

Gender equality, public finance and globalization

by Diane Elson
Department of Sociology, University of Essex
drelson@essex.ac.uk

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Introduction

‘Global inequalities in the distribution of income, wealth, power and influence are enormous and the spread of rapid and cheap global communications has increased the awareness of hundreds of millions of people of widespread injustice and the unfairness of the global economic and political system. Increasingly it is recognised that equity is a global public good...’ (Griffin, 2003:800).

This paper considers a particular dimension of inequality, the inequality between women and men; and boys and girls. It considers the inter-relation between, on the one hand, attempts to make public finance more gender- equitable; and on the other, the fiscal squeeze produced by some aspects of globalisation.

The Beijing Platform for Action, agreed at the UN Fourth World Conference for Women in 1995, specifically endorsed measures to ‘engender’ government budgets, calling in Paragraph 345 for:

the integration of a gender perspective in budgetary decisions on policies and programmes, as well as adequate financing of specific programmes for securing equality between women and men.

Over the last decade, a series of gender budget initiatives (GBIs), in both South and North, have sought to improve the distribution, adequacy and impact of government budgets at national, regional and local levels; and to secure greater transparency in the use of public money; and greater accountability to women as citizens. The spread of GBIs has itself been an example of globalisation, in this case the globalisation of action for gender justice; facilitated by email, internet and air travel; supported by international foundations and international development cooperation funds.

But, it may be argued, GBIs have begun to engage with public finance just at the time when governments, especially in the South, have less and less control over public finance decisions, due to other aspects of globalisation. Globalisation of trade, investment and finance puts pressure on government to reduce tax revenues and reduce public expenditure, even as it creates a need for more investment in public goods to counteract inequality and insecurity.

This paper considers the weaknesses and strengths of GBIs as they seek to promote gender equality in the diminished national fiscal space; and discusses the changes in global governance that are needed if efforts to make public finance more gender- equitable are to be fruitful.

Gender and public finance: some points of departure

The impetus for advocates for gender equality to focus on government budgets has come from a concern that government budgets have not been designed and implemented in ways that promote gender equality. There has been concern that governments have not

been backing their gender equality policies with the funding necessary to implement them; that when they have cut back on expenditure, cuts have fallen disproportionately on programmes of importance to women; and that when they have restructured taxation, they have done so in ways that disproportionately, and regressively, increase women's tax contribution, through the introduction of sales taxes, like value-added tax (VAT).

Feminist analysis of the macroeconomic dimensions of public finance (for instance, Elson and Cagatay 2000) suggests that neither the neo-liberal, nor the Keynesian, approach is wholly adequate from the point of view of gender equality. The neo-liberal approach tends to result in deflationary bias and commoditisation or privatisation bias, resulting in outcomes such as: unemployment, 'informalisation' of paid work, and inadequate public services, and low levels of social protection. The Keynesian (and other heterodox approaches) are preferable to the neo-liberal approach, but they tend to be marked by implicit or explicit 'male breadwinner bias', in which priority is given to men's employment, as they are assumed to be the breadwinners; and women are treated in public finance as dependents of men, their access to public services and social protection conditioned by their relations to men. Neither approach takes into account the unpaid work required to sustain families and communities; work which is disproportionately done by women. Because of this, both approaches are likely to result in underinvestment in the public services that women require in order to achieve a more equal balance between time spent in production and social reproduction; and in forms of social protection that recognise women as autonomous citizens, with claims in their own right.

Feminist macroeconomists consider that the Keynesian approach is, however, superior, because it incorporates more 'fiscal space': that is, it allows more government discretion about how to manage public finance, both in terms of the general levels of tax and spend, and in terms of how the deficit/surplus is managed. Within that enlarged fiscal space, advocates for gender equality (and for all other types of social equality) have more room for manoeuvre.

Given the current systems of gender relations prevailing in the world today, each method of raising revenue and spending money is likely to have gender differentiated implications. These can be revealed by additional analysis, bringing further information (such as knowledge of existing patterns of inequality in households, markets and businesses) into play. Banerjee (2003) provides some examples for the case of economies in South Asia. For instance, if a rise in VAT leads to a rise in the price of commercial fuels used for cooking (like kerosene), then there is likely to be a disproportionate effect on women. Poor families are likely to reduce their purchase of commercial fuel and make more use of fuels they can acquire without money payment from the subsistence economy, such as animal dung and wood. However, gathering and preparing this fuel is disproportionately done by women, who pay an invisible price in terms of additional workload. If the state introduces user fees for primary education policies then, in a context in which families prioritise educating sons over educating daughters, there will be a disproportionate negative impact on the education of girls. If the state spends more of the law and order budget on improving traffic control than on programmes to deal with

domestic violence, then, argues Banerjee, men's priorities will have been better served than women's.

