 1989: 1090-91). Often denied the right to union activity, women in industrial employment are also extremely vulnerable to fluctuations in markets or the general level of economic activity. They are said to be the first to lose their jobs during recession (Heyzer, 1989: 1118).

However, despite the impression conveyed by the extensive literature on the subject, women working in export industry in each country remain a small and select group. In most countries (with the exception of Hong Kong and Singapore) the numbers are small relative to the total

labour force, and most women factory workers in Asia are young and unmarried, although this varies (Lim, 1990: 105). In Hong Kong, Taiwan, Korea and Malaysia, cultural and economic factors discourage mothers from working outside the home, but in Thailand and the Philippines older women also work in factories and more of the young women remain in the workforce after marriage.

**c) Public sector employment**

Public sector employment is another area of female employment that may be affected by macroeconomic policy and structural adjustment. The public sector in most Asian countries, India being a notable exception, is a major employer of female labour. For example, the proportion of women employed in the public sector was 28 per cent in Hong Kong and 29 per cent in Indonesia in 1985<sup>68</sup> (Standing, 1989: Table 7). In most countries in the region, the role of women in public sector employment has increased steadily with development. Educational opportunities for women have increased and declining fertility and modernisation have reduced the conflict for women between employment and their domestic roles.

The high level of female employment in the public sector is partly due to the importance of "nurturing" occupations that are closely identified in many Asian and Pacific countries with women's traditional domestic roles in the certain sectors. In a number of Asian countries, the combination of women's identification with nurturing roles and strong cultural values that segregate women and do not permit them to associate with non-family males has strengthened the role of women in the health and education sectors. Conservative cultures may also demand that women's health and education be provided only by female doctors and teachers. In Pakistan in 1988, for example, nearly one-third of all teachers and one-fifth of all doctors were women (Kazi and Raza, 1991: 734).

Despite macro-policy pressures to reduce the size of the public sector and the extent of public sector activity, female employment in the public sector in most Asian and Pacific countries has tended to increase (Standing, 1989: Table 7). Permanent public sector employment has not been reduced in most Asian and Pacific economies, and the social sectors, where most women are employed, have been better protected during budget cuts than in most African countries. Equal opportunity and gender-sensitive employment and training policies formally adopted by a number of governments, most notably the Philippines, and by major aid donors, have also significantly increased opportunities for women in the more senior levels of the public sector. Because opportunities for women in the private sector tend to be more limited, women to favour public sector employment. In a number of countries high levels of growth in the private sector have attracted men away from the public sector, where salaries tend to be low, creating further opportunities for women.

**d) Gender and adjustment case studies: Philippines and Republic of Korea**

The contrasting experiences of the Philippines and the Republic of Korea illustrate the gender-differentiated impact of particular macroeconomic strategies directed toward structural adjustment. In the Republic of Korea, a balanced economic and social reform package enabled structural adjustment goals to be achieved whilst minimising the negative impacts of particular macroeconomic policies on vulnerable population groups, particularly women and children. By contrast, weak and vacillating macroeconomic policy responses in the Philippines failed to achieve stabilisation and structural adjustment objectives, while the social sectors were also neglected. The result was serious hardship for the poor and a sharp downturn in welfare indicators for women and children (Cornia, Jolly and Stewart, 1988: 210).

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<sup>68</sup> It was only 11 per cent in India.

The details of the Korean experience have been well-reported by Suh and Williamson (1988). In 1980, the Republic of Korea faced a major economic crisis. Inflation had increased from 12 per cent in 1978 to 39 per cent in 1980, a year in which agricultural output fell by 20 per cent and GNP declined by 5.2 per cent. Between 1979 and 1980 the balance of payments deficit had increased fivefold from just over US\$1 billion to US\$5.3 billion, prompting the government to take drastic action. A package of radical economic reforms was introduced, under which the government deficit was cut from 5.6 per cent of GNP to only 1.6 per cent by 1983, government salaries were frozen, wage increases in the private sector restrained, tariffs cut and the economy substantially liberalised. However, although inflation was running at 29 per cent in 1980 and real wages initially fell, the potential burden of these reforms on the population was alleviated by an accompanying package of social reforms. For example, a medical assistance program was initiated to provide free medical care to those below the poverty line, training and employment were targeted to the poor, and a Basic Livelihood Program was implemented to meet the basic needs of the poor. Nutritional indicators show that the population suffered a short decline in living standards in 1979-80 (before the reform measures were implemented). However, calorie intake and protein consumption had recovered by 1981 and continued to increase throughout the main period of adjustment. Thus, the experience of the Republic of Korea shows that adjustment strategies and macroeconomic policies can be both economically effective and socially sensitive.

