

1. INTRODUCTION

Who developed this Kit?

This publication has been developed as a result of co-operation between Karat Coalition and Women in Development Europe (WIDE) related to Economic Literacy and thanks to the generous financial support provided by WIDE. The Kit was edited by Anita Seibert from Karat Secretariat on the basis of experience gained during the economic literacy trainings delivered to women's NGOs from Central and Eastern Europe (CEE) and the Commonwealth of Independent States (CIS) as a result of Karat-WIDE co-operation, and on the basis of various economic literacy resources developed by WIDE over the years. Two of the chapters of the Kit have been written by independent experts: Elizabeth Villagomez wrote the chapter on Gender Responsible Budgeting, and Silke Steinhilber wrote the chapter on social security. Assistance was provided by Karat members involved in the economic programme: Jivka Marinova, Kinga Lohmann and Shorena Dzotsenidze needs to be also highlighted.

The content of the Kit has been consulted with an e-group set up especially for this purpose, members of which were women from gender focused organisations from CEE/CIS region.

Target Group of the Kit

The target group of the Economic Literacy Resources Kit for CEE/CIS are Non-governmental Organizations from Central and Eastern Europe and the Commonwealth of Independent States, and particularly women's organizations which are focusing or would like to focus some of their activities on economic justice.

The goals of the Kit

Economic literacy is about understanding the national, regional and global economy and our place within it. It can help us challenge destructive myths, to create positive policy alternatives, and to enhance community alternatives. The goal of this Kit is to increase the economic literacy of women in general and women working in gender NGOs in particular. This, however, does not mean that an assumption is being made that the target group is 'economically illiterate' just the opposite!

The specific goals of the Kit are:

1. Provide information on the basic economic concepts/processes relevant in the CEE/CIS region. This information will increase capacity of the organizations as far as gender focused activities such as lobbying and advocacy for gender and economic justice are concerned.
2. Link the information to training hints and exercises which will allow recipients of the Kit to conduct basic economic literacy training in their own organization/community/country.

How to use the Kit?

While each section of the manual can be treated as a separate document (i.e. if you want to gain information only about social security or only about the globalization, you can just read that particular section. However, in order to get a better grasp of the link between economy and gender it is recommended that you read the entire manual. This is particularly recommended if you intend to facilitate training based on this publication.

While this publication provides overview of diverse economic concepts identified as most relevant to women (and women's NGOs) in CEE/CIS, it should not be seen as 'official text on economics'. The true economic knowledge lies with the women who will use this manual, and who through their everyday involvement in economic processes such as paid and unpaid work, purchasing and producing goods and services, lobbying and advocating for gender justice, participate in the economy and gain very extensive knowledge of it. This is despite the fact that very often they do not have equal participation in economic decision making and commonly underestimate their economic knowledge.

Hence, this publication aims to assist its users in recognizing their own knowledge of the economy and to recognize their right to criticise government policy based on their lived experience of economy.

The structure of the Kit:

The manual consists of nine thematic parts: building blocks of economics, economic confidence building (for advocacy and lobbying), labour market, privatization, gender budgeting, social security, globalization and global governance.

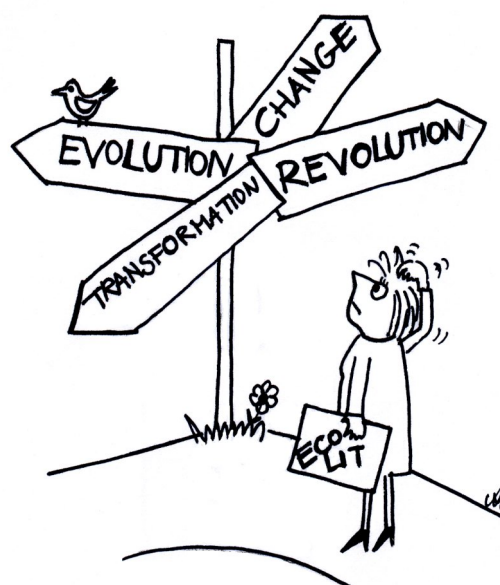
Each part includes the following sections:

- i. General information, terminology and gender analysis related to the given issue
- ii. Explanation of how and why this issue is relevant to the CEE/CIS region and/or women's organizations
- iii. An exercises enabling this information to be communicated to diverse audiences (designed for trainers)
- iv. A list of additional resources related to the given topic.

What will you find in each part?

The section titled '*Building blocks of economy*' will provide you with some very basic economic definitions, necessary for 'navigating' yourself through activities connected with economics including economic lobbying, reading and analysis of publications referring to economy. At the same time it is important to understand that these are not necessarily definitions which you will find in economic handbooks, manuals and dictionaries, but a social and gender oriented 'take' on those definitions. Additionally, in many cases the definitions are simplified. Still these are words which maybe used by those you approach in your activities (for example politicians you lobby, or government representatives you ask for directing of funds differently than they plan).

All information provided here is just a starting point, although we tried to make it as comprehensive as possible; while allowing it to be understood and used by anyone (grass roots women or NGOs). At the same time, however, it should be treated more as a first step rather than a full economic literacy program.



Additional resources are provided in each section which you can use to develop greater knowledge or adjust the content of your training sessions for more advanced participants. At the same time it should be pointed out that often even trained economists very familiar with the 'official' main stream principles of economics, are unaware of links between specific economic processes and gender issues or are unable to undertake a social analysis of the impact of economic processes. Such analysis is provided in the Kit.

Another issue which needs to be pointed out here is that the content of the Kit is not very radical: it does not call for any drastic changes to the economic system of CEE/CIS region. It rather just points to some areas of concern within the system, and occasionally suggests how this system can be altered to be fairer.

Resources:

Below there is a list of economic literacy resources, which can be used in order to strengthen your facilitation techniques but also as source of content for trainings.

Maeve Taylor (2004), Looking at the Economy through Women's Eyes. A facilitator's guide for economic literacy. Banulacht. An excellent publication produced by Banulacht - WIDE's Irish platform. The manual consists of several modules including: Gender, Care and Economy; Gender Budgeting; Globalisation and Trade. Not available in electronic version. For information on possibility of receiving printed version write to: banulacht@iol.ie

Carol Barton and Mariama Williams (2002), A Review of Gender-Specific Curricula and Training Resources on Economics, Globalisation & Trade. A very good review of 10 resources, not focusing on the CEE/CIS region but very relevant as far as economic literacy training is concerned. Available at: <http://www.eurosur.org/wide/eco%20lit/review.htm>

Women in Development Europe (1999), Women in the market: A manual for popular economic literacy. The manual combines gender analysis and gender sensitivity with the essential principles and techniques of popular education training to develop a better understanding of the economies of the EU, the European Union's internal economies, its economic and social policies and its external relationship with the South. The manual is available in Arabic, English, Finnish, French, German and Spanish. You can order it from WIDE (Euro 13.00 for Institutions; Euro 9.00 for individuals). Ordering form is available at the bottom of the following page: <http://www.eurosur.org/wide/Structure/publ.htm>

Economic Literacy Test <http://minneapolisfed.org/research/studies/econlit/test.html>. This is a short test prepared by the Federal Reserve Bank of Minneapolis. You can use it to test your mainstream economic literacy knowledge. Some of the answers do reflect certain mainstream views; still the test is fun to do.

Center for Popular Economics http://populareconomics.org/site_files/resources/links.html - very US focused but has good links to related sites, which you may find useful as source of information for this and other chapters.

Lindy Edwards (2002), How to Argue with an Economist, Cambridge University Press, Cambridge very good book, and relevant despite the fact that it is written predominantly for Australian audience and mainly refers to specific structures and cases that are present in Australia. Still it provides some extremely powerful general tools for arguing with economists. Unfortunately it is not available electronically but it can be purchased online through: www.amazon.com

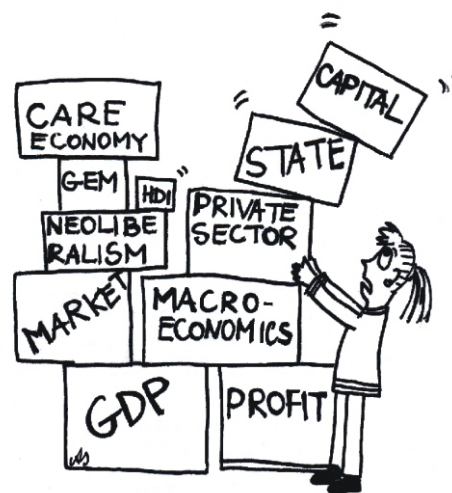
Notes:

2. BUILDING BLOCKS OF ECONOMY

General information, terminology and gender analysis

This chapter provides you with general overview of the basic elements of the economy and explains how they are connected, and what their relationship with gender justice is. It is by no means a comprehensive overview of economy - it only covers some of the main terms which you may come across in your everyday work.

It is crucial to point out here that while economy is important, and most if not all gender/women's issues are connected to it somehow, not all gender problems can be solved by addressing economic justice only. Neither can all gender problems be explained through economy. Still it is very useful to be familiar with basic economic concepts for variety of reasons. For example, in order not to be silenced by those (government decision makers, private companies etc.) who often use economic terms as a shield against gender justice or human rights arguments, or who simply do not have the skills or knowledge to think and talk differently. Talking with them using the same vocabulary and concepts that they do often proves effective.



While this part of the kit is trying to present you with generally accepted definitions of economic concepts it is also a feminist publication which is meant to help you in your work focusing on women. Therefore it presents a gender focused point of view. Most of the definitions are followed by their critique which is not part of the main stream debate about economics.

Economy: activities, institutions and interaction related to the production and distribution of goods and services in a particular geographic region.

The emphasis on 'particular geographic region' explains why you will come across such terms as 'global economy', 'national economy', 'local economy' etc. Important element of this definition is that it implies that all the activities, institutions and interactions are interconnected and are somehow managed. This means that what happens in economy does not happen by itself or by some 'natural' mechanisms. People or more specifically powerful groups and individual such as governments, media, boards of directors of corporations, organizations such as World Bank, World Trade Organization (WTO), business lobbying groups, consumers, academics, often also civil society in general and NGOs in particular influence the way economy operates.

The goal of economy is to create wealth using existing resources, and also to distribute this wealth. And this is why diverse groups mentioned above want to influence the way economy works. Economy constitutes of three interdependent spheres: **market** (or private sector), **state** (or public sector) and **care** (household or community sector).

As it was said before economy does not happen by itself, it is always managed in one way or the other. There is very diverse and extensive body of knowledge which addresses economy and how it is managed, created by those who study economic but also those who 'work' it. This body of knowledge is called economics.

Economics - the study of economy which means of how limited resources are distributed, allocated and used by people within the economy at following levels: international or global, macro level, meso level of sectors and communities; micro levels of households, firms and individuals.

In economic debates relevant to NGOs you are more likely to come across term macroeconomics rather than term economics itself.

Macroeconomics refers to how the economy works on the level of the country, region or the whole world. Macroeconomics tries to explain the relationship between different elements of the economy such as growth, employment, consumption, public sector, import/export of goods etc.

Macroeconomics is particularly relevant to women's NGOs because it is at macroeconomic level where social policy is implemented. National governments as well as world governing bodies (World Trade Organization, European Union, World Bank etc.) operate on the level of macroeconomics. The opposite of macroeconomics is microeconomics.

Microeconomics is the study of the behaviour of small economic units, such as individual consumers, households or companies.

Gender issues are also relevant to microeconomics since gender plays a very important role in economic behaviour of households, consumers and companies. The economic advocacy on microeconomic level, however, is different than on macroeconomic level and most of the women organizations do direct advocacy on the macro level.

Microeconomics is extremely relevant to women entrepreneurs running their own businesses, as fundamentally it is the knowledge of macroeconomics which allows women entrepreneurs to succeed. At the same time macroeconomic conditions such as labour market situation, tax system, globalisation, national and international economic policy etc. have a very significant impact on the activities undertaken by female entrepreneurs.

In 1989-1991 economy of Central and Eastern Europe started to be transformed to a capitalist system. As a consequence women's NGOs undertake advocacy and lobbying in the context of capitalism. In theory everybody knows what capitalism is, but it is good to have short and simple definition of it. So, there it is:

Capitalism is an example of market driven economy. It is an economic system in which there is private ownership of natural resources and capital (money, factories, houses, land etc.). The major part of production, distribution and exchange is carried out by individuals or companies rather than by State which in most cases does not own much of the resources, capital or means of production (such as factories, machines which are in those factories and other places and tools needed for production of goods and services). Usually the goal of those individuals and companies is to maximize profit (make as much money as possible at the lowest cost possible). Capitalism is also characterized and driven by market mechanisms (such as supply and demand), rather than directed by the government which plays very limited role in managing the economy. In the very pure form of capitalism there is not involvement of the state in operation of the market.

In practice, capitalism never existed in a pure form. Normally, some public ownership and some public decision making (which means interference of government) about the use of resources and capital does exist. Governments, for example, influence economy through social or environmental policies and laws they develop. The level of involvement of governments in some capitalist market economies is quite significant (for example, in most of EU 15 states, despite the fact that it is now decreasing) in others (for example US) it is less significant. The form of managing of capitalism in Central and Eastern Europe but also in European Union and definitely in United States is neoliberalism. Neoliberalism is another term which you will constantly come across in work on economic issues.

Neoliberalism is a set of economic policies that become widespread during the last 25 years. It advocates abolition of government intervention in economic matters, no restrictions on manufacturing, no barriers to commerce, and no tariffs. The main elements of neoliberalism are: the rule of the market (which means that what happens in the economy is directed by the private companies and not the governments), cutting public expenditure on social services, deregulation and privatization.

Economy and neoliberalism, its mechanisms and arguments are usually presented by its advocates as something completely objective, neutral and natural. In contrast calls, arguments and suggestions emphasizing need for social and gender justice in economy are defined as very political and based in ideology. **The truth is that neoliberalism is one of the forms of economics (study about economy) which is not only a science but also an ideology.** Neoliberalism, like all ideologies, is based on a specific view of the world and specific value system. Part of it is perception that economic growth is the most important objective.

The economic system which is usually presented as the opposition to capitalism is the system which was dominating former Easter block before 1989-1991. While that system was in many ways different to capitalism and definitely to neoliberalism there were also some similarities. Below there is an attempt to define it.

Economic System in CEE/CIS region before 1989. There were some significant differences between the economies of countries from the former 'Eastern Block'. Depending on country and/or time they were called either communism or socialism. The 'dictionary' definition of **communism** is an economic system in which private property does not exist but everything is owned by all. In contrast socialism is a less extreme version of a similar system. In **socialism** some limited private property exists but very often socialism was seen as a 'transitory' stage to a more pure communist system. Of course similarly to capitalism, no pure versions of communism or socialism ever existed. One common characteristic of economic systems of all CEE/CIS countries was that they were not controlled by market forces but were centrally controlled by the decision of the governing body. This in theory meant to be the 'working class' or the 'people' but in practice it was the central committee of the ruling party. In most of the countries of the region the economic system was influenced by the Soviet Union.

In capitalist countries economic success is perceived to be the most important objective and it is argued that economic success is the only way of securing well being of society. Of course there are arguments that economic success does not automatically lead to well being of everybody. Before addressing this point is useful to be familiar with basic main stream ways of measuring economic success. Economic success is measured by economic indicators.

Economic Indicators. In neoliberalism one of the main indicators is **economic growth**, which is used as the measure of economic development and a key indicator of well being of the society. Economic growth is defined as production of goods and services and is measured in terms of **gross national income (GNI)** or **gross national product (GDP)**. Both terms mean basically the same thing, but there is one slight difference. GNI is a measure of the monetary value of goods and services produced by national companies inside and outside the country. Production is usually understood as an activity that uses input of labour, capital, goods and services to produce outputs of goods (things that can be sold for money). The term GDP measures the total monetary value of goods and services produced by national and international companies inside the country. It therefore includes the profits of transnational corporation that are located in the country but that are usually taken back to the motherland of the company.

As it was said before there are arguments that the economic success or growth does not guarantee well being of the society as a whole. This was illustrated by many examples in CEE where in most cases after the economic changes of 1989-1991 economic growth has been very significant, but at the same time whole groups of society experienced deterioration of their economic situation. Further, it is argued that standard economic indicators such as GNI and GDP are problematic economic indicators. Firstly, they do not show how the income produced is distributed, hence, do not show if it is distributed in a fair way.



