

## Part III:

# Crises, Tensions, and Contradictions

### Crises, Tensions, and Contradictions: Introduction to Part III

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The themes of Part III involve the social consequences of financial crises, new forms of flexible accumulation, the constitution of global labor regimes, deepening processes of commodification associated with sex trafficking and the informal arrangements and legal orders that sanction their existence. A common thread is that a more disciplinary neo-liberal world order corresponds with more precarious forms of social reproduction, intensified exploitation and human insecurity. This is a world where, for example, Gandhi's ethical imperative to provide security to the most vulnerable is far too frequently, perhaps increasingly, ignored.<sup>1</sup>

Chapter 6 by Brigitte Young bridges the themes of Parts II and III by linking questions of governance to financial crises. She seeks to go beyond economic understandings of financial crises by focusing on their social dimensions and consequences for human security in recent Asian and Latin American crises. While many writers have sought to explain recent financial crises from a macroeconomic standpoint – chiefly concerned with why and how fixed exchange rate regimes collapse – Young suggests an alternative approach. Financial crises create massive social upheavals that impact the daily lives of the most vulnerable members of society, as well as simultaneously generating strategies for cultural and moral resistance.

In this context, Young highlights the impact financial crises have on the role of women in communities and shows how economic meltdowns not only intensify insecurity but also intensify the exploitation of women's work as one manifestation of strategies for human/household survival. For example, in Argentina the crisis intensified disenchantment with the free market model of development. The popular mood in Argentina has been reflected in recent

novels, television plots and plays. A Buenos Aires production, *Los Albornoz*, is a tragicomedy about a middle-class family that has sunk into poverty during the era of neo-liberalism. Its unemployed father finally turns his children to prostitution as a survival strategy.<sup>2</sup>

Such issues are not unique to Argentina. A recent study on the social/gender consequences of the Asian financial crisis, whilst admitting that “too little is known” about how financial crises impact the lives of the most vulnerable, nevertheless noted that women and children were “disproportionately hurt” by economic contractions. In Asia, the financial crisis has gone with increased (female) unemployment, domestic violence and prostitution. It has reduced food intake for women in the home and caused children to go looking for food in garbage dumps. It has been linked to a proliferation of the narcotic drug trade whilst there has been a decrease in vaccination and medical use drugs to combat illness (Atinc and Walton 1998: 14–23).

In this regard, Young emphasizes how precarious and gendered conditions of survival for the many are associated with security for the few. Indeed, crises are partly caused by the neo-liberal governance frameworks either externally imposed by international financial institutions or adopted by states in order to attract, maintain and protect the interests of capital and thus of financial investors. Thus societies undergoing economic crises are subject to massive unemployment, impoverishment, reduced social spending and new forms of insecurity, while capital is treated to publicly arranged bailouts.

Chapter 7 discusses aspects of the general social reproduction of the labor-capital relationship. Here Randolph Persaud draws attention to racialized aspects of the social construction of labor-power as a commodity. He shows how an emerging regime of global labor supply corresponds to new forms of flexible accumulation that rest on “historically embedded racialized practices of labor exploitation.” He argues that an accurate understanding of the modern global division of labor must take account of the history of specific social formations and labor market hierarchies constituted along racial, ethnic and gendered lines. Understanding racialization of labor relations allows for a more accurate reading of the power relations of production that exist between employers and workers. Indeed, the world’s workers can be roughly divided between relatively “protected” privileged workers of the “primary labor market” and the many gradations of “unprotected workers.” The latter experience unprotected, disposable and contingent forms of employment in the “secondary” or more primitive labor markets. In the USA the latter form of exploitation relies heavily on undocumented Third World immigrants, women, and those workers historically marginalized from secure conditions of employment.

Persaud’s primary concern is, however, with how racialization of workers has operated as a device to legitimize exploitation while simultaneously creating the global labor supply required for more flexible accumulation patterns. He seeks to show how, while social reproduction and racialization

of labor power is undergoing more precarious transformations, the chief beneficiaries of this emerging regime of global labor supply seem to be the new labor intermediaries and capitalist employers. This imbalance might help us explain why, in February 2002, the International Labor Organization formed the World Commission on the Social Dimensions of Globalization with an ambitious agenda to explore the impacts of globalization “on the life and work of people, on their families and their societies.”<sup>3</sup>

Part of this dialectic of inclusion and exclusion is explored in Chapter 8, on social reproduction, human trafficking and the informal sex sector in Asia (see also Chapter 5). Again it should be emphasized that the illegal yet highly profitable trade in human beings is not unique to Asia – it is a global problem of staggering human proportions involving over 4 million people (mostly women and children) trafficked each year as victims of commercial sexual exploitation or other forms of forced labor.<sup>4</sup> The severity of the problem is evident not only in the number of humans trafficked each year, but also in the growing numbers of governmental and non-governmental organizations that have focused their resources and energies on combating this alarming trend. It is of course also reflected in the growth of transnational criminal syndicates, corrupt government officials and banks and financial houses that benefit from what some have called a crime against humanity.<sup>5</sup> According to a recent UNICEF report perhaps the most disturbing of these developments is the rapid increase in commercial sex trafficking of children “bought and sold like chattel, trafficked within and across borders, thrown into such situations as forced marriage, prostitution, and child pornography”. Thus these children suffer “profound and sometimes permanent damage” (UNICEF 2001, quotes are from the Preface).

Kinhide Mushakoji’s contribution also helps us to identify some of the cultural, political and economic mechanisms associated with these trends. Mushakoji focuses on the Philippines–Japan bilateral networks to explore how formal and informal mechanisms of exploitative migration and social exclusion bear on the social reproduction and human security of trafficked sex-workers. Using data from the Toyota Project/DAWN research he directed, Mushakoji argues that the *formal* mechanisms of power and production in the labor market, civil society and the state conceal the sex sector and thereby allow transnational criminal syndicates to *informally* control the sex workforce. The contradictory tension between the rule of law and informal social realities occludes these forms of exploitation from official reality. Furthermore, such patterns of exploitative migration and the complex dialectic between informalization and counter-informalization must be understood within the context of neo-liberal globalization: neo-liberal policies have served to exacerbate conditions of inequality and poverty and thus make it easier for criminal syndicates to exploit women and children from the global South.

**Notes**

1. Kinhide Mushakoji put this position well in his "Open letter on Human Security," sent to the United Nations in September 2001:

Human security should refer to all human persons and all human groups. However, preference should be put on eliminating the roots of insecurity of the most vulnerable peoples, individuals and groups, as has been formulated by Gandhi as "the smallest child walking on this Earth"... It may be recognized that the justness of a society is measured by how it cares for the vulnerable, but it is not noted that the security of the society is also dependent in the long run on making security possible for the vulnerable. This concept is one that links positive and negative aspects of human security in ways that indicate they cannot be sustained without the maintenance of the most vulnerable life forms in the complex ecosystem and human civilization.