The Philippine experience suggests that failure to protect the vulnerable from the consequence of a severe adjustment regime not only produces great hardship, but may prejudice the achievement of the adjustment objectives (UNICEF, Manila: 1988). The Philippines experience contrasts with that of most of the other Asian and Pacific economies. Stabilisation and structural adjustment measures were introduced in association with considerable external pressure from the IMF and other international agencies, and in the midst of a long and particularly severe economic crisis. A serious foreign exchange crisis 1983-85 led the Philippines to enter into its eighteenth stand-by agreement with the IMF in December 1984, under which the government had to comply with stringent performance criteria affecting the monetary and fiscal sectors, as well as tax and tariff reform and controls on public investment. The immediate results of the reforms included a sharp decline in economic activity, real GNP falling by 6.8 and 3.8 per cent in 1984 and 1985. Employment contracted, open unemployment increased, and real wages declined. The consequences for the vulnerable groups were soon apparent. Infant mortality increased from an estimated 57 per thousand in 1980 to 63 per thousand in 1984. It has been suggested that in 1988 70 per cent of the population of the Philippines were living in absolute poverty, meaning that they:

*"cannot buy for their families recommended nutrient requirements, cannot permit two changes of garments, cannot permit Grade 6 schooling for the children, cannot cover minimal costs of medical care and cannot pay for fuel and rent (Pineda-Ofireneo, 1991: 13)."*

The failure of stabilisation and structural adjustment in Philippines is related to the disastrous impact of a narrow economic-focused and externally-imposed macroeconomic regime on the population. Many of the problems of the economy can be attributed to instability and a lack of adjustment (International Labour Organisation, 1987: 47-8). However, governments dependent on an enfranchised population cannot successfully implement the necessary economic policies because of the political impact of the hardship they will create. The Korean experience suggests that social policies to shield the vulnerable from the worst effects of economic adjustment may be necessary to legitimise implementation of drastic economic reforms.

**e) Macroeconomic policy and gender in the centrally-planned economies**

Centrally-planned economies have tended to pay more attention to women's interests than market economies. Governments in centrally-planned economies have stressed political and social rather than economic goals (Davin, 1992: 30), and public rather than individual welfare, assigning high priority to social welfare and adopting provision of public services as a primary policy instrument. Targeting social objectives directly through the public provision of social services, they have emphasised services such as education and health that are of particular benefit to women. Another positive outcome for women is largely a consequence of the radical political origins of governments in centrally planned economies, which have tended to challenge the existing social order. Resulting radical reforms have often redressed underlying gender imbalances in access to resources such as land and paid work (Davin, 1991; 1992).

However, during the 1980s, socialist economies in the Asian and Pacific region (with the exception of the Socialist Republic of North Korea) have moved away from centrally-planned politically and socially oriented models of development toward more economically oriented development paradigms (Davin, 1992). This fundamental change in the focus of national policy at the macro level has major implications for women. Privatisation and economic liberalisation have affected women's access to income and productive resources, recognition of their economic role, and their access to health, education and welfare.

In China<sup>69</sup>, the agricultural reforms introduced after 1978 have had differential effects on women's economic roles and access to income in farming households. In some areas, women have withdrawn from agriculture to concentrate on "cleaner, lighter and more flexible tasks" in sideline production. In others, men have been drawn out of agriculture into more attractive opportunities in construction, forestry, transport and trade, leaving women with the main responsibility for agricultural production. In either case, the outcome for women has been mixed. Low productivity and low earnings typically characterise sideline production, while where women's role in agriculture has increased, this merely highlights their exclusion from the more attractive opportunities that have drawn the men (Davin, 1992: 37-38).