Various 'tools' have been developed that can be used to conduct various forms of gender budget analysis to reveal more of their gender biases (see for example, Elson 1998; Budlender and Sharp 1998; UNIFEM 2002; Rake 2002). Their use is complicated by the fact that there is often lack of access to budget information, and no relevant sex-disaggregated data is available. Moreover, the implementation of budgets is often far from conforming with the budget as presented in the budget documents. Some kinds of taxes are better enforced than others. Some budgeted expenditures are not in fact disbursed for spending. Or if spent, do not reach the people who were supposed to benefit, but get diverted through corruption or bureaucratic inertia (for examples, see Norton and Elson 2002). Some examples of gender budget analysis are given below.

Gender Budget Initiatives: some examples of practice

The pioneers in taking action were the 'femocrats' in the government of Australia in the mid 1980s. Feminists came into public office in considerable numbers and persuaded the Labour government to launch an annual Women's Budget Statement, issued as part of the federal budget papers for the first time in 1987 (Sawyer 2002). This lengthy document (of about 300 pages) attempted to examine the whole budget, tax as well as expenditure, for its likely implications for women in Australia, documenting how women were expected to benefit (Sharp and Broomhill 2002).

The gender focus on Australian budgets was promoted by gender equality advocates who had become officials and Ministers. They had three goals: to raise awareness within government of the gender impact of the budget and the policies funded; to make governments accountable for their commitments to gender equality; to bring about changes to budgets and the policies they fund to improve the socio-economic status of women. Sharp and Broomhill (2002) judge that there was some success in achieving each of these goals. They point out that as a result of the Women's Budget, a tax rebate paid primarily to men for dependent spouses was replaced with a cash payment for child care responsibilities to the full-time (usually female) carers of children. However, successes were limited by political factors and by the adverse economic situation of Australia in the early 1990s, which led to the introduction of neo-liberal economic policies, including expenditure cutbacks. The Office of Status of Women was not able to persuade the Ministry of Finance to review these policies even if they seemed likely to have an adverse impact on women.

All the States and Territories that make up Australia also introduced some form of Women's Budget Statement, with the state of South Australia producing a particularly well organized statement. The aim was:

to obtain information about what is being done for women, to raise the profile of women's programmes in bids for funding, but also to build into each Department a clear awareness that everything they do, every dollar they spend, has an impact on women- and that impact is often very

different for women than for men. (Treloar 1987:11, quoted in Sawyer 2002)

However, the election of a neo-liberal government in the mid-1990s led to a suspension of the production of Women's Budget Statements at the federal level, though the practice was continued in some of the States and Territories. In 2001, the Australian Labour Party committed itself to the re-introduction of the Women's Budget Statement if it returned to government, but failed to win the elections.

Feminists in other countries learned about the Australian Women's Budget Statement and decided to start their own initiatives. In the UK, a group of feminist academics and activists outside government got together in 1989 and set up the UK Women's Budget Group (of which I am a member), to conduct analysis and lobbying on the implications of UK economic policies for women (St Hill 2002). Up until 1997, there was little response from the Conservative Party government, but when a Labour Party government was elected there were more openings for critical but constructive dialogue with the Treasury (the UK Ministry of Finance) and the Women and Equality Unit. The WBG has had some success in securing some changes in some of the details of government policy, so as to make it more gender equitable. For instance, the WBG was able to influence the Treasury over the design of the Child Tax Credit, introduced in the 2002 budget. This tax credit was originally designed to be paid through additions to the wages paid to the principle earner, which was more likely to be a man, rather than to the main provider of child care, more likely to be a woman. The WBG presented evidence showing that women are more likely to spend additional income in ways that directly benefit children than are men; and therefore putting money in the hands of women was more likely to contribute to the government's goal of reducing child poverty. The design of the Tax Credit was amended to make it payable to the main carer. However, the Group has had little impact in pressing for stronger policies to tackle labour market inequality, some of which is sustained and even deepened by government's Private Finance Initiative. The latter is a scheme through which private investors build public hospitals and schools; employ the ancillary staff required to operate the buildings (cleaners, cooks, maintenance staff etc); and lease the facilities to the public sector. The attraction for the government is that it reduces the public sector borrowing requirement (and thus pleases the City); but it results in worse terms and conditions for the largely female ancillary staff.

Women in South Africa drew upon the Australian example to develop their own Women's Budget Initiative (WBI), which originated in 1994 through a coalition of civil society activists and parliamentarians— particularly Pregs Govender, who chaired the parliamentary Joint Monitoring Committee on the Quality of Life and Status of Women (Govender 2002). It came out of a profound mobilisation of South African women in the Women's National Coalition as apartheid came to an end. The Women's National Coalition, which drew women together across race, party, and class, drew up a Charter for Effective Equality. The Women's Budget Initiative reflected the determination of the many newly elected women parliamentarians to see the Charter become a reality.