In theory (although it does not happen, or happens only in very extreme situations) if one person owned all the capital in a given country and then took all wealth generated by the economic growth of the country while everybody else starved the GNI or GDP of that country would be the same as in the situation when profits made were distributed equally between all the citizens. GDP and GIN also does not show how the profits were made. For example, if an economic growth of a given country is a result of cutting down forest for the wood, the GDP will indicate that cutting of the forest was good for the country because it generated money. But it will not show the environmental or social cost resulting from it. Finally, GNI and GDP do not reflect work done through care economy and other unpaid work which is largely undertaken by women. More extensive explanation of care and unpaid work is available in chapter 4 of the Kit titled 'Labour Market'.

A number of alternative measures have been invented in order to reflect aspects of well being omitted in GNI and GDP. The most commonly used one is Human Development Index.

Human Development Index (HDI). It has been developed by United Nations Development Program (UNDP). It combines social indicators (life expectancy, literacy) with measure of income sufficient to raise the population above the poverty level. There is also **GDI (Gender Related Development Index)** which is simply HDI adjusted for gender equality. **Gender Empowerment Measure (GEM)** examines whether women and men are able to participate equally in economic and political life and take part in decision making.

How and why this knowledge of building blocks of the economy is relevant to CEE/CIS region and/or women's organizations?

The objective of this section of the Kit was providing you with knowledge about basic elements of the economy. As it was mentioned in the beginning, this was done to help you to undertake economic advocacy/lobbying. Basic knowledge of economic concepts, however, is particularly relevant in CEE/CIS region fundamentally due to one political and historical reason. **Since economic and political systems of countries of the region have changed only recently, most of our governments and societies are still very much mesmerized by the notion of capitalism and neoliberalism.** Using economic terminology and justifying everything by economic growth which is seen as the 'natural' main objective of all countries is still very popular. Any critique of what impact free market economy has on groups or individual can be criticized or perceived to be synonymous with wanting to return to the previous economic system. And this is precisely why it is important to have the basic knowledge of economy: nobody will be able to accuse you of saying something that you actually are not saying!

Knowledge of basic elements of economy is very important for women's organizations for variety of reasons. Firstly, because increasing number of women's organizations are focusing on gender economic justice. Secondly, women or gender are often omitted by the economic discussion. Definitions of the building blocks of the economy provided above are good indication of that. In order to change this we have to participate in the economic debate and introduce gender analysis of economic wherever it is possible.

The good thing is that despite the fact that many women's organizations believe that they do not have good economic literacy knowledge this is not the case. In fact most of women's NGOs have been participating in different forms of economic lobbying and advocacy. Additionally, all women they work with also have quite extensive practical knowledge of economy. This is simply because they live in society and therefore participate in the economy of their country, city, community, workplace and household. The exercise below can help in illustrating this.

EXERCISE

Objective of this short exercise is to illustrate to participants that not only they have knowledge of macroeconomics but that they have been actively involved in macroeconomic analysis.

Expected Result: At the end of the exercise each participant should be able to state what macroeconomic is and also be clear why NGOs need the knowledge about it.

Materials Needed: flip chart, pens.

Methodology:

1. Ask participants to name some of the main components of the economy. You can do it by stating '**Who** is involved in economy of your country/city/community?' Do not bother explaining what kind of economy. Even if they do not know the official definition most of the people have some understanding what it is.

2. As they name them, write them on the flip chart. The participants are likely to list:

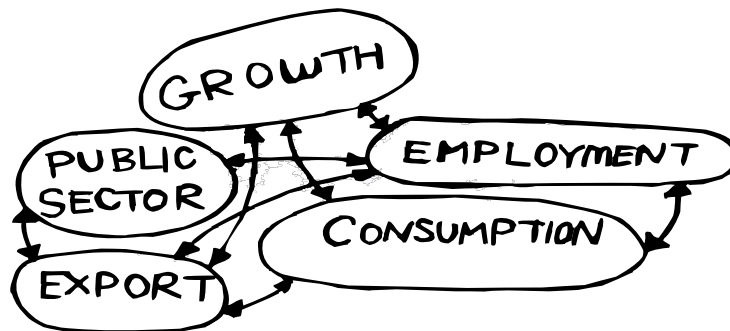
- o government
- o enterprises/firms/companies
- o private households/consumers/shoppers/people
- o world/local/market
- o employees/workers
- o countries/regions

3. Ask participants to list some economic **processes** that they can think of. **Write them on the flip chart as they list them.** They may list:

- o growth
- o employment
- o consumption
- o public sector
- o import/export of goods

If they have problems with naming processes you can prompt them by questions such as like 'What do firms do?' Answers may be: they employ people (so the process is employment); they make money or goods (so the process is growth) etc. "What do households do? Answers: they consume (process: consumption), care for children and old people (process: reproduction); what do governments do? (process: taxation, public sector) etc.

4. Then ask participants if there is any relationship between those elements and process. For example 'Is there any relationship between growth and governments'. Participants will then describe those relationships/interactions to you. **You will draw a line between any items listed on the flip chart that interact.** You do not have to make lines between all the elements on the flip chart.



5. When the 'map' is ready tell the participants that **Macroeconomics is this interaction between elements on your flip charts. Macroeconomics tries** to give explanation of economic development, and interdependencies between processes (including social processes). It consists of analyses which give hints of what will happen in the future.

Highlight to participants that they themselves came up with this macroeconomic map. And that it was possible because they know a lot about macroeconomics even if they themselves do not realize it.

Additional resources

Women in Development Europe (1998), WIDE economic readers. The readers are part of WIDE's response to this call for economic awareness building. Four titles are available: *How the cake is cut?: Production and economic well-being*, by Hilikka Pietilä; *The mystery of market worship*, by Lois Woestman; *Robinson Crusoe and Silas Marner*, *Two stories on the gendered monetary economy*, by Irene Van Staveren; *Home Economics: Developing an Alternative Perspectives*, by Nicky Pouw. You can order the readers from WIDE (4 readers: Euro 9.00). Ordering form is available at the bottom of the following page:

[Http://www.eurosur.org/wide/Structure/publ.htm](http://www.eurosur.org/wide/Structure/publ.htm)

Community economies website *<http://www.communityeconomies.org>*. This interesting website can be a very useful source of inspiration and information needed for the development of alternatives visions of economy. It refers to examples from Australia, US and Asia to show aspects of the economy usually omitted in main stream economic discussions. The website is an outcome of the community based project and consists of papers prepared by academic on non-mainstream perception of economy. The articles while written by academics are appropriate for the wider audience. It has a section on action research focusing on community economies and also some exercises which can be used in economic literacy training. It has links to other sites focusing on community economies and list of additional readings (articles by people involved in the project).

Free-Definition website. *[Http://www.free-definition.com/Welcome-to-Free-Definition.html](http://www.free-definition.com/Welcome-to-Free-Definition.html)*.

A very good website which you can use to search for definitions of economic (but not only economic) terms. What is good about it is that while explains one thing, for example IMF, provides links to further related definitions such as privatization or the balance of payments and while reading those definitions you will find further links, and so on.

Randy Charles Epping (2001), A Beginners Guide to the World Economy, Vintage Books, New York. A good book consisting of short and clear descriptions of economic process and definitions. Although it is not critical at all of neo-liberalism and quite right wing, it is still a very good source of clear information on world economy. Not available electronically. You can buy it from: *www.amazon.com*.

Pirella Paci (2002), Gender in Transition, The World Bank Eastern Europe and Central Asia Region. This book can be a good source of information on the general aspects of gender dynamics in contemporary CEE/CIS in the context of economics. You can link information in it to the building blocks of economy described in this chapter but also to the issues covered in most of other chapters. For information on how to get a copy of this publication contact your local World Bank representative.

Notes:

3. ECONOMIC CONFIDENCE BUILDING

(for advocacy and lobbying)

General information, terminology and gender analysis related to lobbying for economic justice

The objective of this chapter of the kit, as well as of the whole economic literacy program undertaken by Karat, is to provide women's NGOs with much needed skills and techniques but also with confidence to undertake economic advocacy/lobbying. In recent years more and more women's NGOs from Central and Eastern Europe and the Commonwealth of Independent States started diverse economic lobbying initiatives, however, there is a need for strengthening their economic lobbying capacity. One of the main reasons for being reluctant to focus on economic advocacy is **lack of confidence**. The objective of the next few pages is to change this. This will be done for example through illustrating to you, representative of women's NGO, that you possess sufficient economic knowledge to do advocacy for economic justice.

In order to do this we will discuss some of the myths, which may prevent you from undertaking economic advocacy.

The way in which you undertake the advocacy depends on many factors. It depends on what do you want to advocate for (better position of women on the labour market, social security changes, greater opportunities for women entrepreneurs etc..) and what are the entry points for your advocacy in your country or region (who are you going to lobby, for example your local government, national government, international structures such as EU, World Bank etc). It also depends on method you are going to use (organize a conference and invite decision makers, negotiate with decision makers directly, write recommendations, produce lobbying tools such as research documents, become member of expert group, influence a specific policy paper etc.). Hence, this part of the Kit will not provide you with a plan of how to undertake the advocacy. Such plan has to be developed differently for different situations. This part of the Kit will help you to **develop confidence to undertake economic advocacy through discussing main myths associated with economic decision making**.

Myth no 1. Only experts in economy can undertake economic advocacy and lobbying.

The lack of confidence to undertake economic lobbying is often connected to a belief that in order to do economic lobbying one has to be an expert in economics. Additionally, most of us believe that to be such expert one need to have a university degree in economics. This lack of confidence is often strengthened by those we talk to when undertaking economic lobbying, such as representatives of government or administration, spoke persons of large international firms, economic experts lacking the gender sensitivity or other decision makers. They often tell representatives of women's NGOs that their recommendations, suggestions and demands are only a result of lack of economic knowledge. For example, we may be told that if we knew economics better we would not suggest that women should not be discriminated on the labour market, because we would know that from the perspective of the economics women are not as valuable to employers as men.

The truth. There are many economists and economic experts involved in economic and social policy making and implementation, and in other activities which impact economic status of women. This includes, for example, development of economic and social policy and passing of laws on taxation, different laws addressing labour market or social security. It is important to realize however, that not all and often **very few of decision makers who make economic decisions impacting your town, country or region are economists.** Policies and laws are developed and passed by parliaments and obviously not all parliamentarians are economists. If you want to know exactly how many decision makers are economic experts, ask them – you will be surprised! Further, even if they are economists they may specialize in a field such, as for example, corporate finance management or high yield bond markets, but they may make decisions or recommendations related to child allowances, simply because they are members of governmental, administrative or organizational decision making bodies. This does not mean that they should not make economic decisions only because they did not study economics at university or should make decisions exclusively in the narrow area of their expertise. It also does not mean that their decisions are automatically wrong. What it means is that **you are equally qualified as they are to enter a debate about economic issues!**



Myth no 2. Economy is so complicated that women's NGOs cannot possibly get involved in economic advocacy as they do not have the needed knowledge.

The truth is partly related to the myth no 1 even if economy and economics (which is study of the economy) are very complicated not everybody that makes economic decisions is an expert in economics. Further, when women's NGOs undertake economic advocacy they do it in order to address gender justice and not to address for example non-gender related elements of fiscal policy or non-gender related elements of environmental policy. Since women's NGOs are expert in gender issues and understand the complexities associated with social status of women including their economic status you not only can but should undertake economic advocacy.

Your involvement in economic advocacy is particularly important because those who make economic decisions usually know little about gender and hence, do not take gender into consideration, while their decisions almost always have gender impact.

In the situation where women NGOs and other gender sensitive stake holders participate in the decision making this lack of gender knowledge of decision makers does not have to be a problem, especially **since the outcome of the advocacy should be some sort of compromise or combination of gender expertise of women's NGOs, expertise of other experts and decision makers including economists.**

Myth 3: Recommendations, suggestions or demands calling for gender justice cannot be accepted because basic rules of economics do not allow that: the current difference between economic situation of women and men is a direct result of unchangeable economic rules.

Truth. As it was indicated in the Chapter 2 economics is the study of how limited resources are distributed, allocated and used by people within the economy. If a study of economy exists there must be many ways in which economy can function, if there was only one way nobody would need to study it; it would be enough to describe it. Additionally, in chapter two you learned that macroeconomics **tries to explain** the relationship between different elements of the economy such as growth, employment, consumption, public sector, import/export of goods. This suggests that **there are always macroeconomic alternatives** and economy does not have to be managed in one specific way. Even in countries or regions which are very similar, different macroeconomic solutions have been implemented. For example, after 1989-1991 all the countries of CEE adapted to capitalism (one kind of market economy). But each country has done it differently. Further, some of the economic policies introduced as part of economic restructuring of CEE countries worked, and some did not, others worked well in one country and not so well in another. All this shows that any economic issue/problem can be addressed differently, and therefore **there is no reason to automatically assume that economic policy incorporating gender justice should not be as effective or even more effective than one, which leads to gender injustice.**

Myth 4. Economy is objective as money knows no gender. Myth no 3 and Myth no 4 are often linked and used to argue that calling for gender consideration in economic policy making is not justifiable.

Truth. Some of the truth related to this myth has already been explained in myth 3: if there are economic/macroeconomic alternatives we cannot talk about objectivity. In each case (at the level of the country, policy, local government) somebody chooses one alternatives over another. Such choice is made on the basis of certain sets of beliefs and therefore is not objective. Further, economy is part of the world populated by people and influenced by complex issues that exist in societies. **People, groups and individuals make economy** and therefore it is not objective but very subjective because it reflects their values, beliefs and knowledge. Therefore asking for taking gender into consideration in this already subjective context is very much justifiable. Not asking for it means not changing existing situation which is discriminatory to women.

In relation to statement that money knows no gender, you can ask yourself or the person who says it to you just one simple question: **'So why is it that statistically women are so much poorer than men?'** It is true that in response you can hear that it is because they are not suited for making money, that women have less because they earn less, but that's only because they are not good at some (better paid) jobs; that money is not important for them; that they really do as much money as men etc. However, there is no need to take up space here to provide responses to those statements!



Exercise

Objective. This exercise has two objectives: firstly, to illustrate to the participants that assumptions about who is qualified to participate in economic decision making is often based on stereotypes; and secondly, to illustrate to participants in a humorous way that they should use diverse tools to strengthen their economic advocacy confidence.

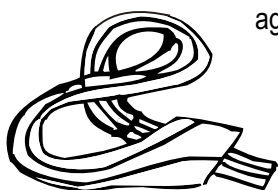
Expected Result: the participants will feel more confident to undertake economic advocacy.

Materials Needed: (i) self-sticking notes, (ii) between five and ten different pictures (from magazines etc.) showing different groups of people, for example: NGO women meeting, protest, academics, board meeting, women with children, group of politicians, business men at a meeting. You have to **ensure that in some photos there are no women and some where there are no men, and that at some of the photos men are wearing ties**; (iii) men's ties (as many as participants in your group).



Methodology:

1. Hide the ties in a bag under the table. Place photos on the wall. Give each participants one self-sticking note and **ask them to mark them somehow, so they know which one is theirs.**
2. Ask participants to walk up to the pictures, and think which picture shows people who are qualified to make decisions about economy and then place their self-stick note next to this picture. Give them some time to chat to each other when they are doing it.
3. If you have very 'main stream group' the chances are that they will all place their self-stick notes next to pictures showing: group of politicians, board of directors, business men meeting etc. which means groups which consist mainly of **men wearing ties. And this is what you want to have!** However, in a group of activists from women's NGOs this may not be the case. Then you should ask the participants to move their self-stick notes next to the pictures which show groups of people which **are perceived by the government/main stream society/public opinion as qualified to make economic decisions.** Make a point that this is what they are asked to do. This will most probably result in more 'votes' for pictures showing men in ties.
4. Take down picture which got the least votes. If after that most of the photos do not show man wearing ties, **eliminate photos without men in ties through discussion.** For example, if a photo of protest of workers received a lot of votes ask: "If those workers can make economic decisions why do they have to protest?" If participants indicate that they agree take the photo down. Similarly, if a group of mothers with children received a lot of votes ask, for example, 'Does everybody in society perceive women taking care of children to be qualified to make macroeconomic decisions? And so on. Once you have only the photos on which most of the people are men wearing ties ask the participants 'What do most of the people on those photos have in common?'. One of the first answers given by participants may be ties.