Privatisation and the strengthening of the patriarchal household in China has undermined women's economic position, particularly in rural areas. Their always unequal access to control over property<sup>70</sup> has been intensified. Women have lost independent access to productive property that was formerly under the control of the collective. Their only access to land and equipment now depends on their relationships to a male household head (Davin, 1992: 39). Recognition of their economic role is also under threat. Although the household head always controlled the earnings of all household members, women's economic production was at least publicly recognised and valued under the collective work-points system. This contributed to women's status and influence in the household and the community. Under the production responsibility system, women's work is likely to become increasingly invisible as unpaid family labour, contributing little to their status within the household.

In China, economic reform has reinforced the traditional strong son preference and introduced pressures for higher fertility in rural areas, further eroding the status of women. The value of sons has been increased by greater dependence on family labour in household production and on family resources for old-age support, combined with a strong tradition of virilocal marriage. Rural parents rely on their sons for both labour on the family farm and care during their old age. Despite a vigorous state family planning program and pressure on all to conform to the one-child family norm, the importance of family labour has inevitably created a demand for larger families. However, the combination of the state-imposed one-child family norm and strong son preference places women under tremendous pressure to produce male children and reinforces the low value placed on females.

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<sup>69</sup> This discussion draws heavily on Davin 1991 and 1992.

<sup>70</sup> This persisted throughout the collective era despite attempts at regulative reform.

In urban areas, women's employment has also been affected by economic reform and privatisation. Increasing numbers of women have found work in the Chinese equivalent of the informal sector, in small family businesses that lack security and do not enjoy access to the fringe welfare benefits normally provided by formal sector employment (Davin, 1992: 41-44). Those women who had moved into non-traditional formerly male-dominated employment during the Cultural Revolution, were transferred back to conventional, low-waged female occupations or simply lost their jobs. Discrimination against women in the workplace seems to have increased, particularly against educated women. This partly reflects traditional attitudes and beliefs in the different capacities of women and men. It also reflects employers perception that women are less productive workers because they carry the main responsibility for childcare and housework.

A final negative consequence for women of economic reform in China has been a decline in the quality and availability of public services in education, health and welfare (Sen, 1989; Sender, 1992: Sen, 1992; Davin, 1992: 40). During the early 1980s financial support for schools, health and other social services, formerly largely financed by the collective, was severely cut (Sen, 1992: 1309). Although restored to some extent, the financial support for these services remains weaker and more precarious than formerly. Perhaps more importantly, access to these services for women and girls has also been reduced. Many rural parents place a higher value on the work contribution of their children to the family farm than on their schooling. The traditional son preference has been reinforced by the increased value of sons as labour and as old-age support under the production responsibility system and the strengthened family unit. Girls, in particular, are likely to be deprived of education and access for women and girls to health and other services than must be paid for in cash has also been reduced.

The consequences for women of *Doi Moi* or economic renovation in Vietnam have generally mirrored those experienced in China. Political and social policies from the late 1950s to the late 1970s and mobilisation for national defence had increased women's participation in all areas of social, political, administrative and economic activity, particularly in the north. A strong emphasis on social and political goals through, among other things, the provision of public services had achieved considerably higher levels of social development and women's and children's welfare than would have been predicted by economic indicators.

The adoption of a more economically oriented paradigm of development in Vietnam has been associated with the revival of the family farm and household enterprises, greatly strengthening the patriarchal family. The pressure on women to contribute labour to the family production unit has increased. Family labour, especially women's labour, has been substituted for the animal and mechanical power formerly provided through the communes (Duong Dao, 1992: 48; Le Thi, 1991: 59; Scientific Seminar on .... 1992: 101). As managers of family farms or household enterprises, women have poorer access to bank credit<sup>71</sup>, less information about borrowing opportunities and procedures and poorer access to the official approvals required in order to obtain loans (Tran Thi Van Anh, 1992), as well as poorer access to information on new technologies (Duong Doa, 1992: 48). As in China, mechanisms to recognise and reward women's economic participation have been destroyed or weakened (Le Thi, 1991: 60) and their access to public education and health has been reduced by the decline in services (Le Thi, 1991: 61), and increased costs, particularly the rising opportunity costs of education (Nguyen Thi Khoa, 1992: 74). A weaker family planning program than that in China has also contributed to the immediate impact of economic renovation on fertility (Le Thi, 1991: 59), increasing the inherent conflict between women's work and child-bearing and child-rearing roles.