Debbie Budlender, of the policy research NGO, the Community Agency for Social Enquiry, who leads the WBI analysis and edits its annual publication, notes that the term 'women's budget' may be something of a misnomer (Budlender 2000a). The WBI does not advocate for a separate budget for women, or confine its analysis to the figures in the budget document. It begins from an analysis of gender inequality and the policies that government is introducing to address this, and goes on to consider questions of policy, programmes and performance. It is a form of policy monitoring and audit and is used to inform parliamentarians so that they are able to understand better the gender implications of the government budgets; and to exercise their parliamentary scrutiny function more effectively.

The standard method employed is to take the government's policy framework sector by sector and go through the following steps: i) review gender issues in the sector; ii) analyse the appropriateness of the policy framework iii) examine the extent to which the allocation of resources reflects a serious commitment to the policy goals; iv) examine how the resources have actually been utilised (e.g. how many male and female members of the population have benefited and at what cost); and (v) assess the longer term impacts on male and female members of the population, identifying to what extent their lives have improved.

As well as producing an annual volume of technical analysis, the South African WBI produces popular handbooks in a number of languages for use in workshops with the women for whom it is advocating. It is engaged in a long term process of capacity building so that there is a well-informed demand for budgets that deliver the promises of the South African constitution. It has succeeded in influencing the design of particular programmes, such as the reform of child benefit. However, its well-informed analysis and passionate advocacy has not dented the determination of the South African Ministry of Finance to pursue a neo-liberal economic policy, in which trade liberalization has resulted in the loss of thousands of women's jobs in the textile and garments industry; and in which a deflationary bias in fiscal and monetary policy has prevented the creation of adequate numbers of new jobs..

The Australian and South African examples were among the inspirations for a Commonwealth Secretariat initiative (to which I was an advisor) to promote the use of gender budget analysis by governments as a response to the challenges of economic restructuring. The Commonwealth Secretariat decided to prioritise expenditure and a set of tools which might be used for gender analysis of government expenditure was put together (Hewitt and Mukhopadhyay 2002). Beginning in 1997, the Commonwealth Secretariat supported five Commonwealth governments in undertaking some gender analysis of the expenditure and services of selected Ministries. (The governments were those in South Africa, Sri Lanka, Barbados, Fiji Islands, and St Kitts and Nevis). A notable feature of this initiative was the leadership role of the Ministry of Finance in each government. Some useful analysis was carried out but it proved difficult to get sustained commitment from the Ministries of Finance in the five countries to institutionalise the analysis and to use it to improve their budgets, policies and programmes.

The focus on 'gender mainstreaming' in government, as a key strategy to promote to gender equality, has also promoted the spread of GBIs. The National Commission on the Role of Filipino Women was one of the pioneers in promoting gender mainstreaming, through the formulation of a Gender and Development Plan encompassing all government agencies. They saw funding as a key issue in the implementation of this GAD Plan. Beginning in 1995, a provision was included in the General Appropriations Act mandating all government agencies to set aside a proportion of their allocation to 'projects designed to address gender issues'. In 1996, the proportion was set at 5 percent as a minimum. This became known as the GAD Budget and its allocation and use is monitored by National Commission on the Role of Filipino Women (NCRFW). (Reyes 2002; Caharian et al. 2001) The number of government agencies submitting reports about their GAD plan and GAD budget had reached 40 percent of government agencies by 1999 and the average allocation to the GAD budget was 0.6 percent of total government expenditure (NCRFW 2001). The major problem in compliance seems to be a lack of understanding in government agencies about how to design projects 'to address gender issues'; and how to classify their activities into the required three categories of 'women-specific, building institutional mechanisms, and gender mainstreaming'. The strength of the initiative is that it does require all government agencies to begin thinking about the gender dimensions of their activities and is thus an impetus for gender mainstreaming, but its weakness is that at best it only covers 5 percent of public expenditure and does not cover the revenue side of the budget at all. The NCRFW, together with the Department of Budget Management and the National Economic Development Authority is investigating ways of moving beyond the 5 percent GAD budget to look at the rest of the budget.

Since 2000, in a growing range of countries, governments have come to see gender budget analysis as a potential tool for mainstreaming gender in their policies and programmes. For instance, in Europe there are government initiatives of varying scope and sustainability, at the national level in France, Belgium, the Nordic countries, Ireland and UK; and at the regional level in Scotland, the Basque country and Emilia Romagna. In Asia, some work has begun in India and Nepal. In Africa, Kenya, Malawi, Rwanda, Mozambique, Tanzania and Mauritius are among the governments that have done some gender analysis of their budgets. In Latin America, Chile has introduced gender analysis into the process by which department bid for funds from the national budgets, while in Mexico analysis has been done of the budgets of the Ministry of Social Development and of Health. There is tendency for these initiatives to focus on the narrower questions of distribution by sex of the benefits of particular programmes, rather than on the adequacy of the levels of expenditure; and the appropriateness of the mix and scale of revenues measures.