If it is not direct them by giving hints "is there anything specific about their clothes?" etc. Once somebody says 'ties' state: **'Since we decided that the people in those photos are qualified to participate in economic decision making and most of them are wearing ties, can we make a conclusion that in order to be an economic expert you have to wear a tie?'** Participants will probably laugh and say 'yes'. At that point take the ties from under the table and give one to each participant. And declare **'So now you are economic experts qualified to undertake economic advocacy. At any time that you loose your economic advocacy confidence just put on your tie and you will be right!'**

Hints. You have to have at least five pictures to make this exercise work but if you have more time for discussion you can use more photos. Also, if you have more time you can ask participants to tell you why they think particular photo shows people who are qualified to participate in economic decision making. This can be done to both pictures, which you want to stay on the wall (men in ties) and ones, which you want to be 'disqualified'. Such discussion can help you assess economic literacy knowledge of the participants. You can also discuss gender dynamics in the photos that stay on the wall (number of women in them, are the women in the foreground or at the front, are they young, old etc. or the same as the men, do they seem to be equal to the man in the photo etc).

Additional resources

Lindy Ewards (2002), How to Argue with an Economist, Cambridge University Press, Cambridge – very good book and relevant despite the fact that it is written predominantly for Australian audience, especially as far as pointing to the different 'myths' within economic theory and practice. It provides some extremely powerful tools for arguing with economists. Unfortunately, it is not available electronically but you can purchase it through: www.amazon.com

Anita Seibert and Kinga Lohmann (2004), EU Central and Eastern European new member states, one of WIDE's Information Sheet: The enlarged EU and its agenda for a wider Europe: What considerations for gender equality? Provides description of the economic transformation in new member states of EU, including two case studies (Poland and Slovenia). Available at: http://www.eurosur.org/wide/project_EU.htm (scroll down the page to EU Enlargement Section)

Millica Z. Bookman, (1995), The Transformation of East-Central Europe

http://www.findarticles.com/p/articles/mi_m0365/is_n4_v39/ai_17473136 this quite long article is quite old (1995) so it does not describe recent changes in the region. It is a very good source of basic economic changes that took place in our region and contrasts between the forms of capitalist transformation in each of our country. Therefore, it can be a useful resource in identifying myths of the economic transformation in CEE and possible role of economic advocacy. It focuses on CEE without former Soviet Union, East Germany and Yugoslavia.

Notes:

4. LABOUR MARKET

General information, terminology and gender analysis related to labour market

Labour market issues are directly related to the economic position of women in society and as such are of crucial importance to many women's NGOs. Luckily, they are also reasonably easy to address for women's NGOs. This is for several reasons.

Firstly, **labour market is relatively easy to understand** as in contrast to other economic issues which often seem more complex and harder to talk about or sometimes even abstract (for example, globalization or privatization), it is very, very 'concrete'.

Secondly, **everybody knows something about the labour market**. This is true even for persons not involved in paid employment (for example, because of study, retirement or participation in non-paid work).

Thirdly, **it is relatively easy for women's organizations to undertake advocacy focusing on labour market**. In most countries of CEE/CIS region it is accepted that women have a right to work and to non-discrimination on the labour market. Generally speaking it is also less 'ideological' and controversial than other women's issues, for example women's reproductive rights. Further, politicians and other decision makers like to talk about labour market, employment and unemployment, as generally employment and unemployment are perceived to be important social and economic issues. This can be a good 'entry' point for lobbying related to labour market.

Finally, in most countries, even those where gender is rarely considered to be an important element of policies and laws, labour market regulations make some references to gender. This can be a starting point for the work of your NGO.

Although everybody seems to almost instinctively know what labour market is, it is good to start with simple definition of it.

Labour market – an arena where those who are in need of labour or work (workers and potential workers) and those who need the work to be done for them (firms and private persons) come together.

Like in any market an exchange takes place at the labour market: workers provide ('sell') their labour in exchange for money, or alternatively employers "buy" labour from the workers. Hence, workers participating in the labour market are involved in employment.

Employment – an occupation for which individuals are paid.

'Employment' should not be confused with 'work'. Employment is only one form of work: **paid work**. Another form of work is unpaid work. In terms of gender justice awareness of the significance of unpaid work is very important, as women both historically and today do most of it. According to UNDP (United Nations Development Programme) currently women's unpaid work is worth \$11 trillions, which constitutes almost 50% of total world output. **Unpaid work** includes child care, cleaning and cooking, taking care of old or sick members of the family but also the work undertaken by volunteers in NGOs. If unpaid work did not exist or if women who do it would

demand payment for it society and economy would not be able to function the way it does now. Unpaid work is very important in the feminist economy and it is part of the key concept of feminist economy called '**care economy**'. Due to its limited size this Kit will not devote more attention to unpaid work or care economy. Number of relevant resources, however, are listed at the end of this section.

Employment or work should also not be confused with being economically active.



Economically Active person is any person which either is employed or wants to be employed (is looking for paid employment).

In the discussion of labour market you will come across three main concepts: employment rate, unemployment rate and activity rate. It is important to understand how they are calculated.

Employment rate is the ratio of employed persons to the total population of **productive age** (16 years old or older till age of retirement). It effectively shows what percent of persons of productive age work. Employment rate is calculated like this:

$$\text{Employment Rate} = \frac{\text{Total number of employed}}{\text{Total number of persons of productive age}} \times 100\%$$

Unemployment rate is the proportion of the total number of unemployed persons to the total number of persons who are economically active (people who are employed or looking for employment). It is calculated like this:

$$\text{Unemployment Rate} = \frac{\text{Total number of unemployed}}{\text{Total number of economically active persons}} \times 100\%$$

Activity Rate is the number of people who are in work or looking for work as a proportion of the working age population.

$$\text{Activity Rate} = \frac{\text{Total number of economically active persons}}{\text{Total number of working age persons}} \times 100\%$$

You have probably noticed that if economic policy is trying to 'improve' labour market it usually focuses on decreasing the unemployment rate. Similarly, politicians or other decision makers will argue that they have done a lot for women on the labour market because they decreased unemployment rate of women. It is important to understand, however, that as far as the situation of women on the labour market is concerned it is

the **activity rate**, which is **more important and should be seen as an indicator of gender justice on the labour market**. This is because even when the unemployment of women is decreasing but at the same time activity rate of women is not going up (or rather is going down) the situation of women is bad!!! In CEE/CIS this is a particularly relevant problem. This is because it is quite easy to make women invisible in unemployment statistics, for example, through making it impossible for them to combine family responsibilities with paid employment or make women of certain age believe that they are too old for employment and therefore they stop looking for it, and stop defining themselves as unemployed. If a large number of unemployed women will give up looking for work they will no longer show up as unemployed. In that case labour market statistics will 'lie' to us about situation of women by suggesting that less women who want to work are unable to find work, when in fact women may wish to work but they just are not visible in the unemployment statistics. Of course this can also happen to men who lose confidence in their ability to find and keep a job. However, what is important here is that if women stop looking for work it is usually due to some kind of gender injustice. There are other ways of making women 'invisible' from the unemployment statistics and encouraging them not to participate in the labour market. For example through encouraging them to stay in school longer or through structuring tax system in the way that it does not 'make sense' for married women to work.



How much women earn and how does this compare to what men earn is a very important point and is another issue which needs to be addressed when focusing on gender justice in the labour market. In order to do so it is necessary to know definitions of certain terms.

Gender Pay Gap refers to the difference in earnings between male and female employees for work of the same value.

In your work you will constantly come across arguments that women earn less because their work is not as valuable to the economy as work of men. In response to this it is important to stress that gender pay gap refers to the work of the same value and does not, for example, compare the earnings of highly skilled male professional with unskilled female worker.



Final issue which must be addressed when talking about labour market and women position within it is the distinction between formal and informal labour market or formal and informal employment.

Informal employment - all paid jobs which are not 'official' and do not come up in various employment related statistics. This can include: work done in workplaces which are not registered but still generate income and pay workers; workplaces which according to the laws of the given country generate so little income they do not have to be registered; paid work undertaken in private homes and in farms.

In some instances informal employment is synonymous with 'illegal' work. This is in cases where according to the law you cannot just pay a person for doing any kind of work for you without registering them with appropriate bodies, paying tax for them etc. But it is not always the case. It depends on the laws of the given country. For example in many countries it is assumed that large part of childcare (so called baby-sitting) is done by young girls and women (rarely men) who are still studying. Parents of the child pay the babysitter and the fact that this is unregistered work and the babysitter do not pay tax on her earnings, is ignored. Also in some countries it is legal to give money to family members who undertake work in a family business or farm without reporting it or paying tax on their income.

How and why labour market issues are relevant to CEE/CIS region and/or women's organizations

Until the economic changes that took place in CEE/CIS in the early 1990s employment was not only guaranteed but in most of the countries every citizen of productive age who was healthy, was not studying, was not in the military service or was not a woman taking care of family was obliged to be employed. In order to make it possible for women to work various social services (childcare, meals for children at schools, affordable summer camps for children) and variety of social security measures (maternity leave) have been introduced. All this changed in consequence of transformation and **now people are faced with unemployment or with very competitive labour market that they have difficulty to adapt to**. While this situation is a challenge to both women and men, women face additional difficulties due to the fact that in most of the countries of the region domestic chores and child care are not divided evenly between women and men and hence, it is harder for women to combine family life and employment. Additionally, there are also a lot of stereotypes associated with women in the workplace which results in employers being reluctant to employ women or when they employ them, they pay them less than men.

As a consequence of being paid less than men **even women who are employed very often are not economically independent**. This sets our region apart from most other developed countries where generally any employed person can be economically independent. Due to the fact that women's wages are low and that many employers are reluctant to employ women on permanent contract basis, **large numbers of women are pushed into informal employment**, which is problematic because then they cannot, for example, accumulate money for their old age pensions through the regular pension insurance system.

Another issue which is very specific for CEE/CIS region is that before the economic transformation activity rate of women was quite high, and in fact in most countries it was higher than the activity rate in other (capitalist) developed countries. Unfortunately, now the **activity rate is constantly dropping, with women**



being constantly pushed out of the labour market. Poorest women and women with lowest education are most vulnerable here. This is definitely the issue, which should be addressed by women's organizations focusing on economic opportunities for women.

The final question which needs to be underlined when addressing the **situation of women in the labour market is that this situation is linked to all other societal and economic aspects of life.** It is impacted, for example, by laws such as labour code, numerous international agreements signed by national governments including ones focusing specifically on gender or/and labour market (for example, General Agreement on Trade in Services reflects economic process such as privatization or globalization [see chapters 5 and 8], as well as variety of policies such as social security and gender budgeting [see chapters 6 and 7], access to free education, respect of reproductive rights of women. It is even impacted on by culture (stereotypes regarding jobs suitable for women; what should an employed woman look like? etc.) and religion (beliefs related to what is 'appropriate' for women in the light of the religion).

Exercise

Objective: to show to the participants how the position of women on the labour market has evolved over the years due to social, political, cultural and economic changes, and that other factors beside women's skills and will to work impact on their work life and its economic dimensions.

Expected Result: At the end of the exercise each participant should be able identify some of the policies, laws, social processes and social values which impact on women in the labour market.

Materials Needed: flip chart, pens

Methodology:

1. Divide participants into groups of 4. Ask them to talk for 5-10 minutes about work history of individual women in their family by comparing work life of a woman from their family who worked before Second World War, before the transformation of 1989-1991 and currently. **Ask them to focus on differences.** If participants

come up with differences by themselves do not 'guide' them. If they have problems you can help them by asking them to focus on such questions: "How old was your grandmother/mother/you/daughter when she started to work?", "What school did she have to finish to get her job?", "How many hours did she work?", "What could she buy with money she earned?", "Why did she work?", "Did marriage/ having children, sickness /old age/ etc. changed her position at work and how?", "Was she afraid of unemployment?", "What did her parents, neighbours, husband think about her work?", "How did she combine family life with employment?".

2. Return to the large group. Ask them to list some of the differences between working life of women from different generations. Write them on the flip chart. Then go through those differences one by one, asking women what in their opinion caused those differences. Try to direct discussion towards link between policy and employment of women. For example, if one of the differences is 'difficulty to combine childcare with work' do not stop just on stating that this is connected to fathers of children not being involved enough in childcare but link it also to issue of lack of sufficient childcare services.

Note: You could use this exercise as an introduction to discussion of specific policy impacting women in the labour market that has been recently develop in your country.

Additional resources

Karat Coalition (2004), Gender Assessment of the Impact of EU Accession on the Status of Women in the Labour Market in CEE http://www.karat.org/eu_and_economy/gender_assessments.html. There are four separate documents focusing on Bulgaria, Czech Republic, Hungary and Poland and providing detail description of the situation of women in the labour market in those four countries.

Women and the Labour Market in Central and Easter Europe <http://www.womenslabour.org>. This is a website facilitated by Karat Coalition and focusing specifically on the labour market in the CEE/CIS region. While in its initial stages of production it largely relied of the four Gender Assessment mentioned above it is also contains updated data and other relevant information.

For more detailed information on unpaid work and care economy see **Maeve Taylor (2004), Looking at the Economy through Women's Eyes. A facilitator's guide for economic literacy. Banulacht**. An excellent publication produced by Banulacht - WIDE's Irish platform. Not available in electronic version. For information on possibility of receiving printed version write to : banulach@iol.ie

Labour Market and Entrepreneurship. Overcoming Gender Stereotypes. Country Reports for: Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland Romania, Slovakia, Slovenia. At the time of writing of this Kit the above reports produced as part of the project implemented by Karat, AFEAMME, WAD and SEGE and describing in details different aspects of participation of women in economy through labour market and entrepreneurship are being finished. By the end of 2005 they should be available on Karat's website: www.womenslabour.org

Women working in garment industry for information on women working in garment industry in CEE/CIS as well as in Poland, and the link to the Clean Clothes Campaign go to: <http://www.karat.org/cc/c/c.html>

Relevant Data Bases

ILO Facts and Figures on Gender Equality addressing CEE/CIS region

<http://www.ilo.org/public/english/region/eurpro/budapest/download/gender/>. Very good recently updated data base describing individual countries of the region.

Laborsta ILO labor statistics database <http://laborsta.ilo.org/>

ILO/Natlex Database of national labour, social security and related human rights legislation:

http://www.ilo.org/dyn/natlex/natlex_browse.home

ILO /EEO database – Equal Employment Opportunities for Women and Men:

<http://www.ilo.org/public/english/employment/gems/eo/index.htm>

UNECE Gender statistics database: <http://www.unece.org/stats/gender/web/database.htm>

Eurostat European Statistics: <http://epp.eurostat.ec.eu.int/>

World Bank Database of Gender Statistics: <http://genderstats.worldbank.org>

OECD Statistics Portal: http://www.oecd.org/statsportal/0,2639,en_2825_293564_1_1_1_1_1,00.html

Notes:

Notes:

5. PRIVATIZATION

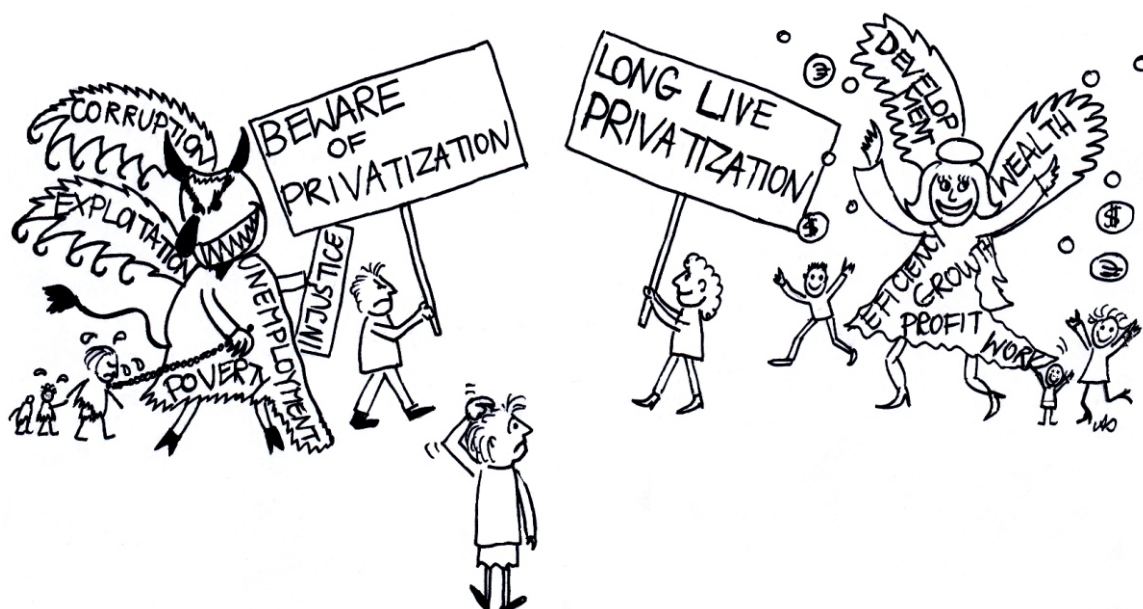
General information, terminology and gender analysis related to privatization

This chapter focuses on the issue of privatization. This issue is extremely important in CEE/CIS region as large part of the economic restructuring of our region and the associated economic and social changes impacting women are linked to privatization.