Under the political model of development in centrally-planned socialist countries, health, education and social welfare are major primary objectives of national policy. The public

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71 Certificates of ownership of land and other valuable property are made out to male heads of household.

provision of services is a primary policy instrument. By contrast, the economic model emphasises economic production as the primary means of attaining national goals, assuming that the independent decisions of individuals and households will automatically lead to appropriate levels of social development and social welfare for all. This disadvantages women in two main ways. Women benefit less directly than men from economic production because they tend to place a higher value on social than economic development. Being less well represented than men in the economic sectors and in economic decision-making, even within the household, they are therefore less able to ensure that the economic means attained through the economic model of development are directed toward the social ends of their choice<sup>72</sup>.

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<sup>72</sup> Duong Thoa (1992: 46) provides an illustration of this in relation to the new housing built in Vietnam after Renovation:

"The lack of care for women's health could be seen also in the way of building houses: making brick houses composing of several large and beautiful compartments but without bathroom and latrine and with very poor kitchen which are considered to be not in urgent need. In the living room the bed of the woman and her children is usually in the dark and narrow corner."

# TOWARD A GENDER-AWARE STRATEGY FOR MACROECONOMIC POLICY-MAKING IN THE ASIAN AND PACIFIC REGION

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Although important steps toward the integration of women in development (WID) have been taken in many countries in the Asian and Pacific region in both national policy formulation and in sectoral programs, this has not involved the discipline of economics or economists in general. Two major approaches have been adopted in most countries. The first focuses on the central government and involves mechanisms to incorporate the participation of women in national development decision-making through special sections in government set up to deal with WID issues. Ministries for women or special sections of key ministries, most often ministries for welfare or prime minister's departments, have been established in many countries in the region. The second approach focuses on sectoral agencies and involves the development of special programs and projects for women. Even within mainstream economic sectors, such programs have tended to focus on the social rather than the economic aspects of women's roles.

The results of both approaches have been disappointing. Women's agencies in the national government tend to have limited mandates and are typically weak in terms of personnel and influence. They are usually consulted on national policy only in relation to specific policies and programs *perceived* to have relevance for women, such as health, welfare and the special women's programs. They are generally not involved in the determination of broad national policy, and are rarely involved in economic policy formulation. In the sectoral agencies, the development of special women's programs has also tended to exclude WID issues from mainstream economic decision-making. Women's projects account for only a very small proportion of the total budget in each sector, but are apparently considered to adequately incorporate women's needs and concerns in the total activities of the sector, even in sectors where female labour represents a substantial share of the total labour force. At the project level, WID specialists, usually anthropologists or sociologists, are usually brought in to deal with women's projects, leaving the technical experts to concentrate on the main sectoral programs. Even where WID impact studies are routinely required for all projects, a WID specialist is typically brought in after the project has been formulated (often after implementation has begun) to carry out a WID assessment, propose "band-aid" solutions to any problems that she may have identified, and develop some special (small) component for women. Thus, mainstream economic planners and economists working as technical experts at the macro and micro levels have had little exposure to WID issues and have not been required to introduce a gender perspective to their professional activities.

However, economics and economists have assumed an increasingly pivotal role in the determination of development policy. In particular, macro economics has become the prime mover in development policy formulation. Especially in the short-term, economic objectives, most notably macro-economic objectives, have replaced political goals as the driving force determining the direction and pace of development policy. Thus, the gender blindness of the discipline of economics and of its practitioners constitutes a major obstacle to the integration of women in development.

If WID objectives are to be achieved in the Asian and Pacific region, strategies must be developed to incorporate a gender dimension into the principles and practice of economics. Four strategies offer promise. The most difficult but, in the long run the most important, is reform within the discipline itself. The second strategy currently being trialled in the region, aims to introduce a gender dimension into the work of those who use economics - policy-makers, planners and program implementation staff. The third strategy focuses on the primary tool for the first two approaches: information. Information is the key to effective advocacy and a potent force for change among economists and users of economics, as well as ultimately within the economics discipline itself. Finally, women must play a greater role in economics and in economic decision-making as planners, bureaucrats and politicians. This is the only certain way in which women's interests will be fully incorporated into development.