In some countries parliamentarians have provided the political leadership for a GBI. The GBI in Uganda, which began in 1997, has been spearheaded by the Forum for Women in Democracy (FOWODE), a civil society organization (CSO) established by women MPs. In co-operation with researchers from Makerere University, and government planners, the GBI has researched three sectors, education, health and agriculture, producing reports and policy briefings which have been used by members of parliament in their scrutiny of the

budget. In the words of Winnie Byanyima, one of the leading parliamentarians in the GBI, their findings 'have given credibility and respect to the subject. Male parliamentarians who have joined the project say that this work helps them to speak up for their women constituents.' (Byanyima 2002:131). But it is not yet clear how far the Ministry of Finance has taken note.

In yet other countries, the lead has been taken by gender equality advocates, which have often gone on to develop collaborative relations with governments and parliaments. For example, in 1997, a CSO, the Tanzania Gender Networking Programme (TGNP), began to analyse the Tanzanian budget using the same approach as the South African WBI. The aim was:

to examine the national budgeting process from a civil society perspective to see how public resources are allocated in national and local budgets and to assess how this allocation impacts women and other groups, such as youth and poor men.....the exercise seeks to lay the foundation of an effective consensus-building campaign to influence the public, policy-makers, legislators and government officials on the necessity of increasing resources towards programmes to benefit women and other disadvantaged members of society(Rusimbi 2002)

Later, the Swedish International Development Agency began funding a parallel exercise in the Ministry of Finance, and subsequently TGNP was brought in as consultants to the government, to conduct training based on their research, and to develop guidelines for gender mainstreaming. The 2000/1 Budget Guidelines mandated all ministries to prepare their budget with gender mainstreaming objectives in mind. TGNP has also been invited to contribute to the processes that Tanzania must undergo in order to get debt relief and additional funding from the World Bank, such as the Public Financial Reform Management Programme; the Public Expenditure Review and the production of a Poverty Reduction Strategy Paper. TGNP has expressed dissatisfaction at the limitations of these processes, which leave undisturbed the neo-liberal policy framework.

In Mexico, civil society organizations have also been active (Hofbauer 2002). Gender analysis of the allocations for women's reproductive health services budget was initiated in 1999 by Foro, a network of women's organizations; and one of the network members, Equidad de Genero (a CSO working to develop the capacities of women elected to public office) began conducting public finance workshops for women leaders. In 2000 Equidad joined forces with Fundar, a think-tank devoted to applied budget research, in a joint project which began by analyzing the gender dimensions of anti-poverty programmes. The election of a new government in 2000 opened up the opportunity for collaborative work with some government departments, especially the Ministry of Health which commissioned the publication of a handbook on gender-sensitive budgeting for the health sector. The Minister of Health expressed a commitment:

to developing a methodology for the gender-sensitive formulation of the sectoral budgets.....in order to progressively achieve their institutionalization toward the end of the current administration (Hofbauer 2002:93).

However, the implementation of this was hampered by expenditure cutbacks ordered by the Ministry of Finance in 2002.

One important aspect of the GBI in Mexico has been its links, through Fundar, with an international network of civil society budget initiatives focusing on transparency, accountability and poverty. This network is facilitated by the International Budget Project, established by the Center on Budget and Policy Priorities, a watchdog organization in Washington DC; and financially supported by the Ford Foundation. The first network conference in 1997 was attended by 50 people from 14 countries. The third conference had 100 participants from 24 countries (Krafchik 2002). It has grown up side by side with the spread of GBIs, and reflects a widespread and growing concern with fiscal democracy (see www.internationalbudget.org).

In some parts of Latin America progressive mayors initiated participatory budgeting processes in the 1990s, in which citizens could play a greater role in determining the investment priorities of their town. (The best known internationally is Porto Alegre in Brazil, but there are other examples in Brazil (e.g. San Andre), Peru (Villa El Salvador), Ecuador (Cuenca), Uruguay (Guyana) and Venezuela (Montevideo)). In Peru and Ecuador, women's organizations wanted to strengthen their voice in these processes and in 2001 turned to UNIFEM (United Nations Development Fund for Women) for support in conducting research and training((Vargas-Valente 2002; Pearl 2002). A gender analysis was conducted of the budget of Villa El Salvador, developing new tools to look at patterns of spending, budget processes, and the contribution made by women's unpaid work to the delivery of municipal services. The mayor elected in 2003 has made a commitment to incorporate some of the findings and recommendations into the reform of the participatory budget process. NGOs central to the organization of the participatory process have agreed to include a gender perspective into the training they conduct for the participatory budget committees.

India does not have participatory budgets on the Latin American model (except in the state of Kerala, which has something comparable) but it does have decentralization of funding for some types of economic and social development to local councils, on which 33 percent of seats are reserved for women. The reservation of seats for women, which was introduced in 1993, brought one million women into elected office for the first time. However, they are often excluded from an active role in the preparation and implementation of budgets, which is seen as the province of men. In the state of Karnataka, the Women's Information and Resource Centre is working (with some support from UNIFEM) to enable women elected representatives on local councils to understand the budget process, decide their priorities and organize to transform budgets to better meet women's needs. There have been some gains in terms of accountability, with women councilors now in a position to secure implementation of the policy that councils should publicly display boards on the walls of council buildings detailing council revenues and expenditure (Jain, 2002; Karnataka Women's Information and Resource Centre, 2002). A problem faced by these and other GBIs at local level in Latin America, Asia and Africa, is the devolution of responsibilities to local government, without adequate funding to discharge them.