Many of you probably noticed that privatization is approached in our region in two ways: either with total enthusiasm as something not only good but also necessary for our still transforming economies to develop further and to 'catch up' with developed economies of 'western Europe', US and the rest of the capitalist world; or with total dislike as something which can have only negative impact on society in general and on women in particular.

But before we go any further let's look at the definition of privatization applicable to our region.

Privatization: the process of reducing or selling government owned and controlled enterprises to private owners. Privatization can involve whole industries (coal mining, agriculture, gas supply etc.) or individual firms (shoe factory, construction company).



In CEE/CIS region the process of systemic change, which took place between the years 1989 – 1991 led to the economic restructuring which has involved privatization of a great majority of state enterprises and the decline of multi-plant large state industries, which dominated CEE/CIS region. The countries applied a **variety of privatization strategies** from a gradualist approach (Slovenia, Hungary and Czech Republic) to shock therapy (Poland) where only between August 1990 and December 1992, almost 30% of the state-owned enterprises were privatized.

Why privatize?

The arguments for privatization are quite simple. Firstly, it is argued that if our region is to be capitalist it has to rely predominantly on private ownership of companies simply because this is how it is in other capitalist countries. Secondly, it is argued that privately owned companies are managed better, make more profit, and hence, contribute to economic growth of the countries much better than publicly run companies which are perceived to be inefficient and not sufficiently profit driven.

Those arguments **supporting privatization, however, have to be approached carefully and do not have to be treated as some 'natural law'** especially if we consider them in CEE/CIS region. The above mentioned 'advantages' of privatization have been developed in countries which have well established capitalist systems rather than 'wild' capitalism which still characterizes most of CEE/CIS region. What it means is that in countries with well developed capitalist system it is easier to ensure that privatized companies are more efficient than publicly owned ones. In our region often when companies are privatized they continue to be controlled by the same group of people who after privatization become even more powerful than when the company was owned by the state. At the same time there is no guarantee that they will be interested in anything else than quick personal gains, so they will not necessarily ensure that the company will be more efficient and even that it will survive in a long term. More about this issue will be covered in the later section of this chapter focusing on the specificities of our region. Another reason is that even in countries, which have better functioning capitalist system, **private ownership does not always lead to companies being managed more effectively.** Some of the resources exploring this point further are listed at the end of this chapter.

Privatization and globalization

Another reason for approaching privatization carefully is **that privatizing companies makes them very vulnerable to global economic trends.** This can happen, for example, because they cannot rely on subsidies of government but have to make profit. As a consequence they may have to be sold or closed down if they cannot compete on the global market. There are arguments that this is a good mechanism of the free market, and that uncompetitive companies should be closed or sold. But if this happens to a company which is very strategic or provides very important service (water, public transport, health services) it is extremely problematic and can have extremely negative impact on the entire population of the country including women, and even on the further economic development of the country. **Therefore it is very important to see the issue of privatization in the context of globalization.** Globalization is addressed in chapter 8 of this kit.

Privatization and labour market

Another extremely important issue is that privatization almost always leads to reduction of the work force in the privatized company. In fact the transition to capitalist economy (so largely as a consequence of privatization) led to the disappearance of about 10-30% of jobs in CEE region. What is additionally alarming in most cases women were the ones to lose their jobs first and less likely to find new jobs again. Therefore, **it is very important to always make the link between process of the privatization and situation of women in the labour market.**

Privatization and Social Security and Social Services

Usually, when a private investor buys a company, which was owned by the state it is in order to make it more 'profitable' or 'cost-effective'. This is often achieved through cutting social services (such as childcare, summer camps for children, holiday homes for workers, subsidized dining rooms) and limiting any social security obligations of the employer, which are not required by the law. This automatically affects employees and

particularly female employees. Additionally the process of privatization very often involves companies, which are linked to provision of social services (childcare, elderly care etc.) and social security (retirement funds). For this reason **privatization has to be seen in the context of social security issues**, which are covered in more detail in chapter 7.

Who benefits from privatization?

What can be said on the basis of the above paragraphs? While this chapter is **not arguing against privatization as such, it certainly argues that privatization has to be seen in its broader context**. While in many cases it leads to companies being more effective and therefore making a greater contribution to economic growth, at the same time it often leads to unemployment. In such situation it is completely unreasonable to expect the affected people to feel happy about privatization! This is true even in cases where only small groups of people loose employment security or experience cuts in social services provision. But it is even more devastating when whole groups of society (for example women over 40 years of age, mothers of small children, people with low level of education, or residents of specific geographic regions) are affected. Stating that this is just what happens in transforming economies or in global economy or that with time labour market will operate differently because the employees and employers and the society as a whole will adapt to new situation is not very helpful for people facing life time of unemployment and/or poverty, with little chance for any change.

Is privatization the only answer?

Another reason for not approaching total privatization as the only answer to capitalist economy is that even in societies, which have been capitalist for centuries the push towards privatization is quite a recent phenomenon. In fact, nationalization and not privatisation was common during the immediate post-Second World War period in capitalist societies. Privatization became a more dominant economic trend (especially within



The United States and the United Kingdom) only during the 1980s and '90s. This trend of privatization has often been characterized as part of a "global wave" of neoliberal policies and many observers argue that this was greatly influenced by the policies of President Ronald Reagan and Margaret Thatcher.

Privatisation and CEE/CIS region

There are several very important issues about privatization in CEE/CIS region, which make it quite different to privatization in other capitalist economies and lead to its different gender impact.

What is being privatized?

In many developed capitalist economies majority of companies have been privately owned from the day they were established. In most cases only some very large 'strategic' companies or those providing specific services have been owned by the state. The 'strategic' companies usually include ones, which were perceived to be so important to the economy or security of the country that they were controlled by the state (railroads, banking, airports, freeways, prisons, coal mining, petrol production and distribution). Companies providing specific services are those, which provide infrastructure or services which (at least in the past) were viewed to be best owned by the state because everybody regardless of income should have access to them (provision of water,

electricity, telephone, health services, child care services, education). Such companies were often subsidized by the state. Now due to the trend, which, as it was stated earlier in this chapter, began in 1980s and in 1990s there is a push to privatize those companies. Unfortunately privatization of such companies not only impacts its employees but also limits the access of general population and particularly poorer people to goods and services they provide. As often, these are very fundamental services needed by everybody, privatization becomes extremely controversial.

In our region the situation is different. Before the political changes of 1989-1991 in most of the countries private property was limited to very small family owned firms or in some countries was practically non-existent (Soviet Union). Therefore, after the change of political system dominating CEE/CIS region there was much more companies, which could be privatized. In most cases privatization of companies lead to reductions of number of employees and cutting down of social services linked to the work place. At the same time however, privatization of many companies did not have a direct negative impact on the rest of the society. For example if a shoe factory was privatized, and even if shoes made there became so expensive that some people could not afford them, the chance was that there were some other cheaper shoes available on the market for the poorer people. Hence privatization of some firms had limited negative impact on society and in fact its contribution to the economic growth could have positive impact.

How things are privatized

As it was already stated earlier in this chapter, the privatization process in CEE/CIS takes place in a specific environment. The 1989-1991 transformation of CEE/CIS region led to development of economic systems characterized by very few regulations governing economic process or limited consideration being given to social and gender justice. Many observers called this form of capitalism 'wild' capitalism. More critical observers accuse it of being characterized by 'dog eats dog' ruthlessness, lack of any consideration of democratic and social rules and standards and where making profit has been justifying all forms of activities, including corruption and exploitation of vulnerable groups and individuals such as women. The situation is better in other regions of the world. For example, the European Union mode of the free market economy proposes a different model. This model is often referred to as social economy, and while still being governed by free market mechanisms focuses on social cohesion and includes gender justice.

Consequently many of the problems associated with privatization in CEE/CIS region are linked to the fact that they are conducted in unfair, nontransparent, unregulated and often very corrupted environment far from the notions of 'free market' economy and much closer to regular criminal activities where not only gender justice, interests of employees, service recipients are not taken into consideration but neither are economic interests of the country or the long term strategy of a privatized company.

What happens to the money?

The final issue that will be mentioned here is the actual economic impact of privatization. It is argued that privatization has to be undertaken in order to facilitate economic growth of the countries of the CEE/CIS region. This however will only happen if the money gained from privatization is used in a wise way, for example for building of infrastructure, which will facilitate further economic growth (education, roads, airports, water supplies) or invested in economic initiatives or counteracting some of the negative aspects of privatization. In many of our countries this does not happen with money gained from the privatization being simply spent to cover the 'holes' in national budgets. It is good if they at least cover some of the social needs in the country but this also does not happen often. In such circumstance it is difficult to argue that privatization of company of industry can have marked positive impact on the economic situation of the given country in general and the situation of women in particular.

Exercise

Objective: to help participants to understand how privatization is linked to issues such as social security, unemployment, globalization, global governance. They will do that through answering questions. Who owns? Who decides? Who Wins? Who loses? What are the processes?

Expected Result: At the end of the exercise each participant should be able to see how complex the impact of the privatization is but also will be able to identify some entry points for lobbying or/and development of programs, which can be undertaken by their NGO.

Materials needed: pens, A4 sheets of paper (one for each participant), couple of meters of a wall covered with paper (it can be, for example, 10 sheets of flip chart paper put next to each other). Please note that you will be writing on the paper attached to the wall so you have to use the pens which won't come through the paper and ruin the wall! You can also use a large whiteboard and whiteboard markers.

Methodology:

1. Give each of participants one sheet of paper, ask them to draw on it an example of privatization that affected themselves or somebody they know. If you anticipate participants having difficulty with coming up with examples of privatization you can first have a short discussion about concrete cases of privatization that happened in your country, region, town etc. **or you can draw a picture yourself and explain it to participants.**
2. Allow participants 5-10 minutes to draw. Ask a volunteer to put her sheet of paper on the wall covered with paper. Then ask her one by one the questions: Who owns? Who decides? Who Wins? Who loses? What are the processes involved? And tell her to draw (symbols and stick figures are OK here!) of the main actors. Answering to question "who owns", "who decides" she can draw institutions, which impacted the privatization process (banks, government, NGOs, local authorities, media, private companies etc); "who wins?" and "who loses?" (owners, government, employees, other businesses in the area, women, men); she can also draw in processes, which were impacted by the privatization or were caused by it (globalization, poverty, unemployment, social security). First person should analyze her drawing in this way for 2-5 minutes.
3. Invite second volunteer, ask her to put her drawing on the wall and then link (with lines) the story in her drawing to 'actors' drawn on the wall by the first participant; ask her to also add any new ones (for example privatization case shown by first participant may not have any link with local government or globalization, while case study shown by the second one may have).
4. If you have small group (5– 10 persons) make all of them share their pictures.
5. There are not strict rules what should be drawn on the wall, as the goal of the exercise is to show to the participants the diverse links between social and economic actors involved in privatization and the complexity of privatization process.

Note: this exercise may result in participants being overwhelmed by the complexity of relationships between actors and processes involved in privatization. This can lead to them feeling powerless. If this happens you may consider following this exercise by one focusing on planning specific action/project counteracting negative impact of a specific example of privatization.

Additional Resources

Argument for and Against privatisation <http://www.free-definition.com/Privatization.html>

A very good overview of privatisation as a concept. Unfortunately, the website does not provide any examples from the CEE/CIS region.

Analysis of why private companies are not always more effective can be found in **Edwards, Lindy (2002) How to Argue with an Economist, Cambridge University Press, Cambridge**. Unfortunately it is not available electronically, but it can be purchased online through: www.amazon.com

WEDO Diverting the flow: a resource guide to gender, rights and water privatization. Some natural resources in developing countries, like water, are being privatized. This arguably has a profoundly negative impact on girls and women. Therefore, WEDO (Women's Environment & Development Organization) has put together this resource guide to gender, rights and water privatization. While this resource is not specifically developed for the CEE/CIS region a lot of issues covered by it are universally relevant around the world. You can access the publication on: <http://www.wedo.org/files/divertingtheflow.pdf>

Bulgarian Gender Research Foundation (2004) Faites vos jeux, Messieurs! or A case study on the impact of GATS in Bulgaria, A BGRF-WIDE publication. In this research commissioned by WIDE to the Bulgarian Gender Research Foundation, BGRF looked at the long-term effects the concession of Sofia water supply and wastewater services to external corporations has on women. The research analyzed the fundamental impacts caused by privatization of public services and its implication on women. You can order it from WIDE (Euro 8.00). Ordering form is available at the bottom of the following page: <http://www.eurosur.org/wide/Structure/publ.htm>

de Luca L (ed) Labour and social dimensions of privatization and restructuring - Public utilities Water, gas, electricity. Part II Europe/Latin-America <http://www.ilo.org/public/english/employment/ent/papers/travint1b.htm>
This lengthy ILO publication focuses predominantly on privatization of public utilities but is also a very good source on information on other aspects of privatization in diversity of CEE countries.

Notes:

6. GENDER RESPONSIVE BUDGETING

By Elizabeth Villagomez, PhD

General information, terminology and gender analysis related to GRB¹

The term “Gender responsive budgeting”, “Gender Budgets”, “Women's budgets” and “Budget statements for women” refer to a great variety of processes and tools which aim to enable impact evaluation of government budgets in gender terms. During the evolution of these processes, efforts have been focused on auditing government budgets in order to determine its impacts on women and girls differentiated from men and boys. In these evaluations not only expenditure (such as pensions, family benefits, etc.) is covered, but also income or revenue of government (taxes, prices of public goods including privatised goods, tariffs, etc.) Following the use by the United Nations Development Fund for Women (UNIFEM), the Commonwealth Secretariat, the International Development Research Centre of Canada and others, the term Gender Responsive Budgeting (GRB) will be used here to refer to these processes and tools.

There are three issues which are important in understanding the application and the use of different mechanisms and tools which can be identified in GRB: **location, scope or coverage, and the budget cycle itself**. The geographical and political levels are part of location. In this respect **decentralisation** processes are extremely important to understand and track the different competencies of government that are devolved or transferred to lower levels of government and which have a direct impact on the distribution of resources as well as on revenue collection. Another important aspect concerning location is the organisation of GRB initiatives by different stakeholders. This refers to the stakeholder



or group of stakeholders that initiate or carry out the actual analysis and carry forward or advocate for the changes suggested by the analysis. Therefore governments can organize these initiatives as well as parliamentarians or civil society groups². The terms used here are inside or outside government

As to the scope or coverage, Sharp (2002) points out that gender mainstreaming and GRB have common goals with respect to the introduction of gender aware practices in policy formulation and implementation. Practically all policies that are reflected or can be reflected in budgetary terms, and which can in fact reduce or increase inequalities in the use and access to resources between women and men, can be looked at through a gender lens. In terms of the impact that policies have on existing gender roles, the role of the so-called unpaid economy, (see chapter 4 for more information on unpaid economy/unpaid work) in particular the care activities that are mostly undertaken by women and which are usually not accounted for in monetary terms in spite of their important contribution to social reproduction should be considered (Çagatay, Elson and Grown, 1995)..

¹ This section draws heavily on a background paper prepared for UNECE. See <http://www.unece.org/oes/gender/gensymp-doc.htm>

² International development agencies and bilateral aid and development agencies can also be involved in the initiative as initiators or as partners.