2. Anthony Faiola, "Argentina Doubts Market Wisdom." *Washington Post*, August 6, 2001.
3. A backgrounder to the Commission notes:

Concerns and issues are often raised about the impact of globalization on employment, working conditions, income and social protection. Beyond the world of work, the social dimension encompasses security, culture and identity, inclusion or exclusion and the cohesiveness of families and communities. (ILO 2003)

4. Paula Dobriansky, "Tackling the Sex Slave Trade." *Observer*, March 2, 2003. She is US Under-Secretary of State for Global Affairs.
5. According to Article 3, paragraph (a) of the Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children, which supplements the United Nations Convention against Transnational Organized Crime, trafficking in persons:

shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labor or services, slavery or practices similar to slavery, servitude or the removal of organs. (<[www.undcp.org/odccp/trafficking\\_human\\_beings.html](http://www.undcp.org/odccp/trafficking_human_beings.html)>)

# 6

## Financial Crises and Social Reproduction: Asia, Argentina and Brazil

*Brigitte Young*

“Anti-globalists see the ‘Washington consensus’ as a conspiracy to enrich bankers. They are not entirely wrong.”<sup>1</sup>

This chapter sketches a methodological approach to explore aspects of intensified globalization that relate to the spatial and temporal reorganization of social reproduction. It is intended to point towards the need for further research and indicate some of what this research might look at.

Why is this important? The International Monetary Fund has identified 158 financial crises in the period 1975–97 (IMF 1998). This number does not include the 1997/98 Asian crises and its contagion effects on Russia and Latin America. Such crises have profound implications for human security and social reproduction. Indeed, financial crises are thus neither new nor a rare occurrence, and they have come to help characterize the recent period of intensified globalization. Whether they emerge in the form of the debt crises of the 1980s, the currency crises in Europe at the beginning of the 1990s, the financial crises in Mexico, Asia, Russia, Brazil, Argentina, and Turkey in the 1980s and late 1990s, and the ongoing banking crisis in Japan, these crises underscore a growing and pervasive instability of the global financial system. When Asia, seemingly the last bastion of stability, succumbed to exchange rate problems in 1997 and financial instability spread to countries with seemingly favorable economic and monetary conditions (Eichengreen 1998), it surprised even those economic pundits who had championed the “Asian miracle.” As David McNally points out, these pundits believed “that open

markets and the free flow of capital would be the salvation of humankind” (McNally 1998: 1).

With such issues in mind, this chapter explores transformations in the structures of power, production and social reproduction in East Asia and Latin America. Financial crises have unequal effects across the social spectrum. They accelerate shifts in gender orders towards more marketized forms shaped by disciplinary neo-liberalism.<sup>2</sup> They invoke new mechanisms to reconfigure social reproduction in both OECD and developing countries. Financial crises are linked to dislocations, particularly in care and provisioning in ways that have undermined the human security of many millions of people. Such crises and dislocations are not simply the results of economic forces but can be traced directly to political decisions and the state forces that implement regimes of fiscal austerity. State policies have been locked in by new constitutional mechanisms such as fixed exchange rates and in the case of Argentina, a currency board. Such policies involve expenditure restraints and cuts in social provisions with unequal effects and burdens across the population. This chapter will therefore highlight how disciplinary neo-liberalism, despite offering some new freedoms for women (for example, to sell their labor power in the marketplace), has not brought about transformations designed to provide equal justice and emancipatory power for women. Indeed, for many people in developing countries, recent financial crises have brought economic immiseration, creating greater human insecurity and struggles for survival for both women and men. Thus some of the evidence in this chapter suggests that increasingly insecure conditions at the bottom of the world social hierarchy are consequences of, as well as conditions of existence for, the globalization from above of the elites and professional classes.

### **Intensified globalization, financial crises and social reproduction**

When Argentina was hit in December 2001 with strikes, street battles and looting of stores, with 20 dead and hundreds injured, it signalled the failure of the neo-liberal model of intensified globalization – a process punctuated by frequent and intense economic and social crisis and a general sense of human insecurity (Gill 2003b). The crisis in Argentina, affecting also Brazil and Uruguay, was more than an economic crisis and more than a political crisis. Citizens lost trust in the viability of their political and social institutions and social cohesion was in danger of collapse (Huffschmid 2002).

The Argentine crisis – much like the Asian crisis – was not supposed to happen. After all, Argentina was the “*Wunderkind*” of the IMF and of G7 (the seven big Western industrial countries that effectively constitute a directorate for the world economy). Argentina adhered to the IMF’s prescribed market-oriented reforms, which included consolidation of the state budget, privatizing and deregulating the public sector, lowering tariffs and, crucially, fully opening its capital markets to the free movement of funds. Thus when President

Menem introduced these policies he radically broke with the interventionist and inflationist policies of the past, and in 1991 created a currency board system to create a quasi-constitutional mechanism to strengthen external discipline over macroeconomic policies and thus inspire the confidence of investors.<sup>3</sup> A currency board is a monetary institution that issues bills and coins fully backed by a foreign reserve currency. Thus pesos became fully convertible into the reserve currency (US dollars) at a fixed exchange rate: that is, each peso issued in Argentina would have to be fully backed by one US dollar. The aim of this was to create a policy that would be credible in the eyes of foreign investors since, because of the fixed exchange rate, such investors would reasonably perceive no threat of currency devaluation. They would thus feel protected from any possible depreciation of their capital (property and assets) caused by changing monetary conditions. This arrangement was intended to prevent capital flight (it assumed that currency and capital controls caused capital flight, rather than vice versa). Thus the aim was not only to retain capital but also to encourage foreign investment and reverse the economic stagnation that Argentina had experienced for much of its modern history.<sup>4</sup>

This scheme in effect abdicated Argentina's monetary independence to the policies of the US Federal Reserve but under formal IMF supervision. As a result, the domestic money supply became completely dependent on foreign capital flows (Flassbeck 2002). In the short term, hyperinflation disappeared and Argentina was able to draw in huge amounts of foreign capital, for example, to buy up its relatively cheap, newly privatized state assets. However, its currency became overvalued, partly because the American dollar appreciated considerably relative to the currencies of Argentina's major trading partners (for example, Brazil devalued its currency by 40% in 1999; the euro depreciated considerably after its introduction in January 1999). This meant that Argentina was losing competitiveness, its exports stagnated and its economy went into recession. At the same time, its national elite, the Washington financial institutions and foreign investors closed their eyes to a simple truth: whoever borrows in hard currency has to repay in hard currency, or risk a debt default. Argentina experienced a severe currency crisis in 2001 and at the beginning of 2002 it was forced to abandon its fixed exchange rate of one peso to the dollar. The ensuing crisis that now grips Argentina exceeds in its magnitude and social effects those of 1975, 1981, and 1989. Argentina is now confronted with huge increases in poverty, a destruction of its industrial base, and the breakdown of governmental functions at the national and regional levels, and an inability to service its foreign debts (Becerra *et al.* 2002).