To summarise the experience of GBIs: by 2002, up to 50 countries in all parts of the world, North as well as South, had hosted some kind of gender budget initiative (Budlender and Hewitt, eds. 2002:8). There is no one template: GBIs have taken place at all levels of government, involving regional and local government budgets as well as national budgets. Moreover, a multiplicity of actors have been involved: government minister and officials (especially women's ministries, sometimes Ministries of Finance), parliamentarians, policy research NGOs, gender equality CSOs, and academics (Budlender et al. 2002; Budlender and Hewitt, eds. 2002; UNIFEM 2002).

However, some of these GBIs amounted to no more than a sensitisation workshop while others were dormant and a few had come to an end. GBIs have often been supported in the South by development co-operation agencies, leading to worries that they are donor-driven rather than the outcome of a demand by women in South for greater accountability of their governments to them (Budlender 2000a). The most effective GBIs have produced some institutionalisation of gender equality concerns in one or more stages of the budget cycle in one or more Ministries; or resulted in an on-going public scrutiny of the budget from a gender equality perspective. There is an informal global network between GBI activists who email regularly and meet at regional and international workshops. UNIFEM organises a GBI on-line discussion and a website (www.gender-budgets.org).

Debbie Budlender (2002:123) summarises effectiveness in the organization of GBIs by referring to '*the triangle of players*': progressive elected politicians; effective government institutions staffed with well trained officials; and active and well-informed coalitions of NGOs. Effective and sustainable GBIs are generally based on the interaction of all three.

Rhonda Sharp, adviser to the South Australian GBI, points to a different triangle (Sharp, 2002:88), *a triangle of goals*: raise awareness and understanding of gender issues and the impacts of budgets and policies; make governments accountable for their budgetary and policy commitments; and change and refine government budgets and policies to promote gender equality. She also points to a hierarchy between these goals, with the achievement of the first being necessary for the achievement of the second; and the achievement of the first two being necessary for the achievement of the third. In her assessment, there are many examples of success in achieving the first two goals; though fewer in achieving the third.

There are two key obstacles to achieving the third goal. The first is lack of sufficient commitment to gender equality. As Pregs Govender, former chair of Parliamentary Committee on the Improvement of the Quality of Life and Status of Women in South Africa, points out, a government's budget reflects its priorities. An end to discrimination against women and the promotion of women's empowerment is not necessarily high on the list of priorities, despite lip service about gender mainstreaming. Creating a budget that is gender equitable and supports the advancement of women generally means a change in priorities, and there are often strong forces opposed to this. The second

obstacle is the constraint on public finance caused by profit-lead globalisation. This issue is addressed in the rest of the paper.

Profit-lead globalisation and public finance

Profit-lead globalisation entails the reduction of barriers to the mobility of finance and goods and services across national borders. It takes place through reductions of tariffs and quotas on imports; reductions of controls on multinational corporations; and reductions of controls on inflows and outflows of money invested in stocks and shares. As Griffin (2003) points out, it is a profoundly asymmetric globalisation, since barriers to the movement of low-skilled labour have been maintained and in some cases strengthened.

New technology facilitates the mobility but it is policy decisions by governments that reduce or abolish controls. Since the mid 1970s, governments all around the world have decided to maintain controls on the mobility of labour and reduce controls over the mobility of capital. Some governments, mainly in the rich countries of the North, have freely chosen to do this (e.g. the UK government under Mrs Thatcher). Many governments, mainly in the South and East, have done this in order to obtain loans from international financial institutions, both public and private. A highly unequal system of global governance has been created, with three key components, the IMF, the World Bank and the WTO (Khor 2003). Though in formal terms, the WTO operates a one-country one vote system, in reality this is vitiated by 'green room' deals in which the mercantilism of the rich has tended to triumph.

Neo-liberal economic analysis argues that such policies will bring benefits to countries in terms of growth, employment and poverty reduction. For many governments there were short term benefits in terms of an inflow of capital which financed budget and balance of payment deficits; and a growth of exports, often creating more paid work for women. But these short term benefits had a cost: subsequent unexpected debt burdens, when interest rates rose much more than expected in the 1980s; loss of jobs in industries out-competed by imports; volatility, insecurity and financial crisis, when short term capital left even faster than it had arrived. The result has been stagnation and growing poverty in the weakest economies (especially in Africa) and growing inequality, within and between countries. Feminist scholarship has documented how poor women have particularly borne these costs (for a discussion of the literature see Rai 2002).