Finally, the process by which the budgets are planned, executed and evaluated or audited is also an important area that affects the application of GRB. The stakeholders who are active in the initiative may want to target a specific phase of the cycle which will determine to a great extent the expected changes in budgetary allocations or changes in policy. These efforts may or may not induce change in the overall money spent but can provoke changes between budget lines or in the programmes being financed. **Timing and the possibilities of actually making relevant changes are very much linked to the phases of the budget cycle.**

How and why this issue is relevant to CEE/CIS region and/or women's organizations.

GRB is a tool that deals directly with the responsibility of governments to international commitments to women, namely **equality** in the distribution, access and funding of public resources contained in the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and United Nations World Conference on Women (Beijing Platform for Action and Outcome documents of Beijing+5). It is also a tool that can be used to achieve other government objectives such as **transparency** and **efficiency**, but also addresses **accountability** as international and national commitments to human rights instruments are fulfilled at the same time that it can work towards consolidating the effectiveness of public policies and economic growth by reducing inequalities in the distribution and the impact of public resources. It is in fact a tool for effectively mainstreaming gender into almost every aspect of economic and social policy by governments and for ensuring that the adequate budgetary provisions are made.

In this sense it is important to note that in the CEE/CIS region there are still on-going **fiscal reforms** or reforms in **social security systems** that offer both opportunities and challenges to the introduction of GRB, not to mention **decentralisation** processes that also affect the location and scope of GRB both of which will affect budget cycles and models used. Privatisation processes affecting the provision of basic public services such as water or electricity, the use of the privatisation proceeds and the continuation of the use of extra-budgetary accounts (especially in health, education, culture and science) and quasi-fiscal activities (linked mostly with government controlled tariffs applied by state owned enterprises) are all subject to gender impact assessment from diverse fronts: employment, user fees, beneficiaries of diverse programmes, etc. Although the introduction of more rational models and market oriented tax systems are being recommended by international monetary organisations, the impacts in gender terms of these changes have not been foreseen or analysed. The increase in transparency and consolidation of central budgets is indeed an opportunity to introduce GRB but also presents challenges in understanding what the present situation is generating in gender terms and what the expected impacts of the changes will have in these same terms.

EXERCISE

NOTE: Below exercise may seem extremely complicated due to large number of background information, tables and figures involved. This reflects the fact that gender budgeting is quite a complex issue especially for the beginners. You may choose to simplify the exercise by number of questions presented to the participants.

The following background information is adapted from the Star Network Gender Budget Training and the exercise is an original by Elizabeth Villagomez.

Background Information:

The three categories of gender budget analysis are:

Category 1: Targeted gender-based expenditures of government departments

Examples: women's health programmes; special education initiatives for girls; employment policy initiatives for women; programmes for men who have been involved in gender-based violence; and so on.

Category 2: Equal employment opportunity expenditure on government employees

Examples: training for women managers; provision of crèche facilities; parental leave provisions; and so on.

Category 3: General or mainstream budget expenditure judged on its impact on women and men, girls and boys

Examples: who needs adult education and how much is spent on it?; who are the users of clinic services?; who receives agricultural extension services?; and so on.

The five steps in gender analysis of budgets:

1. Describe the situation of women and men, girls and boys (and different sub-groups) in the sector.
2. Check whether policy is gender-sensitive i.e. whether it addresses the situation described.
3. Check that adequate budget is allocated to implement the gender-sensitive policy.
4. Check whether the expenditure is spent as planned.
5. Examine the impact of the policy and expenditure i.e. whether it has promoted gender equity as intended, and changed the situation described in step one.

Gender-sensitive budget analysis thus looks at:

Inputs -- the money appropriated and spent;

Activities – the services planned and delivered (e.g. health services, industrial support services, tax collection services);

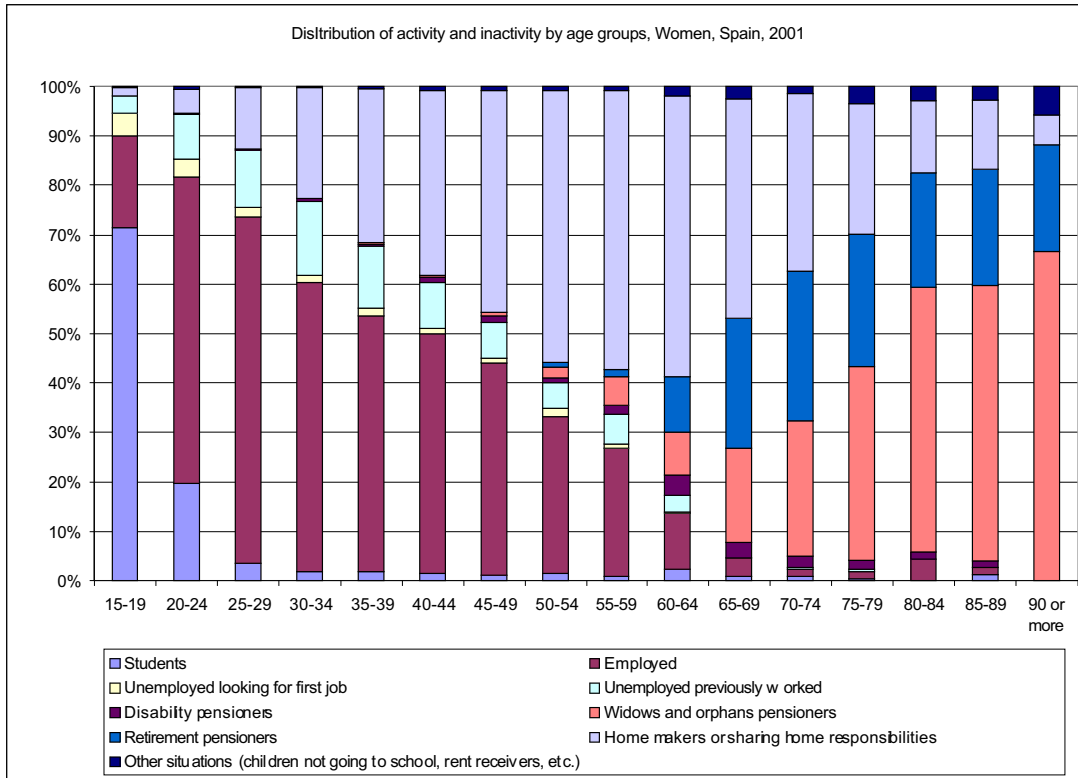
Outputs – planned and delivered activities (e.g. patients treated, businesses supported, taxes paid);

Impacts or Outcomes – planned and actual achievements in relation to broader objectives (e.g. healthy people, sustainable growth of national income, poverty reduction).

Exercise**Budgetary analysis of Labor Market behavior and pensions: the case of Spain**

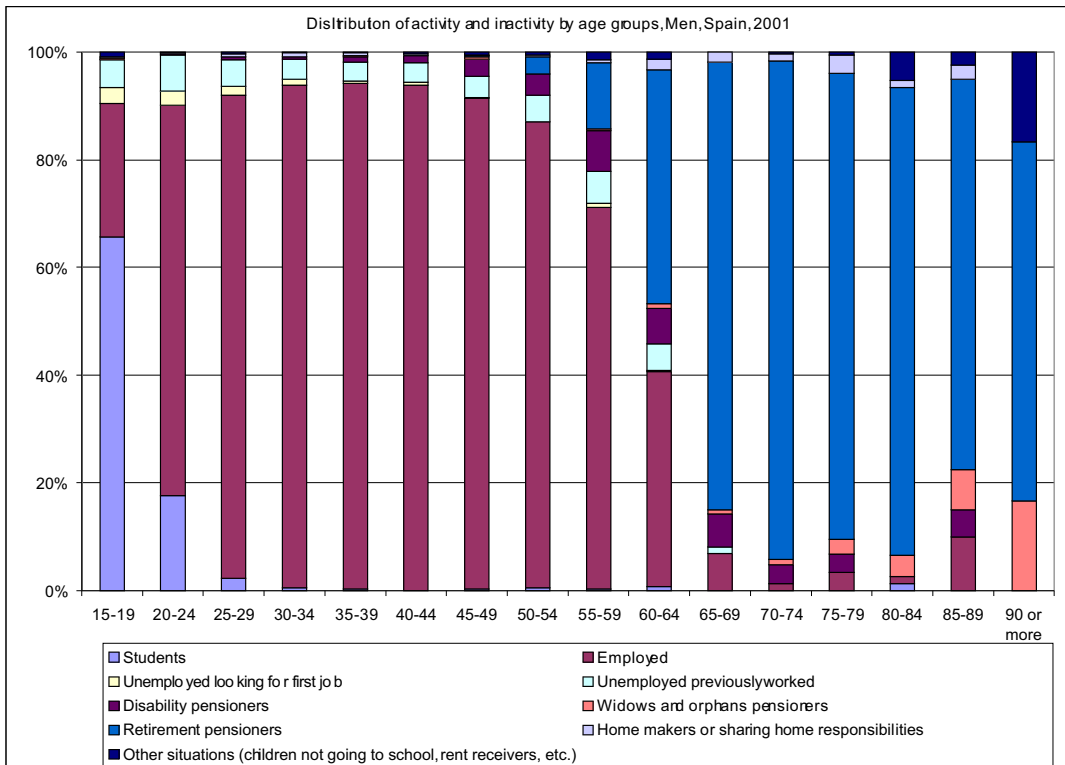
In the following tables and graphs describe the situation in 2001 for Spain with respect to men and women of working age and above is shown. Both activity (employment and unemployment) as well as inactivity (retirement, staying at home and other pensioner categories) are depicted.

Figure 1



Source: National Statistical Institute (INE), Census of Population and Housing, 2001.

Figure 2



Source: National Statistical Institute (INE), Census of Population and Housing, 2001.

These graphs (Figure 1 and 2) show how women have a much smaller activity (at least officially) in the labor market and how, when they get old, they are depending on pensions which are not related to employment (i.e. retirement from work pensions).

Although Spain has been the country with the highest growth rate of employment in the EU (15) over the past 4 years (approximately 1,2% per year compared to EU15 average of 0.3%), women's unemployment remains at least twice as high as men's under any grouping (age, level of education, regional level, provincial level, etc.) At present this means around 15%, compared to men's rate at 7% at the national level.

On the other hand, given the high rate of employment creation and a high influx of immigrants, the Social Security accounts show a surplus for some years now (first time in Spanish history!!) In the Table 1 the figures for income and expenditure of social security are shown.

Table 1

Social security accounts for Spain according to SEEPROS methodology (thousands of euros)			
	1999	2000	2001
Income			
TOTAL	121.199.455	135.451.536	145.677.605
Social Security Contributions			
Employers	62.109.483	71.123.517	77.229.003
From protected beneficiaries	18.473.231	20.228.733	21.635.854
Employees	11.118.448	12.420.874	13.506.036
Self-employed	6.752.503	7.211.046	7.497.944
Pensioners and others	602.280	596.813	631.874
Public Administration	34.054.674	36.748.932	38.741.661
Other income	6.562.067	7.350.353	8.071.087
Expenditure			
TOTAL	114.689.919	123.341.169	131.382.299
Social Security Benefits	111.650.767	120.180.292	128.177.243
Unemployment (includes active labour market policy)	14.105.065	14.518.579	16.515.903
Retirement and "old age"	47.174.225	51.641.431	54.302.381
Sickness and sanitary assistance	33.076.586	35.565.198	38.408.313
Other (includes maternity, child care, etc.)	17.294.891	18.455.083	18.950.646
Administrative costs	2.631.503	2.743.482	2.926.441
Surplus (Income minus expenditure)	6.509.536	12.110.367	14.295.306
Source: Anuario Estadístico, Ministerio de Trabajo y Asuntos Sociales, cuentas SEEPROS.			

On the other hand, partly from this budget (Table 1, first line under social security benefits) active labour market policy is financed. These policies aim to help unemployed persons enter and continue to be employed in the labour market. The National Action Plan for Employment (the executing document in Spain of the European Employment Strategy) gives the following figures (Table 2) for 2001 (exactly as found in the Directorate General for Employment and social affairs of the European Commission³, i.e. the different sub-groups are not detailed in terms of the budget):

³ http://www.europa.eu.int/comm/employment_social/employment_strategy/nap_2001/nap2001es_en.pdf, page 22

Table 2

Active labour market policies budget (in thousand euro)			
	1999	2000	2001
1. Administration and public Employment Service (administrative expenses)	242.485,79	276.418,28	306.722,07
Employment policies (recruitment and self-employment)			
Professional vocational training			
2. Professional training	291.626,06	252.400,06	238.282,60
a) training of unemployed people			
Young people			
Adults			
b) training of employed people			
3. Measures favouring young people	94.239,76	56.735,58	54.499,60
a) Unemployed and disadvantaged young people			
Training workshops and trade learning centres			
Apprenticeship/Traineeship contracts			
b) Permanent contracts (subsidies)			
4. Measures to support recruitment	224.504,96	240.775,90	322.458,12
a) Subsidies to employment in the private sectors			
Subsidies for recruitment			
b) Self-employment/Companies	71.286,64	77.140,97	89.557,35
The social economy, ILES/new sources of employment (R&D)			
Self-employment			
c) Subsidies for employment in the public sector			
5. Measures favouring the disabled	15.619,36	18.719,62	23.035,68
a) Professional re-adaptation			
b) Employment			
Self-employment			
Permanent contracts (subsidies)			
6. Others (specifically: Reduction in working time,)	22.245,28	14.250,45	22.070,91
Support for maintaining employment in crisis-hit companies,			
Support for SMEs, Support for temporary contracts			

Source: National Action Plan for Employment of the Kingdom of Spain, 2001, Ministerio de Trabajo y Asuntos Sociales

Finally, in the following tables (Table 3 and 4) the average amount of pension under different types is shown as well as the number of pensioners by sex, note that women are the majority in those considered “non-contributory”, that is, those for which a person does not need to show that she/he has worked and contributed to the social security system.

Table 3

PUBLICLY AVAILABLE DATA ON NON -CONTRIBUTIVE PENSIONERS AND PENSIONS					
	Disability		Retirement		
TOTAL MONTHLY AVERAGE IN EURO	279,28		242,28		
DISABILITY (total number)			OLD AGE (total number)		
	Women	Men		Women	Men
Total	123.128	81.737	Total	232.803	43.326
18 to 29	12.121	15.740	Less than 60		
30 to 39	22.773	25.709	65 to 69	76.011	14.793
40 to 49	26.266	19.081	70 to 74	69.053	13.827
50 to 54	16.505	7.168	75 to 79	40.302	8.204
55 to 59	20.921	7.050	80 to 84	24.389	3.800
60 to 64	24.443	6.966	85 y más	22.723	2.688

Source: Anuario Estadístico, Ministerio de Trabajo y Asuntos Sociales, Prestaciones Sociales, 2001

On the contrary, and reflecting the labour market situation, they are the minority in “contributory” pensions. The following table (Table 4) shows the number and numbers of women and men who are receiving these types of pensions.

Table 4

PUBLICLY AVAILABLE DATA ON CONTRIBUTIVE PENSIONERS AND PENSIONS				
	Number of pensioners (thousands)		Average monthly payments (in euro)	
	Mujeres	Hombres	Mujeres	Hombres
	Disability			
TOTAL	236,3	551,8	446,54	634,29
Less than 25	0,3	1,5	389,86	454,43
25 to 29	1,7	5,8	426,14	492,17
30 to 34	4,7	14,6	478,79	529,28
35 to 39	9,2	27,7	519,41	562,23
40 to 44	18,2	45,4	531,92	578,99
45 to 49	25,2	61,4	541,23	607,04
50 to 54	33,5	91,5	495,37	623,14
55 to 59	47,1	133,1	489,01	683,30
60 to 64	60,2	163,9	445,38	663,75
65+	36,1	7,1	217,29	417,20
	Retirement			
TOTAL	1.520,6	3.050,5	405,19	650,90
Less than 60	0,2	14,3	694,58	1.242,78
60 to 64	50,3	216,3	461,68	749,83
65 to 69	361,9	878,7	445,88	710,54
70 to 74	354,9	799,3	431,16	665,32
75 to 79	312,1	594,2	402,70	612,45
80 to 84	226,6	327,5	370,51	564,28
85+	214,5	220,2	320,33	457,54
	Widows/ers			
TOTAL	1.919,6	138,8	355,84	282,93
Less than 25	0,3	0,1	351,38	330,47
25 to 29	1,4	0,1	356,11	331,57
30 to 34	6,2	0,6	364,60	349,76
35 to 39	13,8	2,3	385,04	355,00
40 to 44	23,3	5,0	401,18	373,26
45 to 49	36,2	6,9	410,53	396,46
50 to 54	59,2	8,6	406,43	388,15
55 to 59	94,5	9,4	389,94	361,01
60 to 64	130,2	9,2	389,65	328,10
65 to 69	234,3	14,5	386,70	298,46
70 to 74	317,0	18,3	373,14	272,09
75 to 79	368,0	22,5	351,14	247,00
80 to 84	311,9	19,3	327,97	228,11
85+	323,5	21,8	305,14	206,40
Source: Anuario Estadístico, Ministerio de Trabajo y Asuntos Sociales, Prestaciones Sociales, 2001				

On the basis of the below graphs and tables:

Can you give an assessment of what information is missing (including possible crosses of the information presented in the tables and graphs) that could contribute to a more complete gender budgeting analysis of the social security budget and labour market policy budget for Spain?