While Brazil has not quite slithered into the economic morass like Argentina, nevertheless it also faces huge economic problems, many caused by its adoption of disciplinary neo-liberalism as its policy framework during the 1990s. In fact, the \$30 billion loan that Brazil received from the IMF in September 2002 was the largest credit the IMF has ever provided for any single

country. The impact of this huge financial transfusion seems to have been negligible. The Brazilian currency (the real) sank further, at times reaching record lows. That the candidate for the socialist working-class party (PT), Luiz Inácio Lula da Silva, won the recent presidential election in Brazil by a landslide and took over political power on January 1, 2003, is in no small part based on the rejection of the neo-liberal policies of President Cardoso during the 1990s. Lula's promise that fighting hunger will have priority over servicing the international debt had made him the symbol of hope for a different kind of globalization in Latin America (ATTAC 2003).

Of course, there is much more to these questions than the conventional discourse of orthodox Political Economy would allow. To explain the scope and the depth of financial crises means we need to look beyond relatively narrow "economic" questions linked to the credibility of government policies and the confidence of foreign investments. Indeed, largely absent and silenced in the orthodox academic discourses involving economic and financial crises is the social question, and specifically issues of social sustainability and social reproduction. As the editors note, many critical approaches analysing the mechanisms of the new global political economy have sought to explain crisis and transformation from the perspective of power and production. Gill has gone farther than most critical theorists challenging the intellectual community to understand globalization not only in narrow economic terms but also in terms of social and cultural transformations. Also important in his analysis are changes in economic governance – for example, currency boards, fixed exchange rates or independent central banks with low inflation targets – all intended to lock-in commitment of *future* governments to a neo-liberal framework of accumulation. These new disciplinary frameworks over macroeconomic policies have as their counterpart the new bilateral, regional and multilateral trade and investment (for example, the WTO) that lock in liberal policies and strong protection of property rights. In this context Gill suggests that the restructuring of global capitalism involves the restructuring of states and political power, and of society and culture (Gill 1999, 2003a).

In sum, missing in most critical theories is an understanding of how the restructuring of the world economy connects to the process of social reproduction. Partly at issue therefore is the degree to which the disciplines and competitive pressures of the new global market order tend to fragment human communities, increase social inequality and intensify human insecurities. Also at issue is the role of women. Indeed, women play a particular role in the global political economy because of their location at interstices between production and social reproduction. Their relationship to the market is more complicated than men's since they are at the crossroads of production and social reproduction.

The increasing threat to human security in the form of financial instability, income inequality, poverty and unemployment, domestic violence, civil war, environmental degradation, ethnic cleansing, and human trafficking calls

for new theorizing that includes the complex layering of human concerns ranging from local and short-term needs to global and long-term requirements for human survival. In the aftermath of the Asian crises, a cornucopia of studies appeared on the academic market focusing on the macroeconomic environment leading up to the financial turmoil, but few studies link the financial instabilities to the everyday insecurity of vulnerable people. If we look from “the bottom up,” we see that the financial turmoil has destabilized the conditions for survival for the mass of unskilled workers and those living at the margins. Job and income insecurity, health insecurity, environmental insecurity, and political and community insecurity have all worsened in the aftermath of the financial meltdown (Grown *et al.* 2000). But the social fragmentation, disintegration and poverty are not evenly spread across countries, classes, genders, and ethnic groups. In fact, the impacts are highly unevenly distributed.

Thus this chapter attempts to provide a Feminist and Radical Political Economy perspective. It illustrates how global financial turmoil with its devastating impacts on human security and human development is a striking example of the emerging global contradiction between the extended power of capital on the one hand, and the viability of social reproduction for most of those living in the crisis-ridden regions on the other. The first section focuses on social reproduction and how gender regimes and gender orders have been reconstituted. In the second section Asian financial crises and the human security dimensions of gender relations are analysed relative to relationships between finance, paid reproduction work and the feminization of survival. Finally, my focus is on how regional economic crises have created dislocations affecting social reproduction and provisioning of basic needs for the most vulnerable in Argentina and Brazil.

### Changing governance frameworks

The current global transformation corresponds to important changes in the governance frameworks of production and social reproduction. As noted in Chapter 1, social reproduction refers to the ongoing reproduction of the commodity labor power and the social processes and human relations associated with creating and maintaining the social order.

In this context, a particular separation between “private” and the “public” was the hallmark of the industrial age. What was considered productive work was confined to the public sphere and the “economy.” Work in private homes, subsistence work and to a lesser extent small artisan production for use value were generally characterized as “unproductive work.” This division of labor was gendered, with specific roles for men and women. Men were expected to be breadwinners in the formal public labor market, women to be subordinated to men as care-givers carrying out unpaid “unproductive” work of social reproduction in the home. The conceptual separation between private and

public of the industrial age also formed a key assumption of liberal-democratic Political Economy after World War II, despite its decreasing adequacy in an era of increasing flexibilization of women's work. Indeed, recent increasing integration of women into labor market has also led to new definitions of gender roles. Women are now working in larger numbers as wage labor in a flexible, marketized, more individualized framework. New patterns of work challenge the public-private dualism, as do changes in family activities in the context of neo-liberal restructuring. Whether women in the Caribbean, in Asia, do such work or by those in the "global cities," its common feature is that it is a combination of activities in formal (transnational) production, in informal sector work, and in the subsistence economy of the family. The borders of these economic spaces are quite fluid for women, but relatively rigid for men (Young 2001a, 2001b).

As a result of these changes in production and social reproduction, the gender orders and regimes associated with intensified globalization are also being transformed. The concept of *gender regime* refers to institutionalized practices and forms of gendered systems of domination that are constituted as social ordering principles in all societies. Social norms, rules, regulation, and principles are not gender-neutral entities, but are inscribed with specific norms for the roles men and women are designed to play in the polity. The networks of overlapping social and cultural mores then become embedded in the institutional structure of a particular governance framework. These institutionalized but varied gender-practices are continuously reproduced. *Gender orders* are the aggregate of these gender regimes at the level of macropolitics. The interaction between state powers that bear on gender relations, cultural definitions of gender, and the historical possibilities in gender relations make up these orders. As Chapter 4 shows, they are stabilized through various micro and meso practices that ensure the reproduction of these gender orders within and across countries (Connell 1987; Young 2001b).

One hypothesis is that in the context of neo-liberal restructuring, gender orders and regimes are being radically transformed suggesting that in the process the social reproductive work is being reconfigured. However, these transformations are not the same across and within countries and regions. Instead they depend on various aspects. First we need to explore the degree to which social reproduction and the conditions for human security have been redefined as a result of the new political economy and juridical frameworks of disciplinary neo-liberalism. One would expect social transformations to be much greater in Argentina than in Brazil, given the power of capital in concert with the IMF to impose fiscal austerity and thus deflation on Argentine society. Indeed, because monetary policy was externally determined, fiscal policy became the means of economic adjustment through expenditure reductions that reduced outlays for social provisioning and the care economy. So whilst Argentina's monetary policy was effectively subordinated to US financial and political interests, and whilst Brazil was also

dependent on loans from the IMF to service its international debt, Brazil still retained some sovereignty over its monetary policy, partly because it did not opt for a fixed exchange rate with the US dollar. After 1991 this was never the case for Argentina because of the currency board system it created.