The capacity of governments to use public expenditure to combat poverty, inequality and insecurity has been weakened by what has become known as the fiscal squeeze (Grunberg, 1998). Cagatay (2002) summarises the key aspects of this. The capacity of governments to raise many forms of revenue has been reduced. Trade liberalisation cuts import duties and export taxes, key sources of revenue in many poor countries. Competition to attract multinational corporations and their highly paid executives leads to cuts in corporation and capital gains taxes, and tax holidays and other exemptions; and to cuts in top rates of income tax. Development cooperation grants have fallen as trade is supposed to replace aid. Governments have been encouraged or pressured into turning to sales taxes like VAT to raise revenue, but such taxes fall most heavily on poor people and

worsen the distribution of income. Revenue has also been raised through the sale of public enterprises and other public assets, but this only gives a one time boost to revenue, and may result in costs for services, like water, that poor people cannot afford. Charges have also been introduced for public services like education and health, worsening the access of poor people, especially poor women and girls.

With revenue limited and debt burdens rising, the pressure has been on governments to make their budgets sustainable by cutting back on expenditure. This pressure has come from the public international financial institutions like the IMF and the World Bank, and also from private investors, who have seen budget deficits as harbingers of inflation, signals that the value of their assets would be eroded. Initiatives to address the debt problems of poor countries, such as the Highly Indebted Poor Countries (HIPC) initiative have failed to provide much relief, and access to them is conditional on the continuing implementation of neo-liberal economic policies. There is no global 'lender of last resort' and higher income countries which run into financial crisis are forced by the IMF to cut back sharply on expenditure, thus turning a financial crisis into a recession (Stiglitz 2002). In order to build a reputation for 'sound finance' in financial markets, many governments have enacted legislation that (such as balanced budget laws) that severely limit the fiscal space (Bakker 2002). Those EU countries whose budget deficits are higher, because of growing unemployment, than allowed by the Maastricht Treaty, come under pressure to cut public expenditure, thus making the unemployment even worse. The size of government budgets is now disciplined by financial institutions rather than the votes of citizens (Bakker 2002; Elson and Cagatay 2000). Moreover, the ways that governments can spend the revenues they have raised is becoming more and more constrained by the ever-widening remit of WTO agreements, which stretch beyond trade to encompass government subsidies and procurement policies.

Most GBIs have not yet directly analysed the impacts of profit-lead globalisation on the fiscal space because they have focussed primarily on the expenditure side of the budget, particularly on the social sectors, such as health, education, and poverty reduction programmes. Most of them have not yet considered the revenue side of the budget or the macroeconomic dimensions of the budget (the issue of the appropriate deficit /surplus and the aggregate levels of revenue and expenditure).

An exception is the South African WBI which has analysed the gender dimensions of taxation in the context of globalisation in its budget report in 2000. In this report, Smith documents the dramatic shift in the composition of revenue from direct taxes in the period since 1988/89 away from corporate taxes to personal taxes (mainly income tax). In 1988/89 personal taxes accounted for 30 percent of total tax revenue, while corporate taxes accounted for 22 percent. By 1998/99, personal taxes accounted for 42 percent, while corporate taxes accounted for only 13 percent of total tax revenue (Smith 2000:8). In the 1999 Budget Review, the Department of Finance announced a far reaching reduction of the rate of tax on companies 'in response to the challenge of globalisation' (Department of Finance, Government of South Africa 1999:141).

The lowering of corporate taxes has been a key element in the South African government's Growth, Employment and Redistribution (GEAR) strategy, which aims to achieve growth and employment creation through exports and private sector investment. It has been complemented by trade liberalisation. In the 2002 report of the WBI, it is reported that by 1999/00 customs duties accounted for only 2.5 percent of government revenue, whereas in neighbouring Swaziland and Lesotho, they account for half of government revenue (Goldman 2000:11-12). The GEAR strategy was adopted without any pressure from the World Bank or IMF, to whom South Africa has few debts. Rather it was a response to the worries of foreign investors following a sharp fall in the value of the rand caused by an outflow of short-term capital. It does not seem to have worked: 'on the whole many more jobs have been lost in the South African economy since 1996 than those created' (Smith 2000:19). The clothing and textile industry has been particularly hit by job losses, predominantly among women, as South Africa lowered tariffs on clothing and textile faster and to lower levels than required under the WTO (Goldman 2000:16).

Total revenue in South Africa was projected to fall in relation to Gross Domestic Product from 32.2 percent in 1997/8 to 30.7 percent in 2001/02. The WBI report points to the loss this represents to programme which would benefit women (Budlender 2000b:3). The report does not directly challenge the GEAR (perhaps because the government has so far been totally impervious to the widespread criticism of this strategy). But it does call for an end to reductions in corporate taxation; additional efforts to end widespread evasion and avoidance of taxes and import duties; and a system for conducting gender-aware employment impact assessments of trade agreements.

Poor, highly indebted countries have far less room for manoeuvre than South Africa, and are not free to determine their own trade, fiscal and monetary policies but must adopt neo-liberal globalisation policies required by the IMF and World Bank. The GBIs in some of them have produced critiques of these policies. For instance in Tanzania the TGNP has consistently stressed the need to challenge such policies, arguing that they result in 'limited room for government to support development that is gender-sensitive and owned by the people' (Rusimbi 2002:125).