## **6.1 REFORM IN THE DISCIPLINE: INCREASING GENDER-AWARENESS IN ECONOMICS, INCLUDING MICRO-AWARENESS IN MACROECONOMICS**

Section II identified three sets of blinkers that blind economic theory to the role of gender in the economy and two major problem areas in the application of theory to practical situations. The three sets of blinkers are inter-related, centring on the question of the coverage of economics. Following the establishment of the neoclassical school and until recently, the discipline has largely confined itself to phenomena that take place within the monetised economy<sup>73</sup>. The consequent boundary blinkers seriously restricts the capacity of economics to deal satisfactorily with phenomena such as gender that are of increasing interest and concern to policy-makers, particularly in developing countries. A progressive shift of activities from the non-monetised household sector to the monetised economy is the core of the development process. The use of economics in policy development in a context of change, during which the boundary between the non-monetised household sector and the monetised economy may shift in either direction, creates special difficulties to which the discipline has so far paid little attention. The gender dimension of these problems emerges because the non-monetised household sector is socially and culturally identified as the domain of women, and the economy is identified as the preserve of men. Thus, almost by its nature, development progressively moves resources from the domain of women to the domain of men. Associated measurement blinkers result primarily from the boundary problem, whereby women's biological and social reproduction which take place in the household are defined as non-economic and thus "non-productive". Consequently, a major component of women's human resources is unpriced and largely excluded from consideration in the determination of economic policy. Contextual blinkers reflect the failure of economics to recognise the role of institutional factors, particularly cultural norms and social arrangements, in determining the location of the boundary and the economic behaviour of gendered human resources in both the household and the economy.

Boundary, measurement and contextual blinkers have each been previously identified by other critics of economics and are, to a greater or lesser extent, recognised in specific areas of the literature. However, have often been regarded as areas of philosophic dispute rather than as fundamental problems that affect the application of theory in almost all areas of policy in both developed and developing countries. These blinkers can only be lifted by significant new developments in theory, which must await major reforms in the organisation and practice of the economics discipline.

By contrast, the specification and efficiency problems identified in Section II arise in part from inappropriate use of the existing body of theory. An important aspect of measurement blinkers, particularly in developing countries, also results in the under-enumeration of women's economic activities that are technically covered by standard economic definitions. The specification and efficiency problems are therefore more easily dealt with through improved training in the economics profession.

Despite its limitations, economic theory remains a powerful tool for the analysis of development issues, including issues involving women and gender. Not all economic tools are equally affected by the limitations outlined above. The concept of opportunity cost, for example, can be usefully applied to analyse situations that cross the conventional boundary between the household and the economy (see Kabeer, 1992). The New Household Economics, while flawed in a number of critical aspects, is nevertheless a significant step forward in terms of theory development.

However, such advances have mainly originated from micro economic theory and from micro economists, who tend to be more exposed to the limitations of their tools through their applied work. Micro economics more often than macro economics reaches the individual level where inconsistencies between theory and reality become more personal and thus more obvious. At the aggregate level, macro

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<sup>73</sup> The New Household Economics is an attempt to extend this coverage. However, in terms of the concerns of this paper, it has been of limited value.

economics and macro economists remain shielded to a large extent from the reality on which their theories ultimately rest, and thus from the consequences of their actions at the micro level.

How can the discipline and profession of economics be encouraged to move further in the direction of a more micro-sensitive macro economics and a more gender-responsive discipline in general? Recent studies on women and economics (Ferber and Nelson, 1993) have explained the lack of gender awareness among economists in terms of the history and sociology of the discipline. This suggests that change may come about only as a result of profound changes in the social context of economic teaching and research, especially changes in the kinds of people who study, teach and carry out research in economics. While this would certainly require larger numbers of women to work in economics, it would also involve changes in the kinds of men attracted to schools of economics and in the approaches used by women and men working in the discipline. In particular, it is likely to be associated with an increase in the use and value given to more qualitative approaches and a decrease in the dominance of quantitative methods<sup>74</sup>.