Secondly, it is important to emphasise that effects of economic restructuring on social reproduction depends on the historical division of sexual division of labor, class divisions among women and racialized hierarchies and norms in particular social formations. For example, in my analysis of the shift of gender orders from Fordist production to intensified, disciplinary neo-liberal globalization, I have identified three major transformations:

1. the end of the family wage model and increasing feminization of the labor force;
2. reconfiguration of the public/private and production/reproduction towards changing boundaries and fluidity between the monetized and non-monetized economies;
3. increasing inequality among women due to privatization of social reproduction and its different impacts on women of different classes, races and nationalities (Young 2001b).

While these specific characteristics were originally identified as relevant to the Western industrial countries, the restructuring of the global political economy and the increasing power of capital force countries from Asia to Latin America to privatize, deregulate and liberalize their economies thereby increasing the commodification and informalization of social reproduction around the globe. The Structural Adjustment Policies (SAPs) of the IMF and the World Bank in countries that are experiencing liquidity problems have invariably shifted the costs from the paid to the unpaid economy and have increasingly exposed women to direct market forces. The Fund's policy has usually required reductions in government expenditures, cuts in real wages, reduction in domestic demand, and emphasis on trade liberalization and increasing exports. All of these measures influence gender relations by altering the relationship between the productive and unproductive (that is, re-productive) spheres, and the state's role in defining and expanding the "private" (Bakker 1994). In response to budgetary austerity, countries seem to invariably impose disproportionate reductions in the provisions for economic and social services, in attempts to avoid cutting the civil service and/or the military budget. Cuts in education, in health services, food and transportation subsidies, sanitation facilities, water access services and other care provisions hurt most those "who are members of a subordinate class, gender or ethnic group, tend not to be fully owners of their own labor, but are subject to the control of patrons, landlords, chiefs, community 'bosses', village 'headmen', husbands, fathers, to whom they have obligations which are enforced, in last instance, by overt violence" (Elson 1997: 55).

Structural Adjustment Programs have led to an expansion and deepening of the market in the countries affected and has squeezed the resources available for the maintenance of care, both unpaid care and also care services provided by the public sector (Beneria 1999). As Grown, Elson and Cagatay pointed out, the squeeze on care happens through several channels: “a squeeze on unpaid time available for care as men and women allocated more of their time to paid work; a squeeze on public provisions of care, as public expenditure was cut back in response to international economic pressures; and a squeeze on quality of care services provided by the private sector as a result of competitive pressures to cut costs” (Grown *et al.* 2000: 1147). These cost-cutting measures may in the short run increase the competitiveness of the countries by making labor cheaper and help to consolidate the state budgets. In the long run, however, the erosion of education and health care services and other public goods may lead to more crime, violence against women and children, to a decline of educational opportunities for girls, increase in HIV infections, an erosion of social solidarity, and ultimately it may lead to lower economic growth and productive potential for the country as a whole.

Exploring how regional financial crises create dislocations with unequal gendered, racialized and class-based effects in Asia and Latin America, I will focus on four key components of social reproduction (Hartsock 2001; see also Bakker in this collection and Truong 2000):

1. Biological reproduction refers to procreation and childbearing, a process of physical development of human beings. But biological reproduction refers also to the international trade in body parts (organ trade), in which humans are commodified and broken down into body parts and sold as pieces on the market.
2. Reproduction of the labor force refers not only to the sustenance of (male) workers so that they can sell their labor power in the marketplace, but also to the maintenance of women’s and children’s labor power either in the formal, informal or subsistence economies.
3. Reproduction of the care economy includes aspects such as cooking meals, caring for children, the elderly, community work, volunteering in NGOs, and providing a psychological “cushion” for family members as a result of economic insecurity (Truong 2000).
4. Paid “reproduction work” refers to work in the sex sector, prostitution and entertainment, including domestic work. Unique to this kind of labor power is its disposal of and control by others. Women and children are commodities in “that they are consumed, used up like other commodities” (Hartsock 2001). The existence of slave labor conditions often combined with violence, the absence of legal status, the cross-border circuits of trafficking of women and children played out in the shadow and offshore economies has remained largely invisible (Sassen 2000; Truong 2001). Exploitative sex work must also be theorized and understood as a failure

of the state to provide protection for women and children in intensified globalization, as well as part of an active state strategy linked to exploitation of women (see also Chapters 5 and 8).

### **East Asian financial crises and their impact on social reproduction**

Singh and Zammit use “meltdown” as a signifier of what happened to the currency and stock markets in the five East Asian countries most affected by the financial crises (Indonesia, Malaysia, Singapore, South Korea and Thailand). Between July 1, 1997, and February 1998, the Indonesian stock market fell by over 80% and the currency depreciated by over 70%. In Thailand, prices fell over the same period nearly 50% and the value of the exchange rate against the US dollar declined by more than 4% (Singh and Zammit 2000: 1266). This meltdown in the financial sector generated a deep economic crisis. Gross domestic product declined in Korea and Malaysia by more than 5% in 1998; in Thailand it fell by nearly 8%, and in Indonesia by a staggering 20%. The effects of this economic downturn on poverty, real wages and employment have been equally catastrophic. According to World Bank estimates, cited by Singh and Zammit, 17 million more people in Indonesia fell below the poverty line in 1998, 2.3 million more in Thailand, more than half a million (665,000) in the Philippines, and just under half a million in Malaysia. In sum, approximately 20 million more people were added to the 30 million who already lived below the poverty line in these nations, simply as a result of the effects of the financial crises (Singh and Zammit 2000).

In most of the economic studies analyzing the East Asian financial instabilities, geopolitical factors do not play a role. Discussions are confined to the controversy of whether the crisis was due to endogenous forces (weak banking system and crony capitalism) or to the huge foreign capital movements (Eichengreen 1998; Huffschmid 2002). But as Gill has pointed out, geopolitical factors have been at work in so far as the US used its strategic power to impose a specific neo-liberal model of restructuring on Asia (Gill 1999). This point is important because it involves a shift away from state-directed capitalism in Asia toward a free market system with its emphasis on deregulation, liberalization and privatization. Once the crisis swept across the countries, the IMF moved in not only to deal with macroeconomic restructuring, but also to impose deep structural reforms that in turn removed the fragile social safety net that had been put in place during the “Asian miracle” growth period.

“Globalization from above” in the form of transnational capital and international financial institutions created the conditions that made these countries hospitable to disciplinary neo-liberal governance. The resulting dislocations in social reproduction, care and provisioning in Asia was thus not just a result of economic forces. Due to the neo-liberal strategies of state consolidation

and fiscal austerity, public goods necessary to serve as safety nets have been cut intensifying the human insecurity for a large part of the population living at the margin. However, the increase in human insecurities is a topic that has vanished from the media and academic discussions. Five years after the crisis, the IMF still views the financial turmoil in Asia as a short-term phenomenon. Using aggregate data, financial analysts have stressed the positive economic growth trends, moderate inflation and the strengthening of the exchange rates in the Asian countries, when in actual fact, this macro-economic “prosperity” has been very unequally distributed and is particularly fragile (Furtado 2000; Lim 2000; Singh and Zammit 2000).