In Nepal a gender budget audit produced by the Institute for Integrated Development Studies (IIDS) documents concluded that:

'The impact of the marked shift in budgetary policies since mid 1980s toward a more open economy and a minimalist state has not been gender friendly in general'. (IIDS 2002:74)

As in South Africa, the tax system has been restructured to promote private investment, with corporate taxes reduced from 50 percent to between 20 and 30 percent, the maximum income tax rate reduced from 45 percent to 25 percent, and import duties from an average of 25 percent to an average of 10 percent. The ratio of government revenue to GDP has been rising, but in 2001 was still only 12.5 percent, and the growth of revenue was unable to keep pace with expenditure, which stood at 20.3 percent of GNP in 2001. There has been some expansion of export-oriented businesses but women have benefited very little from these while they have been hard hit by withdrawal of subsidies (another neo-liberal pro-globalisation policy) on food and fertilisers. The livelihoods of women

farmers have become precarious because of competition from subsidized products from India and other countries. The report argues that there is a lack of measures to reconcile the social needs of the citizens of Nepal, especially those of poor women, and the integration of Nepal in a globalised economy. Nearly 60 percent of the development expenditure of Nepal is financed by foreign aid, and the report calls for more foreign aid to be oriented to sectors such as income-generating activities for women, and services such as basic education, literacy, primary health care and drinking water. Donors are criticised for focussing on opening up the economy for international capital, and not meeting the promises about levels of aid made in UN forums. The report recognises that Nepal cannot survive by itself in isolation from the global economy but criticises the government of Nepal for not making the process of integration in the global economy 'more gender-sensitive and human'. The report concludes its analysis by referring to the governance of Nepal:

How to make the process of governance more responsive to people's needs-including women, more inclusive and corruption-free is a major challenge that Nepal faces at this stage (IIDS 2002:72)

Gender budget audits are recommended as significant contributions to answering that question.

Enlarging fiscal space and creating fiscal democracy

To achieve budgets which are more effective in promoting gender equality, there needs to be both more fiscal space; and a more democratic process for determining the use of that space. This requires action at both international and national levels. As a UN report on human development and trade points out:

The international regime cannot and should not be blamed for government failures to design appropriate policies. But it can and should be accountable for restricting government choices and opportunities - or for channelling them in inappropriate directions (UNDP 2003:63).

At the international level, we need a system of global governance that does not restrict the ability of governments to raise higher levels of revenue in a more equitable way; and that does not limit their ability to use fiscal policy to cushion their societies against economic shocks.

In the realm of trade, this means a fundamental re-shaping of the WTO, so that its rules operate fairly. It requires that poor countries which raise a substantial portion of their revenue from trade taxes should not be pushed into precipitate reduction of tariffs and export taxes; and that WTO agreements should not constrain the way that governments spend public money. As the UN report on trade and human development puts it:

Trade rules must allow for diverse national institutions and standards.....citizens of different countries have different preferences for the role of government regulation or provision of social welfare (UNDP 2003:67).

In the realm of international finance, this means cancellation of debts of the Highly Indebted Poor Countries; no pressure from the IMF for countries to liberalise capital

markets to permit financial investors to move money freely across borders; no pressure from the IMF for countries hit by financial crises to severely cut back on public expenditure; and the introduction of new systems for dealing with financial crises (Stiglitz 2002; Singh and Zammitt 2000).

In the realm of international direct investment, it means no expansion of WTO rules to cover investment, competition and government procurement. Such an expansion would lock countries into a system with gives multinational corporations even greater rights to operate in all countries free from all but minimum regulation. It would severely limit the ability of government to pursue social objectives through their procurement policies (such as affirmative action to give contracts to small businesses owned by disadvantaged groups), since foreign firms and local firms would have to be treated in exactly the same way (Khor 2003:539).

It means looking at ways of reinvigorating public provision of finance for development through developing global taxation and redistribution schemes. One possibility is to introduce a tax on international currency transactions (the Tobin Tax, originally proposed by Nobel prize-winning American economist, James Tobin) and redistribute the proceeds to finance universal public provisioning of basic social services and gender-equitable social protection schemes (Cagatay 2002:19). Another is the scheme advocated by Griffin and McKinley (1996) whereby funds would be raised by a compulsory progressive tax on the national income of rich countries and distributed automatically to poor countries, in accordance with their per capita income.

There are many civil society groups, including women's groups, campaigning for all of these kinds of changes in international governance. More links need to be built between them and GBIs:

...in the context of globalisation, fiscal policy cannot be rendered gender-equitable or broadly equitable at the national or local levels alone. It is also necessary to address these concerns at the international level and to ensure that there is coherence between the international dimensions of policy and advocacy and the national and local ones.....This can be accomplished through greater dialogue between a) feminists who are involved in national or local budget initiatives and those who do advocacy at the international level; b) between feminists and other groups who focus on democratising macroeconomics polices (such as those who focus on pro-poor budgets or other types of progressive macroeconomic policy-making.....; and c) between feminists involved in budget initiatives in the South and the North (Cagatay 2002:19).