The degree to which a change in the budget and under which items (including those under "other" might improve/worsen equality for younger cohorts (generations) of women?

What indicators might be the best to monitor an improvement in women's position in the social security accounts?

What are some of the issues of working and non-working women in your country? And how are they be reflected in the budget for Social Security and labour market policy budget for your Country.

Note: *It is possible that participants of your training may not have sufficient information to answer last point of the exercise. To overcome this you may prepare necessary data (tables and figures) to facilitate discussion. You may chose to base entire discussion on the examples from your own country.*

A list of additional resources related to GRB.:

Bakker, I. (2002): "The Example of Gender Responsive Budget Initiatives for the Poverty Eradication and Democracy in the Developing World" Background paper for Human Development Report 2002 on Fiscal Policy, Accountability and Voice.

Çagatay, N, D. Elson, and C. Grown (1995) "Introduction to Gender Adjustment and Macroeconomics", *World Development*, Vol. 23, No. 11, pp. 1827-1836

Commonwealth Secretariat (2002) *Gender Budgets Make Cents* Debbie Budlender, Diane Elson, Guy Hewitt and Tanni Mukhopadhyay authors, London.

Commonwealth Secretariat (2003) *Gender Budgets Make More Cents* Debbie various authors, London.

French Ministry of Economy (2001 and 2003) *Project de finances pour 2001 (2003), États des credits qui concourent aux actions en faveur des droits des femmes, Annexes Informatives Jaunes* (see below for web links)

Himmelweit, S. (2002) "Making Visible the Hidden Economy: The Case for Gender- Impact Analysis of Economic Policy", *Feminist Economics* 8(1), pp 4970.

OECD (2002) "Strengthening Participation In Public Expenditure Management: Policy Recommendations For Key Stakeholders, Jeremy Heinmans, OECD Development Centre, Policy Brief No. 22

----- (2001a) "OECD Best Practices for Budget Transparency", Unclassified Document, PUMA/SBO(2000)6/FINAL

----- (2001b) "A Gender Perspective On Budgeting -- Country Responses" Public management Service, Public Management Committee, Prepared for the 22nd Annual Meeting of Senior Budget Officials, Paris 21-22 May.

Sharp, R (2003) *Budgeting for Equity, Gender Budget Initiatives within a framework of performance based budgeting*, UNIFEM, NY.

UNIFEM (2002), *Gender Budget Initiatives: Strategies, Concepts and Experiences*, New York.

Waring, M (1994) *Si las Mujeres Contaran: Una nueva Economía Feminista (If Women Counted: A new Feminist Economics)*, Vindicación Feminista, Madrid

WEB Resources

http://www.emakunde.es/actualidad/presupuestos/indice_.htm Basque Country initiative materials in Spanish including digital library of various documents in English and Spanish and some also in Basque.

www.gender-budgets.org web site of the UNIFEM-IDRC-Commonwealth Secretariat initiative including various links and documents

<http://www.oalis.oecd.org/oalis/2001doc.nsf/NEWRMSENGREF?OpenView&Start=1&Count=100&Expand=21.12#21.12> Documents on budgeting.

<http://www.oecd.org/dataoecd/33/13/1905258.pdf> Best practices for budgetary transparency from the OECD

<http://www.oalis.oecd.org/oalis/2001doc.nsf/87fae4004d4fa67ac125685d005300b3/c1256985004c66e3c1256a5300380be4?OpenDocument> The document on the questionnaire to budget officers on gender.

http://www.sfgov.org/site/dosw_page.asp?id=19795 The City and County of San Francisco Department on the Status of Women Gender Analysis guidelines

http://hdr.undp.org/docs/publications/background_papers/2002/Bakker_2002.pdf Background paper for Human Development Report 2002 on Fiscal Policy, Accountability and Voice: The Example of Gender Responsive Budget Initiatives for the Poverty Eradication and Democracy in the Developing World report

Notes:

7. SOCIAL SECURITY

By Silke Steinhilber

Social security schemes have been an important area of policy reforms throughout Central and Eastern Europe during the last decade. Various pillars of social security schemes underwent reforms: Family benefits, pension schemes, health insurance schemes were among the most debated reform areas. Social security reforms were part of the overall process of transition to market economies: Changes of the “old” social security systems were deemed necessary, so that they became compatible with a market economy environment. Reforms also followed the general trend toward reduction of state spending and toward privatisation of formerly state-provided assistance and services.

Because of the gender division of roles in employment and family life, women and men are affected differently by social security systems, have often different needs for social security or use existing systems in gender-specific ways. Gender differences may be caused by unequal social security regulations and practices, or by inequalities outside the social security system as such, for example in the labour market.

Given the greater numbers of women in old age and the persistent gender inequality in lifetime income and control over property, pension schemes are particularly relevant for women. Yet while most pension schemes make no explicit reference to sex, they operate in an economic and social context which is characterized by gender inequality. Therefore, they produce gender unequal outcomes, to the disadvantage of women. In the Czech Republic, for example, the old-age pensions paid to women in 2000 were 82 percent of the pensions paid to men.

Social security is an important tool for achieving gender equality: Time use, for example, is influenced by family benefits: Benefits can support parents in balancing work and family responsibilities, for example through the provision of childcare or other care services, and through parental leave schemes. Also, motivating and enabling fathers to use family benefits is an important step toward more gender balance.

Reforms trends in CEE since 1989

Reforms of family benefits affected to whole range of benefits, including maternity protection and benefits, in the past often combined with a birth grant, childcare leave (typically granted only directly following maternity leave)¹, childraising benefits, and leave and benefits for taking care of a sick child. Reforms of non-cash programs included subsidies for child-related goods and family services. Expenditure for family benefits and family support programmes, as a share of GDP, has declined in many CEE and CIS countries over the decade of the 1990s. For example, family benefits in Hungary were 3.8 percent of GDP in 1990, and 2 percent in 2000.

This decline in spending for family benefits is worrying from a gender equality perspective: It has been shown that there is a positive relationship between expenditures for the birth, upbringing and care of children and women's employment and labour force activity rates. Lower spending may therefore create obstacles to women's employment participation. In some countries, over the course of reforms, family benefits have also lost in value because they were not sufficiently adjusted to inflation.

¹ In the past, the term “maternity leave” was used comprehensively, where today maternity and childcare leave are treated as distinct social security benefits. Conceptually, the distinction is important, however, since maternity benefits and leave are granted in connection with giving birth, and to women only, while childcare leave should be available to both parents on equal conditions.

Some countries have chosen to restrict family benefits to those families in greatest need. Need is assessed on the basis of a means-test: Families have to show their income and/or assets to prove that they are entitled to receive the benefits. Advocates of such eligibility criteria argue that it ensures a more targeted use of funds, for example in favour of single mothers. However, some working mothers will be ineligible for support especially if their husbands have good incomes - , making it harder for them to combine work and family responsibilities, and shift the gender role division at home.

Some studies report a growing gap between the numbers of mothers who are entitled to family benefits and those who actually receive it (UNICEF 1999, Fultz & Steinhilber 2003). There is anecdotal evidence that women are reluctant to use employment-based social security rights because they fear reprisals by employers. There are many reports that the absence of legal or collective trade union instruments of law enforcement lead to continuous labour market discrimination against women.

Pension reforms in CEE countries during the 1990s have typically cut down on income redistribution: Benefits were made more dependent on one's income and pension saving over the course of the working life. Also, the rate of wage replacement in public pension schemes has been lowered. In other words, pensions now replace a smaller percentage of one's previous income. Often, retirement ages for everybody were raised and differences between women's and men's retirement age narrowed, typically demanding for a greater adjustment on the side of women. In some countries, pension rights that one achieves through another person, often the husband, were cut: Such "derived rights", for example widow's pensions, are often of greater relevance for women than for men.

Reforms have in a number of ways disadvantaged women. This is mainly because of their weaker labour market position and existing employment discrimination. Women as a group tend to have a smaller labour market income than men. If pension savings is individualized and redistribution diminished or abolished, those with lower earnings will receive lower pensions, accordingly.

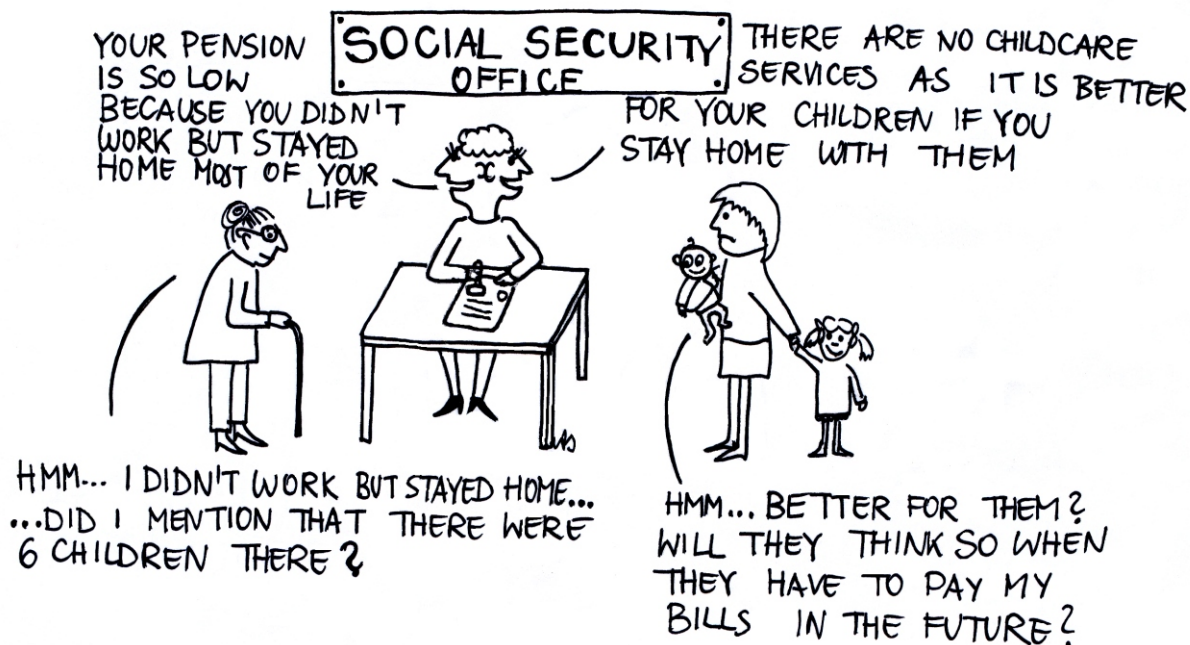
What are policy options for gender equality in social security?

There is a close link between family benefits and women's labour market participation and employment rate: As long as it is women who bear the burden of unpaid family and care work, they need family-related benefits and services in order to pursue paid employment. If such benefits and services disappear, it is increasingly difficult for women to maintain their employment.

When designing family benefits, a balance needs to be found between those benefits that address *time issues* for parents and those that address *family finances*. Generous caring leave, for example, can also be a route out of the labour market for women. During long leaves, women may become isolated and find their subsequent reintegration into the labour market more difficult. If cash benefits are only available if a parent stays home to care for a child, this also may push parents, mostly mothers, out of the labour market. Instead, if childcare services are provided by the state, especially for children below age 3, this will stimulate greater employment among women.

In the interest of gender equality, it is very important that social security promotes a more equal sharing of family responsibilities between women and men. Also, greater equality in the take-up of benefits is needed, by motivating and enabling fathers to take up family benefits. In practice, for example, this may mean that a portion of the childcare leave is reserved for men. Also, if cash benefits during childcare leave are linked to the previous wage, the financial consequences of childcare leave for the family will be less grave. It may therefore become

more likely that fathers decide to go on childcare leave. Also, if parents are legally entitled to reduce their working hours, it may become easier for mothers and fathers to negotiate working time issues with their employers in those cases where reducing working time is an option or wish at all.



Clearly, the economic and cultural framework and the structures of gender inequality therein - has a strong influence on social security systems. Pension systems have become more individualized with the last wave of reforms, that is, pension income has become more dependent on one's labour market success. It is therefore all the more important that gender inequalities in the labour market, especially pay inequalities, are abolished. Also, different pension ages for women and men produce disadvantageous results for women in individualized pension schemes. On the other hand, if women retire later, established patterns of childcare provision within families and the division of unpaid work in general will have to change.

Pension systems need to ensure that carers are not penalized for the socially useful work they do. This can be achieved through "caring credits" in pension schemes, when care periods are treated as if contributions were paid.

The difference between women's and men's life expectancies is a central issue, in particular in privately managed pension schemes. If separate life tables are used to calculate pension benefits, women will receive lower monthly benefits, or will have to pay higher monthly contributions. In contrast, unisex life tables will lead to equal monthly benefits. Currently, the private insurance industry is using sex-differentiated premiums or life tables. Increasingly, women's activists argue that this has to be considered a form of discrimination. This topic may prove one of the hot topics for gender equality in pension policy in the future.

Exercise

NOTE: It is easy to adjust this method to different topics. One could, for example, on the basis of this method discuss the pros and cons of an equalization of pension ages for women and men; or the advantages and disadvantages of individualized pension savings!

Family benefits reform: trade-offs and policy choices²

Objective:

1. Participants understand the main policy choices in family benefit reform and the trade-offs among them.
2. Participants formulate preferences and priorities for family benefit policy in light of the above-mentioned trade-offs.

Material: Statements (examples listed in table below) prepared one by one on large cards of paper (facilitator has to prepare these beforehand!)

Large chart: "I agree" "I disagree"

Facilitator should promote discussion about the responses chosen by pointing out the trade-offs and secondary effects of certain policies and by asking questions which call attention to these (with the help of Text 5)

Time: 50-60 minutes, can be handled flexibly, according to the number of statements put out, and according to energy/ willingness of participants

Method:

1. Plenary Exercise: Statements are prepared before hand.
2. Facilitator explains the exercise: It is intended to illustrate the diverse choices and trade offs involved in designing family policy. It is also intended to help participants to reflect on and express their own preferences regarding the shape and purpose of family policy.
3. A number of statements have been prepared beforehand, written on large paper cards. They are placed visibly for everyone. On the wall, the facilitator has put up a large chart with the headings "I agree" "I disagree".
4. Facilitator asks the participants to freely chose one statement and put it up under either heading. When doing so, participants are asked to give an explanation for why they agree or disagree with the statement.
5. After each statement is put up, facilitator could start by restating the person's view in a way that shows that he/she understands the view and the good reasons for it. The facilitator might then ask if other participants agree/ disagree with where the statement was placed. The facilitator should be prepared to ask the group to think about "the other side of the argument" or "what an opponent might say".

NOTE: *In this exercise it is very important that the facilitator is friendly and empathetic, in order to set a relaxed and positive tone that gives people confidence to speak. It is necessary to depersonalize the discussion, so people feel they are analyzing different general positions rather than putting their own personal views on the table for dissection by others.*

² This exercise is taken from the Training Guide "The Gender Dimensions of Social Security Reforms" published by the International Labour Organisation, Subregional Office for Central and Eastern Europe. See list of references

Arguments for facilitator

NOTE: the arguments under “agree/ disagree” are to help facilitators to encourage a discussion with and among the participants. In the interest of a lively discussion, facilitators can, sometimes even should, play the devil's advocate.