Before we present some data on the gender dimensions of the East Asian crisis, it is well to heed Truong’s warning that a Eurocentric perspective does not sufficiently come to grips with how gender differences were reconfigured during the development process of the “Asian miracle” (Truong 2000). She argues that neither the Asian miracle nor the Asian crisis and its aftermath can be understood without focusing on the “embeddedness” of gender norms that have guided much of the growth and conversely have made women more vulnerable in times of crises. She identifies a four-tier gender order for Asian countries:

1. the wage earner, constructed along male norms with a formal wage system and protection;
2. casual workers constructed along female norms and confined to temporary, part-time contracts, piece rates and irregular work. Such norms can be applied irrespective of the gender;
3. the dependent housewife – responsible for the maintenance of the workforce and care work – which may or may not combine unpaid care work with paid work;
4. paid “reproductive workers” who take up either different forms of sexualized services in prostitution and entertainment, or domestic services (Truong 2000: 161).

The particular gender ideology Truong refers to is based on the glorification of subservience and sacrifice as female virtues that are manifested in the particular gender-orders of East Asia. Indeed, the World Bank East Asia Environment and Social Development Unit also cautions about the use of aggregate statistics which do not reflect the cultural, legal and institutional differences faced by men and women. Analyzing men’s and women’s labor force participation in Korea, one analyst cites Confucian traditions and patriarchal family systems as the institutional basis for gender discrimination that pervades all social, and political and economic structures (Slok 2001).

East Asian gender ideology of female subservience was crucial in how women were integrated into the labor force during the period of the “Asian miracle.” The shift from import-substitution to export-oriented strategies in

Asian economies led to a vast increase of women into the labor force. In Korea, women's rate of employment increased from 36.3% in 1963 to 48.7% in 1996 (Yoon 1998). However, as recent Feminist economists have demonstrated, the integration of women was based on a form of gendered wage inequality. In a fascinating study, Seguino argues that such gender inequality helped to stimulate growth in the East Asian economies. Low female wages have spurred investment and exports by lowering unit labor costs, providing the foreign exchange to purchase capital and intermediate goods that raise productivity and growth rates. These discriminatory practices were made possible by gender norms forcing women to accept their low status and low pay (Seguino 2000: 27)

It is not surprising that when the Asian financial crisis unfolded that women were more disadvantaged by the cyclical instability and economic depression than men. This in turn had devastating repercussions on the sustainability of social reproduction affecting women, children, families, and also entire communities and regions. If we look at some specific countries, we note that there are variations in how the crisis affected the gender roles in sustaining social reproduction. The unemployment rate for women in South Korea was steeper than it was for males; in Thailand and the Philippines, the burden of layoffs fell more heavily on men, but women's average wages fell more than men's. In the Philippines, women were pushed out of the relatively well-paid manufacturing sector and forced into the service sector with longer hours and lower wages. Male unemployment worsened due to the bigger declines in the industrial sectors. At a time when women were forced to shoulder greater domestic care duties, their working hours as wage earners also increased relative to men. One central coping strategy during the crisis was to increase the working hours of women, leading to more "idleness" for men due to underemployment, unemployment and shorter working hours (Lim 2000).

The case of the Philippines gives some insights into how women's working time both in regard to the labor market and the household was extended beyond physical capacity. Not only were women responsible for the reproduction and sustenance of (male) workers, they also had to carry a heavier burden to maintain their own labor power whilst spending more time caring for their families. As the state rolled back many of its public services, it was women in the home who had to make up for the goods that were no longer provided by the state. Inherent in the social norm of making women responsible for the care economy is the idea that there is an unlimited supply of unpaid female labor to compensate for macroeconomic instabilities (Elson 1997). Since economic models do not take into account production in the family unit, the private sphere counts only as an externality and women's time is assumed to be infinitely elastic. Reproductive caring was even further threatened when the Philippines were simultaneously struck with the natural calamity of the El Nino (a climate-affecting warm surface

current) setting in motion an agricultural crisis with subsequent steep rises in food prices (Lim 2000).

The impact of the crisis not only manifests itself in the form of reduced employment and wages. Women are caught in a "pincer movement": "the amount of caring and unpaid household duties may increase when family members become unemployed or sick, while the economic pressures increase for women to undertake paid labor to contribute to family income, no matter how poor the remuneration and disagreeable or degrading the activity" (Singh and Zammit 2000: 1260).

In Korea, the unemployment rate was higher for women than for men. In particular, women's employment experienced a drop of 7% as regular workers in the formal economy. At the same time, female daily and temporary work increased (66% of employees), whereas among male workers this figure was 35%. In addition, Korean women were substituted in the labor market at three different levels: men workers were substituted for women workers; young women were substituted for older women, and workers in insecure jobs were substituted for workers in secure jobs. The unemployment rate of Korean women fell between 1996 and 1998 by 2.8% (0.5% for men). Despite the higher unemployment rate of women, the state appealed to women to provide a psychological cushion for males who lost employment. With the slogan "Get Your Husband Energized," the state invoked the traditional norms of the men as breadwinners and women as care-givers (Singh and Zammit 2000; Yoon 1998). The World Bank's East Asia Environment and Social Development Unit concluded that the crisis did not create a new gender order, but deepened the discriminatory trends that existed before the crisis (Slok 2001).

The same asymmetrical gender effects can be seen in Thailand, Malaysia and Indonesia. In Thailand and Indonesia women were particularly hard hit by the reduction of income in the informal economy and the homework sector, and the virtual collapse of petty traders and street vendors. In the Indonesian weaving sector alone, the income of women declined by more than 75% (Singh and Zammit 2000). In Thailand, rural employment declined sharply and this decline was largely among women. It appears that many of these women had to return to housework. These changes had also very negative implications for the consumption rate of the poor. For the average poor household, food accounts for 71% of household expenditure in Indonesia and about 55% in Thailand. Zhiqin predicts that if one person per household were affected by unemployment, an increase in unemployment in Indonesia of 9 million workers since before the crisis would affect 21% of all families. Not only did the sharp decline in family income had a negative impact not only on the basic consumption needs of women and children. The soaring prices of medicine and health services and the reduction in employer-provided health facilities meant that women were forced to neglect their reproductive health. The availability of contraceptives has sharply declined and the health

status of pregnant women has been particularly threatened, leading to a higher maternal mortality rate than prior to the crisis (Zhiqin 2000: 7).

Other authors studying the effects of the crisis have noted an increase in suicide rates, family abandonment by household heads, rising domestic and community violence, and women and children in poor households suffering from depression and delinquency (Floro and Dymski 2000). There is also some case study evidence that families pull their daughters out of school before sons. Even before the economic turmoil, girls in Indonesia were far more likely to drop out of school than boys. Once girls have left school they rarely return. Keeping girls out of school will have long-term negative consequences not only for young women, but also for the economy as a whole (Singh and Zammit 2000).