An important way to build these links is for GBIs to extend their scrutiny to the Ministries of Finance and Trade and Industry (as the South African WBI has done); and for GBIs in the North to extend their scrutiny to the development cooperation budgets of their countries.

It is however important to remember that within the limited fiscal space left by profit – lead globalisation, governments can and do make choices; and often these choices are not

consistent with gender-equality goals. The IMF and the World Bank do not dictate where the cuts should fall. Governments make these decisions.

For example, in Mexico, cutbacks in public expenditure introduced by both the Zedillo government; and the Fox government have tended to fall more heavily on programmes of direct importance to women (Colinas 2003). In 1998-2000 the Zedillo government made cuts in response to a fall in the price of oil (which reduced government revenue from the Mexican oil industry). The Ministry of Finance announced that the cuts would fall on the National Electricity Commission; PEMEX, the state-owned oil company; and the Department of Communications and Transport. In fact, the cuts actually fell on the Ministry of Social Affairs; the Ministry of Health; and the Ministry of Education. The Fox government, whose election in 2000 ended a long period of *de facto* one party rule, also made cuts. In 2002, the Ministry of Finance gave assurances that programmes specifically targeted women would not be cut; but there were cuts in anti-poverty programmes, resulting in fewer resources for nutrition, basic housing, temporary employment programmes and community services. The budgets of the Attorney General, the Ministry of National Defence, the Ministry of the Navy and the Ministry of Public security were not cut. The budgets of Ministries of Health and of Education were cut, as was that of the Mexican Social Security Institute.

Mexican women have been fighting back. In September 2002, the Commission on Gender Equality of the federal Chamber of Deputies hosted a public meeting on gender and budgets attended by women from Mexican groups working on gender analysis of budgets, officials from a variety of ministries and some international GBI advocates. In subsequent negotiations on the 2003 budget, the Commission succeeded in getting increases in the amounts proposed by the government; for instance, an increase of 100 million pesos for the reproductive health programme (an increase of 40 percent on the original proposal). Other programmes for which funding allocations were increased include a programme to reduce maternal mortality (from almost 50 million pesos to 75 million pesos); a programme for women in agriculture (from just over 50 million pesos to 200 million pesos); and a programme for immigrant women (from almost 2 million pesos to 6 million pesos). In addition, it was agreed that all government entities will be required to introduce evaluation mechanisms that incorporate the objective of reducing gender inequality (Colinas 2003). Now the challenge is to ensure that the increased allocations are transformed into activities that have a positive impact on Mexican women. Mexico is not yet anywhere near the point when the whole budget is formulated in a gender-equitable way, but some Mexican women are now using the available fiscal space to struggle to achieve budgetary allocations for public policies that offer prospect of some real gains for Mexican women, especially poor women.

To transform government budget making so that it is fully consistent with gender equality and the empowerment of women requires the creation of fiscal democracy, a system in which budget processes are transparent, accountable and participatory; and in which every type of citizen had equal voice (Bakker 2002). In most countries, rich and poor, this is far from being achieved. Even if there is no secrecy about budget allocations and no misappropriation of funds, powerful interest groups connected to rich elite tend to

dominate the setting of priorities, winning tax concessions, and expenditure, on programmes important to them.

Four aspects of fiscal democracy are identified by Norton and Elson (2002:47-48): governance of budgets by elected representatives; government officials holding consultations with the public; governments sharing decision-making on budget formulation and execution with citizens; citizens holding statutory entitlements to public services, backed up by mechanisms of redress. Goetz and Jenkins (2002) stress the importance of participatory auditing, to ensure that decisions are actually carried out, and that the people who were supposed to benefit, actually do benefit. Both sets of authors stress that for formal structures of fiscal democracy to be democratic in practise, there must be active engagement of well-informed and well-organised citizens. Goetz and Jenkins find that although the state of Kerala, in India, has introduced an impressive formal structure of fiscal democracy, women have not yet been able to exercise equal voice within it. They attribute this to the lack of autonomous organisations of women. There is no organised GBI in Kerala.

Conclusions

Profit-lead globalisation puts strong limits of what can be achieved by attempts to turn government budgets into instruments for gender equality, but Ministers of Finance still have important areas of discretion in the way they raise revenue and spend it. GBIs have the potential to be significant actors in the struggle to enlarge the fiscal space and make it more democratic. To achieve this, they will need to make alliances with other initiatives, both those working on transforming globalisation, and those working on transforming budgets; and they will need to focus attention not only on the budgets of those Ministries that seem most immediately relevant to women, but also on the budgets, and policies, of the Ministries of Finance, Trade and Industry. They will need to advocate for systems of public finance that not only redistribute internally, but also internationally..

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