Such changes can be facilitated by training, initially through special courses to sensitise students and practitioners to the role of gender in their work, and ultimately through the integration of gender awareness into mainstream economics courses. Advocacy among economists and within economics organisations is important in the development and acceptance of such courses. Training activity should be particularly directed towards economics students and economists (both local and expatriate) working in developing countries. The negative consequences of gender blindness tend to be greatest in developing countries because of the rapid and substantial shifts in the boundary between the household and the economy. More girls should be encouraged to study economics, and research (by women and men) should be promoted in areas of most interest to women as well as in basic theoretical developments that show most promise in lifting the blinkers. Research into the micro economic foundations of macro economics should also be encouraged as an essential first step toward a more gender-aware macro economics.

In the development of a gender perspective in the economics discipline and profession, information and communications will be vital. Perhaps partly due to past efforts among economists to become more "scientific" and partly due to its recent preoccupation with quantitative methods, economics has become rather isolated from the other social sciences. The resultant lack of communications between disciplines working in related areas handicaps efforts to introduce a gender dimension to economics. Even within economics, a review of citations suggests that there has been a communications gap between theorists seeking to develop a more gender-responsive theory and development economists involved in struggling to modify conventional ungendered theory to achieve gender-responsive policies, plans and programs in developing countries. Support networks and channels of communication are needed to bridge these gaps to allow cross-fertilisation and mutual exchange of ideas and experiences between these two groups and with the broader WID and women's studies networks.

## **6.2 MAINSTREAMING WOMEN**

A second set of strategies for achieving more gender-responsive macro and micro economic policies has commenced in several countries of the region. These strategies, which have been labelled "mainstreaming women in development planning", and are currently being implemented widely in the Philippines, have commenced in several Pacific countries, including Papua New Guinea, Tuvalu, the Marshall Islands and the Cook Islands, and are being introduced in Indonesia. "Mainstreaming" seeks to encourage and facilitate the incorporation of a gender dimension in the policy-making, planning and program implementation activities of government at all levels, development agents such as non-governmental organisations, donor agencies and community groups.

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<sup>74</sup> Quantitative methods are particularly destructive to the interests of women because they are heavily dependent on data, from which women tend to be excluded. While quantitative methods will remain important tools for the development and testing of theory, their predominance in applied economics in developing countries must be questioned because of the very serious limitations in the quantity and especially the quality of data available.

Mainstreaming is based on the fundamental principle that people, both as inputs and as beneficiaries, are the key to successful development. However, policy-makers and planners must recognise that people are not homogeneous. They are individuals with individual attributes, such as physical appearance, ability, gender, language, culture and location. Such individual differences affect the ways in which they are able to participate in programs or are affected by policies. Gender is the most universal and significant individual difference that affects the impact of policies and access to programs. Therefore, policy-makers and planners must take the gender dimension into account if women and men are to participate equally and gain an equal share in the benefits of national development.

A combination of tactics is utilised in mainstreaming programs to communicate this simple but vital principle. Mainstreaming centres on people, so most tactics focus on information, communications and training. Advocacy is essential to explain in simple terms the nature of the gender problem and its solution to those involved, in order to gain informed support for mainstreaming activities. Despite the widespread use of the term "gender", few who have not studied anthropology understand what gender is, or how it affects behaviour and people's access to and participation in development and other activities. Once the technical concept is explained, most can appreciate its impact on almost every aspect of daily life.

However, intellectual appreciation of the principle must be followed up by the generation of practical capacity to identify the gender dimension in all development activities, even in such apparently ungendered interventions as roads and bridges. This capacity is developed through gender awareness training, which must be tailored to suit the needs and comprehension of various groups and levels in society, from national planners down to community organisations. The tools of gender analysis must then be applied to the *process* of policy formulation and planning, to ensure that the processes and documentation employed are also gender responsive.

Finally, policy-makers, planners and program implementation staff are equipped with the technical tools for undertaking gender-responsive planning through training in gender analysis and the provision of appropriate gender-responsive data. Gender analysis frameworks originated at the project level, and are most readily applied at micro level in sectoral planning. At the macro level, data becomes the major consideration. A gender-responsive database for policy and planning involves not only the provision of data disaggregated by sex, but more importantly the provision of data covering both women's and men's needs and concerns.