In many respects, the rigid application of austerity policies under the tutelage of the IMF that followed the East Asia financial crisis made it much more difficult for those living at the margins to survive and indeed to regain their pre-crisis economic and social position. Indeed, following the crisis an even larger number of East Asian workers have become more vulnerable and unprotected. The human effects of this increased insecurity is reflected in the huge increase in "paid reproductive work," which I discuss below.

### **Financial crises and paid reproductive work**

Most accounts of human trafficking, prostitution, and the trade in human organs fail to link these economic activities to the financial crisis. Truong has pointed out that even many Feminists have focused only on biological and labor force reproduction and caring work, but have not included sexual work and paid reproductive work in the realm of social reproduction. As a result, the political accounts of trafficking and prostitution have been left to criminologists, human rights activists or analyzed within migration studies rather than theorized within Political Economy frameworks (Truong 2000).

But, as Sassen has pointed out, the growing presence of women in the shadow economy of prostitution, housemaids, tourism, and entertainment has become an important source of livelihood for women themselves, a source of profit for the traffickers and traders, and provides the debt-ridden governments with the much-needed foreign exchange (Sassen 2000). Two points are important in this regard. First, research does indicate that economic need is a fundamental entry point into prostitution. Second, the heavy debt burden of many developing countries plays an important role in this triangle of the feminization of survival, profit-making, and government revenue enhancement. Intensified globalization has made the conditions possible for "systemic connections between, on the one hand, the mostly poor and low-wage women often considered a burden rather than a resource, and, on the other hand, what are emerging as significant sources for illegal profit-

making and as important sources of convertible currency for governments” (Sassen 2000: 524).

In the development of this new “global service industry,” states are key actors. As a result of economic restructuring, and the significance of capital mobility, states derive a large part of their legitimacy today not from their own citizens but from the players in the international financial markets. No longer are welfare concerns of citizens necessarily the primary interests that drive state policies. Due to liberalization, states have been forced to enter the ring of international competition, in which they compete with other states to offer the most flexible conditions to attract foreign investment and corporations. In this reconfiguration, “competitive states” (Hirsch 1995) replace welfare states, and governments become like market actors, judged solely on narrow efficiency criteria.

As developing countries seek to become attractive “courtesans” to global capital, they often also become more dependent on remittances from migrants. If we take the case of Indonesia, for example, there are currently 1.95 million Indonesians working abroad, of which 65% are women. Already prior to the Asian crisis, remittances of these overseas workers amounted to approximately \$4.8 billion. Indonesia is also notorious its engagement in illegal trafficking. We know little about the relationship between illegal trafficking and male unemployment. Nevertheless, it is instructive to note that manufacturing wages declined in 1998 by a staggering 25.41% from the previous year.<sup>5</sup>

Taking another example, the remittances from migrants in the Philippines have become that country’s third largest source of foreign exchange earnings. In terms of migration flows, there is an important change in gender composition since the Asian crisis. Male Philippine migrants declined after 1997, but the deployment of workers to Japan and Hong Kong, mostly women working as entertainers and domestic workers, has increased (see also Chapter 8). While there was a dramatic decline in 1998, the remittances between October and December 2000 helped to prop up the Philippine economy by strengthening the purchasing power of Philippine households and sharply boosting the gross dollar reserves of the country during the Christmas season. According to the OECD, the Central Bank of the Philippines reported the country’s US dollar reserves at \$14.9 billion by December 28. This was \$420 million higher than the \$14.5 billion at the end of November. Earnings of overseas workers from the Philippines at current prices grew by 26.4% for the year 2000 (OECD 2001).

A similar story can be told for Thailand. The number of regular emigrants rose only slightly in 1999. However, female migration has increased after the Asian crises while decreasing for males. Of the total female migrants, the number increased to 20.5% in 2000 (11.9% in 1997). We find exactly the reverse with males. Their rates had declined to 79.5% in 2000 from a high of 88.1% in 1997. One study for the period 1993–95 had already shown that the illegal economy in Thailand – including drugs, trafficking, prostitution,

gambling – was estimated to have generated between \$11 billion and \$18 billion. This corresponds to about 8–13% of GDP (Phongpaichit and Piriyaangsan 1998). It is no wonder that the United Nations has warned that human trafficking is the fastest-growing criminal trade in the world. Profits from these criminal activities are estimated to amount to about \$10 billion a year.<sup>6</sup>

If we return to the question of sustainability of social reproduction in the light of intensified globalization, we find the rebirth of a transnational economy of domestic labor. As pointed out above, paid reproductive work also includes domestic servants and nurses. If we take again the case of the Philippines, the Philippines Overseas Employment Administration has been active in exporting Philippine women as nurses and maids to the US, the Middle East and Japan. High foreign debts and unemployment made this a lucrative strategy for the Philippine government. Philippine workers have sent on average nearly \$1 billion a year to their home government. This human export strategy coincided with the demand of the labor-importing countries. Demand for domestic workers increased in the Middle East oil-producing countries after OPEC price increases in the 1970s (Sassen 2000). In the US, the demand was great for nurses due to domestic labor shortages, a result of low wages and low prestige in the nursing sector. And in Japan, the demand for female “entertainers” increased unabatedly despite – or because – the economy was stagnating and men looked for comfort from paid reproductive workers (see Chapters 4 and 8).

However, there is another reason for the export of Asian women that has received little attention. The growing participation of professional women in industrial countries is accompanied by the largely “invisible” development of paid work in the private household. Growing numbers of migrant women are employed in undeclared jobs in the household-oriented service industry, in cleaning, and as child carers, allowing more women to have professional careers. An invisible link has thus emerged between women’s increasing participation in the protected, upper professional echelons of the formal labor market in industrial countries and the informal unprotected labor market roles of migrant and immigrant women.

On the one side is the “mistress” and on the other stands the “maid,” separated by different racial, ethnic, class and national belongings and backgrounds (Young 2001b). It is important to recognize, however, that this development is directly linked to the neo-liberal character of globalization as this is reflected in state policy. As long as most welfare states are reluctant to provide, and are in the process of scaling back, the support structure for working women, the conditions upon which women enter “male work structures” are not just gender- but also class- and race-specific. Professional women in industrial countries, but also in developing countries, have the advantage of falling back upon mostly cheap, often undocumented migrants, to perform household tasks and childrearing. Without adequate public

childcare services, and without being able to fall back on the services of women from developing and transitional countries, educated women would be less able to climb professional ladders that demand great personal mobility and flexibility. These activities are performed by (mostly) overqualified Eastern European women in Germany, or by African-Americans or Latin and Central American immigrants in the US, or Filipina women in Italy and Canada in a new international division of labor. We witness a polarization between the feminization of work for most, unprotected labor, and the emergence of a new professional class of global “workers” that includes well-educated women. Intensive globalization has increased flexibilization and individualization in the labor markets. Due to the gender norms and gender ideology of both industrial and many developing countries, reproductive work is *shared among women*. As a result, we witness a rebirth of a transnational economy of domestic labor and the rise of a privileged professional class of women and the growth of an ethnically defined female underclass (Young 2001b).