STATEMENTS	POSSIBLE REASONS TO AGREE	POSSIBLE REASONS TO DISAGREE
1 Women and men's entitlements to family benefits should be equal	Equal entitlements are necessary to achieve equal sharing of responsibilities. But access is not enough, other measures are needed (e.g. value/cultural change, compensation for lost income).	When equalization of entitlements is used to justify cuts (higher expenditure in wage related benefits) maybe no change at all is preferable... No equalization in maternity benefits is desirable (ILO Convention 183: maternity benefits are for women, should be mandatory, at least 14 weeks).
2 Spending on childcare services is preferable to in-cash family benefits	Access to quality, affordable child care is key factor for women's employability. Some studies that show that the provision of child care services is cheaper for the central state budget. (This maybe partly because child care is paid out of local government's pockets) Studies show that good early childhood education has high economic returns.	Parents should have the choice to care at home, not be forced back to work. Institutional child care is less beneficial for children than personalized care, as reflected in psychological studies and academic test scores
3 Cash benefits during childcare leave should be linked to the previous wage level	Higher income earners (mostly men) will be more willing to take child care leave, therefore linking the benefit level to the wage is very much needed to shift unequal distribution of care responsibilities Makes childcare more affordable for women with higher earnings	Makes family benefits very expensive. Possible solution: introduce a ceiling for the benefit (e.g. in Sweden 80%) Factors driving the unequal use of childcare benefits are deeper and more complex than the amount of the payment alone.
4 Family benefits should be paid from general revenue rather than from social insurance contributions	Bringing up children should be something the general public pays for (i.e. from taxes) rather than those who contribute to social insurance.	Makes benefits more vulnerable to financial pressures, political change
5 Larger families should receive greater support through family benefits	Larger families have higher expenses, There is a greater risk of poverty in large families	Targeting larger families is a populist measure promoted by nationalists, promotes traditional image of women
6 Cash benefits during childcare leave should be restricted to those with low income or limited means	If there is not targeting middle classes get an excessive share of limited funds. Targeting makes good use of limited funds. Targeted benefits contribute to a softening of financial shocks associated with the transition process. Given that women have lower incomes, they benefit disproportionately, if cash benefits are targeted	Is the assumption justified that family income is pooled? Mothers and children do not have full access to the father's earnings, or might have different spending priorities. So if the household income is taken as the basis for determining eligibility, the benefit might be denied to mothers and children in need. Some women will be ineligible due to income or resources. Should they not have the "right to care"? Isn't every child "worth" the same? Targeting childcare benefits does not contribute to the goal of gender equality. It means using family benefits for poverty reduction, which is a different social policy goal. Targeting benefits reduces incentives for women to engage in economic activity (benefit traps), especially those with lower skill levels.

STATEMENTS	POSSIBLE REASONS TO AGREE	POSSIBLE REASONS TO DISAGREE
7 Family benefits should be provided universally (i.e. to all families)	See 6 for reversal of agree/ disagree Everybody should receive support in that phase every child should be valued the same way by the state Needed to ensure population growth	See 6 for reversal of agree/ disagree
8 Family benefits should be designed in a way that benefits parents who stay in the labour market while having small children	This measure helps avoiding isolation from the workforce, and the loss of skills that will make reentry later on difficult or impossible	Not everybody wants to/ can continue working. Part-time work is not possible with every job Some argue that the more time the parent has, the better for the child
9 Child care benefits should be restricted to parents who stay at home to care for young children	This measure contribute to the recognition of care work as socially useful work	This measure contributes to the isolation of parents from the world of work; The reintegration into the labor market in later years is more difficult

Additional web-based resources.

International Labour Office (ILO). 2001. *Social Security: Issues, challenges and prospects. Chapter IV: Gender Equality*, Report VI to the International Labour Conference, Geneva: ILO.

<http://www.ilo.org/public/english/standards/relm/ilc/ilc89/pdf/rep-vi.pdf>

International Labour Office (ILO). 2004. *The Gender Dimensions of Social Security Reform in Central and Eastern Europe. A Training Guide*. Budapest: ILO.

[Http://www.ilo-ceet.hu/public/english/region/eurpro/budapest/download/soc_sec_gender_training_guide.pdf](http://www.ilo-ceet.hu/public/english/region/eurpro/budapest/download/soc_sec_gender_training_guide.pdf)

International Social Security Association (ISSA) 2004. *Social Security Programs Throughout the World: Europe 2002*, Geneva: International Social Security Association. <http://www.ssa.gov/policy/docs/progdesc/ssptw/index.html>

Fultz, Elaine. 2003. *Recent Trends in Pension Reform and Implementation in the EU Accession Countries*. A Paper presented at the Informal Meeting of Ministers at the International Labour Conference, Geneva, 10 June 2003. Budapest: ILO Subregional Office for Central and Eastern Europe.

<http://www.ilo.org/public/english/protection/socsec/download/fultztrendse.pdf>

Fultz, Elaine; Ruck, Markus and Steinhilber, Silke (eds.). 2003. *The Gender Dimensions of Social Security Reforms in Central and Eastern Europe. Case Studies of the Czech Republic, Hungary and Poland*. Budapest: ILO. Subregional Office for Central and Eastern Europe.

<http://www.ilo-ceet.hu/public/english/region/eurpro/budapest/download/gender.pdf>

Steinhilber, Silke. 2004. *Gender dimensions of social security reforms in transition economies: Issues, good practices and policy options*. Background paper VI prepared for the UN/ECE Regional Symposium on Mainstreaming Gender into Economic Policies, 28-30 January 2004, Geneva.

<http://www.unecce.org/oes/gender/documents/gender.2004.gds.pdf?OpenAgent&DS=ENERGY/GE.1/2001/1&Lang=E>

Villagomez Morales, Elizabeth, Matinez Martin, I., Oteo Atunano, E., Gonzalez Gago E. 2004. *Social Security Systems in the EU and their Impact on Reconciling Family Life and Work Life*, Brussels & Strasbourg: European Parliament

<http://www2.europarl.eu.int/omk/OM>

[-Europarl?PROG=REPORT&L=EN&SORT_ORDER=D&LEG_ID=5&COM_ID=607](http://www2.europarl.eu.int/omk/OM?PROG=REPORT&L=EN&SORT_ORDER=D&LEG_ID=5&COM_ID=607)

8. GLOBALIZATION

General information, terminology and gender analysis related to the given issue

Globalization is a word which you frequently come across, both in the media as well as in the texts focusing on the analysis of the position of women within the economy and sometimes in economic policy discussions. You are also probably aware of 'alter-globalization' movement which becomes particularly visible in individual countries during various economic summits such as meetings of World Trade Organization (WTO) or during World Economic Forum meetings or Social Forums. At the same time not everybody knows the definition of globalization. This often leads to misunderstandings, conflicts, arguments and mistakes being made both in policy and practice (implementation of policy).

Globalization is the process of increasing the connection between the world's markets and businesses. This process has speeded up dramatically in the last two decades as technological advances make it easier for people to travel, communicate, and do business internationally. Two major driving forces of globalization are advances in telecommunications and development of the Internet. Globalization makes national borders less relevant or sometimes not relevant at all, at least as far as economic processes and, in particularly, trade are concerned.

Since it is mainly the western developed and wealthy countries that are behind this process, globalization is now associated with **global spread of capitalism and neo-liberalism**, dominance of the western culture and the influence of international media and information technology.

In general, as economies (of different countries or regions) become more connected to other economies, they have increased opportunity but also increased competition. Consequently, **powerful lobbies in favour of the globalization and (still) less powerful anti-globalization or alter-globalization lobbies have developed**. The pro-globalization lobby argues that increase of competition created by globalization is good because it makes businesses work more effectively and therefore, for example, allows people around the world to buy things for the lowest price possible. They also argue that globalization increases business, work, education and buying opportunities for almost everyone, including poorer people. The two most prominent pro-globalization organizations are the World Trade Organization and the World Economic Forum. Those two bodies are discussed further in chapter 9 "Global Governance".

Recently, it has been also argued that the massive international assistance both, by the governments and private persons, to the victims of the December 2004 tsunami was an example of good consequences of globalisation.

The anti-globalization or rather alter-globalization groups (as they argue not so much for eliminating globalization but changing it), argue that certain groups of people, including whole countries that do not have access to needed resources are harmed by globalization. They argue that the result of globalization is global exploitation where powerful, developed, predominantly western countries and multinational firms exploit poorer countries. This is possible because poorer countries and people living there simply are unable to compete with globalized forces, regardless how hard they are prepared to work. Important anti-globalization/alter

-globalization organizations include environmental groups like Friends of the Earth and Greenpeace; international aid organizations like Oxfam; third world government organizations like the G77; business organizations and trade unions whose competitiveness is threatened by globalization.

The issue of globalization most commonly is discussed in relation to trade or more specifically to **free trade**.

Free trade - **international** business not restrained by government's interference or regulation, such as duties, tariffs or import quotas.

Various processes including international agreements and laws regulate trade, and therefore, the idea of free trade is quite complex. Simplifying it, however, we can say that richer countries or those benefiting most from globalization, as well as multinational firms and pro-globalization organizations (pro-globalization lobby) support free trade. They do it because this would allow them to sell products and services to any country and to set up factories in any country around the world (for example, in countries when labour is cheap and workers are not unionized) and move money earned there wherever they want.

Those against free trade argue that it can lead to global exploitation of workers, including loss of employment in developed countries when companies move abroad where labour is cheaper, closing of local companies (usually smaller companies) which cannot compete with wealthy and large ones from developed countries, and removal of capital from the country where the company is. **Links are also made between globalization and discrimination or even exploitation of women**, as well as degradation of natural environment.

So-called multinationals (multinational companies) or TNCs (transnational companies) play a very important role in globalization.

A **multinational/transnational** is a company which does business in many countries.

Well-known multinationals which also have been strongly criticized, include McDonalds, Coca-Cola and Nike.

Issue of globalization is strongly linked to the so called **global governance**. A whole chapter (chapter 9) of this kit is dedicated to the issue of global governance. Here you are provided just with a definition.

Global governance means joining of forces of countries and institutions to regulate the world as a whole. Governments of the countries and private companies try to use such organizations as WTO (World Trade Organization), and WB (World Bank) and UN (United Nations) to regulate/govern the world in the way they want. Other groups may try to use the same structures, but also others such as ILO (International Labour Organization) govern the world differently.

Above paragraphs described to you some of the main economic aspects of the globalization. While this is appropriate for an Economic Literacy Kit, it needs to be added that **globalization goes beyond economy and it includes globalization of culture, knowledge, democracy and human rights and finally gender justice**. Of course there is great diversity of opinions if these processes are good (for example if globalization of culture is good) or if they in fact happen at all (not everybody agrees that there is, for example, globalization of gender justice). We will not go into those issues in detail here but you can find this and other information about globalization through accessing resources listed at the end of this chapter.

Globalization and gender justice in CEE/CIS

The main link between globalization and gender justice in CEE/CIS particularly in relation to the activities undertaken by gender focused NGOs is that they rarely focus on globalization as such or at least do it less than women's organizations in other parts of the world. In fact, very few women's organizations from the region address the impact of globalization on women or the impact of trade on women at national, regional or local level. This makes us very different to women's organizations from other parts of the world including Asia, South America and Africa where a lot of activities focus, for example, on GATS.

GATS (General Agreement on Trade in Services) is a multilateral agreement (involving many stakeholders) which provides legally binding rights, as well as principles and rules for trade in services. The aim of GATS is to increase international trade by removing controls and restrictions such as fiscal policies, social standards, environmental protection and many others.

It can be argued that the relatively small interest of CEE/CIS women's organizations to this issue is due, not only to the lack of resources to do it, but also to the fact that the impact of globalization or GATS is not as visible in our region as it is in others. However, this is only partly true. Firstly, we do not see it because often we do not look for it. Secondly, the fact that something is not very visible does not mean that it does not exist and ignoring it can have dramatic consequences.

In reality **globalization has a very significant impact on the situation of women in CEE/CIS region**. The process of economic restructuring that started in our region in 1989-1991, described in more details in Chapter 2, was largely based on countries of CEE/CIS region becoming parts of global capitalism.

The role of globalization in the economic changes of our countries is evident in the way our governments try to attract foreign investment without which, they argue, economic growth would be impossible. It is often reflected in how individual governments compete for multinational companies to choose their country for location of factories etc. Recent example of that was Poland and Slovakia both wanting Hunday to build a factory on their territory, with Slovakia 'winning' and Poland being very disappointed about it. We all also hear about foreign or multinational companies buying local firms. This in itself does not have to be bad, and sometimes is good if thanks to the injection of capital the company develops and continues to provide goods and services as well as jobs to the community. Unfortunately, too often such purchases by foreign or multinational interests are associated with closure or relocation of national or local firms or at least with significant reduction in number of employees. Again, we will not go further into mechanisms associated with those process as there are mentioned here only to illustrate the **presence of globalization in our everyday life**.

After saying that not many women's NGOs from the region focus on globalization and trade, it needs to be pointed out that some do. For example, as part of the Clean Clothes Campaign (CCC) national projects address globalization through focusing on work conditions of female employees undertaking production of clothing for 'western' European firms in factories in CEE such as Poland, Bulgaria and Romania.



As it was said before, globalization is intrinsically linked with global trade. The gender impact of trade and particularly trade liberalization policies should not be underestimated. **Trade liberalization policies often can look gender neutral. But they are not.** This is mainly because they do not take gender into account at all and therefore only strengthen existing economic inequalities. What it means is that even when opportunities are created by trade liberalization women are often unable to take advantage of them, due for example, to gender stereotypes or lack of access to education or resources. Consequently, trade policies will only have a positive impact on women if they try to address existing economic inequalities related to gender. Therefore, women's organizations should try when possible to impact those policies.

The good thing is that many organizations from our region are lobbying actively the organizations which play an important role in shaping the nature of trade and globalization such as the World Bank or UN and, of course, ILO. Women's organizations from CEE/CIS still are not sufficiently involved in lobbying WTO.

Further, women's organizations should be aware of the issue of globalization in planning their own programs or when lobbying national governments. Good example of this is the issue of women's entrepreneurship. The economic restructuring swept through our countries leading to many women (particularly those over the age of 40) loosing their jobs without realistic perspective of finding employment again. In response to, that governments and then also NGOs encouraged women to become entrepreneurs. While entrepreneurship of women in itself is a positive idea providing many women with an opportunity to gain economic independence and put their business talents, it can be a long term solution only if it develops an awareness of globalization. It means that it is not enough to help women set up their own business. Women need to be advised what businesses are likely to survive in economies influenced by globalization. For example encouraging women to set up grocery shops while it is obvious that neither they are going to survive the competition with large foreign supermarkets entering the markets of CEE/CIS nor is there a chance that anybody (governments/civil society/consumers) is going to do anything to actually restrict development of supermarkets.



Exercise

Objective: to illustrate to the participants difficulties associated with competition in conditions where not everybody has the same access to resources. The goal of the exercise is to show that not all countries can compete in supposedly 'equal' environment.

Expected Result: At the end of the exercise participants should be able to identify some of the main problems associated with free trade in global environment.

Materials Needed: monopoly money; four sets of shapes cut out of light cartoon: circle (d = 8 cm), triangle, square (6 cm x 6 cm) and rectangle (13 cm x 8 cm); sheets of colour paper A4; Four A4 envelopes marked 'US', 'EU', 'CEE/CIS', 'Africa'. In envelope marked 'US' put 10 sheets of A4 paper, scissors, ruler, pen, compasses and 1500 money units. In envelope market 'EU' put 8 sheets of A4 paper, scissors, ruler, 2 pens, compasses and 1200 money units. Envelope 'CEE/CIS' – 6 sheets of A4 paper, ruler, pen, compasses and 600 money units. Envelope 'Africa' – 5 sheets of paper, ruler and 2 pens and 300 money units.

Select one participant to represent the Bank and give her the remaining amount of Monopoly money.

Methodology:

1. Divide participants into four groups, give each group one of the envelopes.
2. Give them paper shapes sets. Tell them that they have 25 minutes to cut out of the sheets of paper circles, squares, triangles and rectangles looking exactly like the ones you gave them. Tell them that they will sell these products and that the value of circle is \$25, square: \$10, rectangle: \$20 and triangle: \$15. Tell them also that they can negotiate among the groups their 'natural resources' (the sheet of paper) and the instruments of production (the rulers the scissors etc.) and only good quality 'products' will be purchased at the price indicated.