Mainstreaming activities that focus on technical tools for planning currently tend to be restricted to providing gender analysis frameworks that are most suited to micro level sectoral planning and programming, and to the provision of sex-disaggregated data. More research is needed to develop gender analysis frameworks specifically designed for planning at the central level and for cross-sectoral planning. Research is also needed to identify new kinds of data that reflect women's needs and concerns in order to create a data base for policy-making and planning that is fully gender-responsive.

Mainstreaming activities and gender training have so far focused on government and community groups. Despite limited efforts by some bilateral and multilateral agencies, expert personnel working with donors, both local and expatriate, remain largely unexposed to gender training and unfamiliar with gender analysis<sup>75</sup>. Consequently, mainstreaming projects are often unable to locate gender-responsive staff with professional qualifications and experience in economics and planning<sup>76</sup>. It is also likely that follow-up donor activities in departments and programs that have been gender sensitised will tend to ignore, if not undo, previous mainstreaming efforts. Thus, it is crucial that multilateral and bilateral agencies find means to provide appropriate gender training to local and international

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75 Most donor agencies refuse to provide training to outside staff as a matter of policy. While this may be reasonable as a general principle, it becomes dysfunctional in relation to gender training.

76 Note that, in the long term, the introduction of gender training as a standard component in university economics curricula would overcome this problem.

consultants working in policy development and planning. Consulting firms should be encouraged, if not required, to provide gender training to their staff as a pre-requisite for gaining aid contracts.

### **6.3 SENSITISING STRATEGIES - THE ROLE OF INFORMATION**

Information and good communications are keys to success in integrating women successfully in development policy and programs. Accurate and complete information on the situation of women and on the impact on the effectiveness of development programs of failure to incorporate women and women's interests in planning is vital for effective advocacy. Attention must be directed toward both the flow of information *from* women and women's groups to policy-makers and planners, as well as the impact of other sources of information *about* women and their roles in development. In developing countries, the impact of media representations of women in development on the perceptions of policy-makers and planners should not be underestimated.

The exclusion of women from policy-making and planning is usually not deliberate. It results from ignorance and failure to recognise the influence of structure and institutions on individual behaviour. In general, planners are unaware of the problems that women face and often hold quite inaccurate perceptions about women's situations that tend to be based on their own personal experience. For example, most planners assume that women have access to information and programs through the male heads of their households. Information presented in a timely and effective format, can overcome such misperceptions. For example, information on the proportions of female-headed households and on the frequency of male absences due to circular migration can be used to question such assumptions.

Information can also play an important role in changing the attitudes and ultimately the theory of practitioners of economics. Although economics is a potent force in the everyday lives of people in almost every corner of the globe, economics and economists tend to maintain a position one step removed from the reality of those whose lives they affect. Economists should be brought into closer touch with the experiences of women and the impact of economic policies on their lives through information campaigns directed specifically toward the economics profession.

The interests and concerns of men are automatically incorporated in development policy and planning primarily because men are the decision-makers. Economic theory represents a man's view of the economy because most economists are men and the system that determines appointments, publications and promotions in the discipline rewards those that espouse such a view. The interests and concerns of women will be fully incorporated in development only when women play an equal part in decision-making. When qualified and experienced women comprise approximately half of the planners, bureaucrats and politicians, the objectives of mainstreaming will have been achieved and the gender dimension will automatically become an integral part of policy-making and planning. Economic theory will present a women's perspective of the economy only when there are approximately as many female as male economists distributed more or less equally throughout the profession at all levels. Both economics and the development mainstream will then change to reflect the concerns and aspirations of both women and men.

In the meantime, women must rely on mainstreaming programs to enable them to participate more fully in development programs and to gain a more equal share of the benefits of development. Women must rely on gender training of male economists to enable them to see the limitations of economic theory and to facilitate more gender-responsive applications of conventional economic analysis. Advocacy and information are needed to convince male economists, policy-makers and planners that development programs and policies will be more effective and national development proceed at a faster pace when women's interests and concerns are integrated in policy-making and planning. Advocacy, gender-responsive data and gender analysis are needed to enable men to understand and implement a women's perspective in development policy, planning and programs.

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