In the next section, a brief account will be given of the financial crises in Argentina and Brazil and how this crisis created social dislocations and caused job and income insecurity, health insecurity, environmental insecurity, and political and community insecurity. This section will be kept brief. In essence, many of the factors found in Asia are replicated in Latin America. Unfortunately, there are very few studies in English about the crises and its gender dimensions. What is missing is an exploration of gender orders and gender norms in Latin America connected not only to the immediate financial crisis, but more important how gender orders were transformed in the process of neo-liberal restructuring of Latin America in the 1990s. Connecting intensified globalization to the reconfiguration of gender orders in Brazil and Argentina is an important future task for Radical Political Economists and Feminist Economists. However, this is a task that cannot be accomplished in this chapter.

### **Argentina and Brazil: the shift to a neo-liberal governance framework**

On the heels of the debt crisis of Latin American countries and the subsequent decline in *per capita* income in the 1980s followed a radical turn to neo-liberal restructuring of the import-substitution governing framework in the region. Fernando Henrique Cardoso won the election in 1994 promising monetary stability, hoping thereby to attract foreign investment and modern technology to turn around the economic malaise of the 1980s. On coming to power, Cardoso implemented the central aspects of the Washington Consensus: liberalization, privatization, deficit reduction and fiscal austerity, and deregulation. By the end of Cardoso’s second term, he was faced with a financial crisis and Brazil was forced to borrow two major credits from the IMF (\$10 billion and \$30 billions). When the IMF granted Brazil the \$30 billion

loan in September 2002, it was the largest loan any single country ever received from the IMF. Despite the financial infusion, the promised economic boom never happened. Brazil instead confronted an economic crisis and staggering social inequalities (ATTAC 2003; Huffschmid 2002).

This leads us to the choices and questions for Brazil in the light of the election of a left-wing president for the first time in its history. Although the new president, Lula da Silva, campaigned on a platform to fight hunger as his first priority, he nevertheless nominated Antonio Palocci, a known champion of austerity policies as Finance Minister, as a means to allay any fears that the international financial community might have of a fundamental shift in macroeconomic policies. This shows the limited room for macroeconomic manoeuvre that the new president feels his country has in the context of neo-liberal globalization. Thus his goals will be more difficult to finance, even with minor changes in the Washington Consensus that may allow for poverty reduction: financial markets operate on the basis of the perception of future profits flows, not the needs of the hungry. Pursuing a restrictive fiscal and monetary policy whilst claiming to fight hunger may be seen as further evidence of the contradiction between intensified globalization and the sustainability of social reproduction.

Argentina has come close to a human catastrophe in the aftermath of the economic reforms of market opening instituted by Menem in the early 1990s. Argentina declared default and in effect its bankruptcy in 2001, and the economy spiralled into depression far exceeding any recent economic crisis (for example, 1975, 1981, and 1989). Under Menem, the country initiated an extensive privatization drive of state-owned firms: telecommunications, petrochemicals and banks, earning the country about \$40 billion and state surpluses in the early 1990s. By 1994, with public assets sold, such surpluses turned into budget deficits. Despite following the program of the IMF in deregulating, liberalizing and privatizing the public sector, Argentina slid into financial chaos. The international financial community hesitated for over a year to provide any new credits.

In the meantime, the country sunk deeper into economic crisis, half of the population live in poverty, the industry has been dismantled, and there is a general breakdown in the elementary functions of governments. Becerra *et al.* (2002) argue that it is too simplistic to put the sole blame on the "convertibility" scheme (the currency board that was in force since 1991). A better explanation these authors suggest is in the model of trade opening "imposed alongside the fixed dollar exchange rate with no regard for the effect of periodic convulsions of world capitalism, the country's peripheral position in the global economy, and above all, the last decade of neo-liberal policies" (Becerra *et al.* 2002).

A new IMF credit was finally granted for 2003, but only to allow Argentina to spread its repayments over a longer time period. At the same time, the country had to agree to very stiff new conditions. It had to achieve a budgetary

surplus of 2.5% of GDP (prior to debt service), reach a 3.0% economic growth rate and a reduction of the inflation rate to 22%. Unlike the huge loan Brazil received in 2002, the IMF and the US Treasury Department refused to provide further aid to Argentina, arguing that its political class had not done enough to create the conditions for adequate (neo-liberal) "reforms."<sup>7</sup>

These macroeconomic instabilities, over which ordinary people have little control, have had devastating impacts on the population both in Argentina and in Brazil. If we focus on the four major aspects sustaining social reproduction (biological, reproduction of the labor force, reproduction of the care economy, and paid reproduction work), then the simple task of sustaining human life at all four levels is seriously in danger. The effects in Argentina are particularly devastating given the overall wealth of the country. Of the 37 million inhabitants, it is estimated that 53% live at the poverty level, and 15 million live under extreme poverty (set at an income of \$2 a day). According to a *Washington Post* article on May 3, 2002, an estimated 8,000 people were falling into poverty on a daily basis. To make matters worse, the discrepancy between poor and rich has increased. According to one commentator, the richest 10% in Buenos Aires have 54.6% of the total income while 50% of the population with the smallest income have 8.7% of total income. In terms of gender, 7 out of 10 of the lowest-income inhabitants in city of Buenos Aires are women (Spielfoch 2002: 14).

Particularly devastating has been the impact on educational opportunities for adolescents. For a country that has achieved one of the highest literacy rates (96% in 1999), 50% of Argentine adolescents aged 13–17 have not completed high school. Riley has pointed out that girls are the most deprived due to cultural restraints, household poverty, child labor and social roles (Riley 2002). Depriving children of schooling will certainly have long-term consequences for economic growth in Argentina and will widen the discrimination between males and females.

With increased unemployment and a stagnant economy, food security in Argentina is developing into a national crisis. The death rate of children has risen quite dramatically. The director of the local children hospital in the Northern province of Tucumán commented that three or four more hospitals are needed to take care of all the undernourished children. While the Argentine government spent \$650 per capita on health services in the province Tucumán in the past, the amount spent today is \$140.<sup>8</sup> Although the country produces 99 million tons of food each year and is capable of feeding a population ten times its size, Argentina has to rely on food assistance from Spain (Spielfoch 2002).

The situation for Brazilians living at the margin is no less catastrophic. The IMF "rescued" the Brazilian economy in 1999 with additional loans tied to conditions that forced the country to reduce the state's role in the economy, open internal markets to foreign investors, make the labor force more "flexible" and to deregulate investment controls. Placing the interests of inter-

national investors above social concerns resulted in a social expenditure cut of 23.7% of total costs in 1999, affecting such programs as the fight against poverty; support for needy children, senior citizens, and the disabled; the eradication of child labor, and land reform. The Brazilian *Social Watch Report* concluded: "The social situation of Brazilians is profoundly marked by one of the highest rates of social inequality in the world and by an absurd level of concentration of wealth" (Carvalho *et al.* 2000).

Added to the existing inequality of income and opportunity between men and women in Brazil is the high degree of inequality *among* women based on race and class. In 1998, the average monthly income for black and brown men was 46% of the average white male income. In contrast, a black woman earned only 40% of a white male income. White women were able to close the wage gap between males and females from 68% in 1987 to 79% in 1998. Black women were not able to close this gap. In fact, black women earned 39% less than white women in 1998 (white: 79%; black 40%, measured as a percentage of income of white males). This inequality has largely to do with how black women are integrated into the labor force. Overwhelmingly, they are segregated into doing paid reproductive work in white households. In 1995, domestic workers represented 19% of the female economically active population. This represents in absolute numbers some 50 million of which 56% are black (Carvalho *et al.* 2000). This racialized and class-based division of labor between a white "mistress" and a black "maid" is not new to Brazil. What is new is the increase and pervasiveness of informal work as a survival strategy for many women segregated by different racial, ethnic, class and national belongings and backgrounds.

On of the very few English studies on the gender implications of the Argentine crisis argued that even this survival strategy for (women doing women's work) has been threatened in Argentina (Spielfoch 2002). When the government decided to freeze the bank accounts of everyday citizens, the middle class was hurt most directly by this action since they no longer had access to their money.<sup>9</sup> The *corralito*, as the freezing of people's savings account has become known, has also had indirect negative repercussions for the poor, since they are driven from formal into informal work, or those already in informal domestic reproductive work have lost even this meagre source of income.

### What is to be done?

The brief account of financial turmoil and those dependent on government social provisions in Argentina and Brazil has similarities to the Asian situation. The problem is not just one of consolidation of the budgets and fiscal austerity. More important is the political change associated with disciplinary neo-liberalism and how this is locked-in by new constitutional devices. As governments are forced to consolidate the state budgets and to strengthen the

legal protection of private property in order to attract foreign investment, they are also forced to comply with IMF and World Bank reform initiatives that involve the privatization of social services – irrespective of whether it endangers the very fabric of social life or threatens the survival of the most vulnerable. Once privatized, these public goods are transformed into entities that are simply judged by profit criteria and no longer provided on the basis of the human needs. This may be giving rise to a new global situation where the human insecurity of most of the world's population is increasing.

Women play a particular and precarious role in this interstice between production and social reproduction. The manufacturing sector is often the first to lay off workers (both men and women). It seems to be that women who lose their jobs in this way find new employment either in the more precarious, low-paid service sector or as paid reproductive workers. Longer working hours and the lower wages then coincide with increasing demands of caring for their families that are needed. This caring refers not only to cooking, and caring for children, the disabled and the old; it also refers to the psychological "cushion" that the traditional gender norms ascribe to women. As men lose jobs and fail in their socially prescribed roles to function as providers for the family, "there is a loss of pride and a sense of shame" (Spielfoch 2002: 17). Many studies have documented that under such circumstances domestic violence increases, men abandon families or are forced to relocate to find new work, and women have become heads of households. These shifts disrupt traditional social and gender roles and orders.

As we indicated earlier, one has to be careful not to make normative judgments about the disruption of traditional gender orders that are often highly discriminatory and abusive towards women. However, the change in gender orders has not resulted in greater emancipatory power for women to demand equal justice, largely because it is the result of greater economic immiseration for both women and men, leaving both worse off in the process. Having been robbed of the social safety net and the traditional protection of families and men, women and children seem to bear the brunt of the consequences of intensified globalization.

Nonetheless, ever more voices for radical policy change can be heard. Even the "masters of the universe" at Davos can no longer ignore demands for "deglobalization" (Bello 1999). New forces proclaim that that "a different world is possible." Indeed, in countries affected by these economic dislocations, new forms of democracy are in the making. Women workers in South Korea, paid reproductive workers and landless peasants in Brazil, workers in the informal sector of Argentina together with the middle class, whose wealth has diminished – all find themselves in popular protest against "globalization from above." So rather than seeing the present situation only in negative terms, popular protest in Argentina is a historic moment that represents an opportunity for change. The protests are not restricted to large urban areas but also occur in the provinces, in farming areas and in former

natural-resource depletion areas (Spieldoch 2002). Women are important actors in these protests. The Madres de la Plaza de Mayo have a 20-year history in Argentina of non-violent protests against the human rights abuses of the military government and are also involved in the recent protests. Other groups such as the local assemblies and the youth movement (including young women) have joined in. Women have called for a National Truth Commission, modelled on the South African experience, to bring those responsible for the intensive economic mismanagement and corruption to account (Gago and Stzulwar 2002; Spieldoch 2002).

In sum, looking at the present battle between the globalization from below challenging the globalization from above, we seem to witness a “clash of globalizations” (Gill 2001a) between owners of capital with its shareholder-dominated society against those who wish to see a wider range of stakeholders participating in crucial social, political and economic decisions. This counter-movement itself serves to form political limits to intensified globalization and gives rise to new forms of democracy.

## Notes

1. “A Plague of Finance.” *The Economist*, September 9, 2001.
2. Of course one should exercise great caution in making any normative judgments about the virtues of traditional social relations since many of these are frequently abusive towards women.
3. A currency board system is similar to a fixed exchange rate that unifies two currencies. However, unification would only have been complete if Argentina had accepted full dollarization and effectively eliminated its own currency, allowing only US dollars to circulate, an option contemplated by President Menem in 1999.
4. Editors’ note: in this perspective Argentinean policy would only have been fully credible if the spread of interest rates between loans issued in pesos and those issued in US dollars had been close to zero, indicating identical levels of currency risk. In reality the spread (that is, the risk premium) was often much wider than this during the 1990s, indicating less than full confidence by mobile investors in the credibility (sustainability) of the currency board system. They were to be proven correct in 2002 when the system collapsed.
5. Asian Migrant Centre, 1998, <migrantnet.pair.com/files/Rindonesia98.htm>
6. “Das Zehn-Milliarden-Dollar-Geschäft.” *Frankfurter Rundschau*, February 27, 2002.
7. “Atempause für Argentinien.” *Frankfurter Rundschau*, January 18, 2003.
8. “Die Klinikbetten für sterbensschwache Kinder reichen. Längst nicht mehr.” *Frankfurter Rundschau*, November 23, 2002.
9. Editorial note by Tim Di Muzio and Alejandra Roncallo: while most Argentines could not access their money in banks after the capital control decree of December 3, 2001, on the day before it came into force the security of capital was protected by 385 armored trucks filled with money driven to the International Airport outside Buenos Aires and US\$20 billion in cash is said to have left the country bound for the US, Paraguay and Uruguay by plane. A further \$10 billion is also said to have been moved offshore *after* the controls were implemented. See Marcela Valente, “Argentina: Food Emergency as Gov’t Looks into Capital Flight.” Inter Press Service, January 16, 2002.