3. After fifteen minutes select a quality control to work with the Bank consisting of 2 persons from US group, 1 from EU group and one person representing both CEE/CIS and Africa. Ask the groups to start selling their products to the Bank. Tell them that for products of lesser quality they can negotiate lower price.
4. Make the groups count the money they earn.
5. What is most likely to happen is that US will earn most of the money, followed by EU, CEE/CIS and Africa. Ask the group why they think that it happened while all the groups had the same time to make and sell the paper shapes. If the group does not do it by themselves you can direct discussion towards: differences of resources available to each group (if you wish you can try to link it to real differences between, for example, US and Africa); quality of products they produced and what impacted this quality; who made decision which products were 'worse' quality and was this decision 'objective'?
6. It is possible that due to different group dynamics and initiative some group with poorer resources (CEE/CIS or Africa) made better outcome. In this case, try to explain this result with women's flexibility to get out of difficult situation but make sure that the group understands that in real practice it happens rarely.

Additional resources

Joseph E. Stiglitz (2003), Globalization and Its Discontents, W.W Norton and Company NY, London. One of the most renowned books on globalization written in recent years. It offers a critic of economic globalization. While it is not written specifically about CEE/CIS region it offers overview of main global elements of the phenomenon it has a whole chapter on Russia, and makes references to most of the CEE countries and some CIS countries, as well as to our region in general. It is not available electronically but you can purchase it on: www.amazon.com where you can also read readers reviews of the book.

Tadeusz Buksinski, Dariusz Dobrzanski (eds.) (2005), Eastern Europe and the challenges of globalization. Examples of chapters included in this book specifically looking at our region: The Challenges of Globalization for Central and Eastern Europe; From Totalitarianism to Universal Participation: Globalization and the East/Central European Experience; Globalization as Exportation of Western Values: The Post-Communist Ukrainian Experience; Baltic Identities in the Process of Globalization; Globalization Processes and Problems of Civic Society in Lithuania; Belarus at the Crossroads between Americanization or Russification. At the time of publication of this Economic Literacy Kit it was not available for purchase on the internet but should be available in university libraries soon.

Philip H. Gordon Globalization: Europe's Wary Embrace <http://yaleglobal.yale.edu/display.article?id=4790>
This electronic article offers less critical look on the globalization from the EU perspective. It's a good read although it offers predominantly view present in the 'old' EU states rather than new EU countries.

For very specific example of the impact of globalization on the working lives of women in CEE you can access following information: fact sheet produced by Karat on exploitation of women in garment industry http://www.karat.org/beijing_10/fs_tcs.html; for information on women working in clothing factories in Poland go to <http://www.karat.org/ccc/ccc.html>; to find out about the issue in other countries of the world visit the website of Clean Clothes Campaign <http://www.cleanclothes.org/>

9. GLOBAL GOVERNANCE

General information, terminology and gender analysis related to global governance

This chapter is dedicated to the description of the so-called global governance and particularly its meaning for women in CEE/CIS region in general and for women's organizations in particular. As global governance is closely linked to the issue of globalization the definition of global governance was provided in chapter 8 focusing on globalization. Here it is again:

Global governance means joining of forces of countries and institutions to regulate the world as a whole. Governments of the countries and private companies try to use such organizations as WTO (World Trade Organization), and WB (World Bank) and UN (United Nations) to regulate/govern the world in the way they want. Other groups (women's NGOs, employees groups, trade unions) may try to use the same structures, but also different ones such as ILO (International Labour Organization) (Look in the previous chapter) govern the world differently.

Before going into describing individual organizations involved in global governance it is important to look at the nature of the global governance itself. It is very likely that in your work you came across numerous criticism of global governance. It is, for example, **criticized for spreading negative aspects of globalization, and namely protecting interests of rich countries or multinational companies and ignoring the interests of poorer countries and of poorer people**. If this was the only problem associated with global governance, it would be 'fixed' through changing the way institutions participate in global governance approach issues of, for example, trade or gender. Unfortunately, this is not the only problem with global governance. **The problematic element of global governance is not only what it does but also how it does it. The problem is that world governance is undertaken in undemocratic manner!** This is because of the organizational structure and management of the main players such WTO, IMF or WB are not fully democratic. What it means is that members of those organizations and/or 'top' decision makers within them are not recruited/elected/chosen democratically by people (or even representatives) of the countries that the global governance impacts. Again, this is not automatically a problem, as these organizations are not obliged to be globally democratic or representative of the world's population. In case of the global governance, however, it is a problem because **these undemocratic organizations have an extremely significant impact on the life of entire world and make decisions which impact everybody**. Governments which are meant to be representing people of given countries, in fact in many cases, have to 'listen' and to be obedient to WTO, IMF and World Bank and/or some other organizations.

The first four organizations which will be described here are WTO, World Economic Forum, IMF and World Bank.

The World Trade Organization (WTO) is a pan-governmental entity (which currently has 148 Member States) that was set up to formulate a set of rules to govern global trade and capital flows through the process of member consensus, and to supervise their member countries to ensure that the rules are being followed.

World Trade Organization is based in Geneva, Switzerland and it was founded in 1995 replacing GATT (General Agreement on Tariffs and Trade). WTO negotiates trade agreements which all its member countries have to obey. The main tasks of the WTO are: administering WTO agreements; providing forum for trade negotiations; handling trade disputes; monitoring national trade policies; technical assistance and training for countries of the South, cooperation with other international organizations.

In theory, all members States of WTO participate equally in decision making as decisions are made through consensus on one country = one vote basis. In reality, decisionmaking is 'managed' by four most powerful entities: US, Japan, European Union and Canada. Also, wealthier or bigger countries tend to have more negotiators in Geneva and are able to fly in experts to meetings when required etc. Poorer countries have fewer negotiators or even none at all. **So, the impact of the participation of poorer countries in global governance is really insignificant and this again contributes to undemocratic nature of global governance.**

Another body which plays an important role in global governance is The World Economic Forum.

The World Economic Forum (WEF) is a private foundation established in 1971 which does not have decision-making power but enjoys a great deal of importance since it has been effective as a powerful networking forum for many of the world's businesses, governments but also not-profit leaders.

The **World Economic Forum** basically involves annual meetings of 2000 people including chief executives of the world's richest corporations, some national political leaders (presidents, prime ministers etc.), and selected intellectuals and journalists. The meetings usually take place in Davos, Switzerland but there are also regional meetings of WEF members. The critics of WEF say that it is an elitist, undemocratic, unelected business forum, where the influential businesses can negotiate deals with one another and lobby the world's most powerful politicians. Its aim is exclusively profit-making and not tackling, dealing or solving economic problems like poverty. At the same time, it is extremely powerful and its influence is global. For these reasons, WEF meetings (including those held in CEE) have regularly attracted protests of alter-globalists. Until 2001, both WEF decision making boards, the Forum Board of Directors and the Council Board of Directors consisted of men only. In 2001 one woman joined the body.

Another body participating in global governance is the International Monetary Fund.

International Monetary Fund (IMF) is an international organization set up in 1944 responsible for managing the global financial system and for providing loans to its member states to help alleviate balance of payments problems (flow of financial capital from one nation to another). It acts to lower trade barriers between countries and to stabilize currencies by monitoring the foreign exchange systems of member countries. It also functions as an arbiter of world economic affairs. Part of its mission is to help countries that experience serious economic difficulties. In return, the countries who are helped are obliged to launch certain "reforms", such as privatizations of government enterprises.

While the IMF describes itself as: "an organization of 184 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth and reduce poverty", most its critics believe that it aggravates poverty and debt of developing countries. It has been criticised for deliberately supporting capitalist military dictatorships friendly to American and European corporations. **Critics also say that the IMF is hostile to ideas of democracy, human rights, and the labor rights.**

IMF has been criticised for its Structural Adjustment Programmes on which financial aid given to nations in need is based. Structural Adjustment Programs (SAP) requires policies where nations reduce living standards and reduce development projects in order to satisfy the demands of creditors. It has been argued that this results in restricting developing economies and turning them simply into providers of cheap labour and raw materials. What is very important is that IMF is not only criticised by 'left' organisations or economists but also by the 'right' ones. More of the criticisms directed towards IMF you will find in the links provided in the resources section of this chapter.

Another organisation that participates in global governance is the World Bank.

The World Bank (WB) is an international organization created in 1945 and which now has 148 members States. It was established mainly as a vehicle for reconstruction of Europe and Japan after the Second World War with a mandate to facilitate economic growth in developing countries in Africa, Asia and Latin America. Since the early 1990s the WB has also been involved with states of Eastern Europe and the Former Soviet Union. It provides loans at preferential rates to member States who are in difficulty. In exchange, it asks that political measures be taken to, for example, limit corruption or foster democracy.

In recent years the World Bank Group has been increasingly focusing on poverty reduction. The World Bank provides long term loans, grants and technical assistance, to help needy countries implement their poverty reduction strategies. World Bank financing is used in many different areas, from reform of health and education sector to environmental and infrastructure projects, including dams, roads, and national parks.

The funds for this lending come from a combination of the repayment of past loans and the issuing of bonds on the global capital markets. In addition to financing, the World Bank Group provides advice and assistance to developing countries on almost every aspect of economic development.

While it all sounds very good, WB has been criticised for contributing to negative aspects of globalization and for undermining the national sovereignty of countries it lends money to, and placing emphasis on economic liberalisation. There is also evidence that the Bank is controlled by powerful countries such as United States so it provides financial assistance in a way that benefits those powerful countries. Another critique is that the Bank is directed by a [neo-liberal](#) belief that the market can, by its own nature, bring prosperity to countries that practice free competition.

However, on the other hand, WB along with other key players makes governments 'listen' and adhere their rules of game, what in fact could be regarded as the direct intervention into the market and governance issues of the poorer countries.

While above mentioned organisations play a crucial role in global governance there are other, less 'money making' focused organisations which also play a crucial role in global governance. They include United Nations. The general goal of United Nations is working towards achieving world peace and co-operation. This is done among others through production of various documents including ones focusing or referring to economic justice, environmental protection and gender justice. Those documents (treaties, agreements or conventions) are ratified by member states of UN (at the moment most of the countries of the world are members of the UN) and they are meant to be observed by the States-parties. In this way, UN plays a very important role in global governance. What is important it was set up to foster world peace and co-operation, so it does not focus on economic development for its own sake. It is also the most democratic organisation of all the main participants to global governance.

Global Governance, CEE/CIS region and women's organizations

Global governance as such has to be seen as very problematic, at least as long as it is conducted in a way that it is conducted today (it is not democratic with main participants being predominantly focused on economic growth as an end in itself). It is not the role of this chapter to suggest comprehensive ways of changing the situation as this is obviously, an extremely challenging task with many organizations world wide employing various strategies and undertaking complex campaigns to do it. This section will simply briefly look at the relationship between women's NGOs from the CEE/CIS and the main participants to global governance.

As most of you probably know many of women's NGOs from CEE/CIS region work quite closely with UN and particularly with its three bodies: UNDP (United Nations Development Programme), UNIFEM (United Nations Development Fund for Women) and ILO (International Labour Organization). UN has special structures focusing on involvement of NGOs including women's NGOs, it also regularly provides resources aimed at empowering women. Through this women's NGOs can participate in the lobbying for the amendments to the new documents and the observance of commitments contained in the existing UN documents ratified by individual states. **Through this process not only women NGOs have some impact on Global Governance but they also have a tool they can use at national level:** in many countries of the CEE/CIS lobbying national governments through telling them that they should work towards gender justice is often not effective, while telling national governments that they are obliged to do something due to international agreements that they sign works much better!

Another important participant to global governance that has a (shorter) history of co-operation with NGOs in general and women's NGOs in particular is the World Bank. While in many parts of the world including CEE/CIS region World Bank is criticized for its negative impact on the world, at the same time in CEE/CIS it has a reputation of paying attention to gender justice. This is reflected in its structures (Gender Unit and Gender Focal Points), provision of funds for projects undertaken by women's NGOs, and not removing its funds even from the countries which recently joined the EU, and tendency to consult at least some of its programs and policies with gender focused NGOs. In fact, many of women's NGOs believe that they can influence the World Bank. This can suggest that the position of the World Bank in the context of global governance, at least to some extent, reflects gender concerns voiced by women's NGOs.

Additionally, the World Bank provides some gender justice tools at national level. For example in case of loans provided by the World Bank, programs which are implemented using those funds have to include gender component. In the case of the countries where women cannot count on their State governments or private corporations to implement such programs, such pressure from the World Bank is extremely useful.

Participating of women in decision making of other bodies is much harder. Not only because they do not necessarily have structures for involving NGOs, but even because most of the decisions made by those structures are made by men! In case of WTO, IMF and WEF we cannot talk about any form of co-operation with NGOs or any real consideration being given by those entities to issues of gender justice.

Therefore, despite the fact that we should try to see this situation not as completely hopeless, issue of global governance and its impact on women in CEE/CIS region is extremely problematic. There is evidence that global community has a lot of work ahead of it **to change this situation**. One thing that women's NGOs from CEE/CIS have to do is **look at global governance as one global process and not only concentrate on co-operation with the two participants of global governance which are willing to co-operate (UN, WB) which in most of cases is done on national level but increase their involvement in global campaigns focusing on global governance, trade and economic justice**.

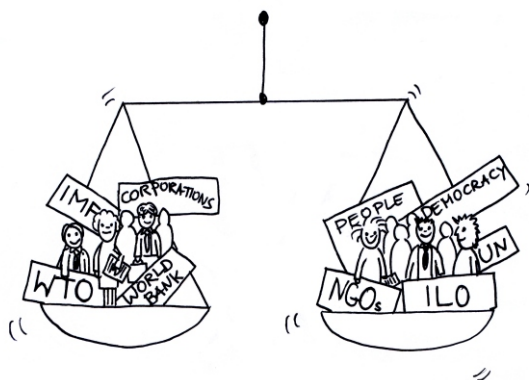
Exercise

Objective: to help participant understand values, agendas and objectives of each of main actors of global governance, but also to make the participants believe that changing global governance is possible.

Expected Result: Participants will understand that each actor of global governance has specific characteristic and which will not change completely (i.e. WTO will not, out of the sudden, argue exclusively for gender justice) but even within those limitations some change is possible.

Materials Needed: 6 different sheets each describing one of the following organizations: WB, WTO, IMF, UN and WEF (if you want you can just photocopy description of the organizations provided in this chapter); 6 sheets of paper describing of a specific policy/project/strategy that took place in your country/region that you know one or more of those organizations participated in, or hypothetical policy/program, for example, 'a loan for a country to establish a reliable and affordable system of childcare facilities which will allow women to freely participate in the labour market'.

Methodology: This exercise is a version of a role play. Role plays are usually very popular with participants of workshops, so it is good to include one in your economic literacy training. Divide participants into 6 groups. One group will be women's NGO; other groups will represent WB, WTO, IMF, UN, and WEF. Please note that each group will have to consist of at least two persons. If there is less than 10 participants decrease number of the groups. Give each group description of their organization and description of the policy/project/strategy. Tell the groups that in the role-play the NGO will present the policy/project/strategy to WB, WTO, IMF, UN, and WEF. Participants acting as WB, WTO, IMF, UN, and WEF will have to respond to it. They have to prepare their responses on the basis of what they learn about WB, WTO, IMF, UN, and WEF from the session, the sheets you have given them or what they already know. What is important, however, that one person from the group is to prepare a negative response and the other person will provide a positive response (this is why you need to have at least two persons in each group). Give groups five minutes to prepare their arguments and responses. After the five minutes do the role-play: first the WB, WTO, IMF, UN and WEF are to provide the negative response. After that, the role play will be done again but this time with a positive response. It is important that even UN will provide the negative response at first. This will illustrate that even co-operation with gender and NGO friendly institutions can be challenging and based on compromises. Additionally, let the participants react to statements of each other and argue but make sure that each group and each of two persons from the group will have a chance to make their response. Further, the positive responses of WB, WTO, IMF and WEF have to reflect the nature of the institutions; so, for example, WEF can argue that better childcare will be good because then skills of women, that nations invested in while educating them, will be used and this will contribute to economic growth; but it cannot say that making money is not important after all, so why not just put some money into childcare. This should illustrate to participants that even most neo-liberal organizations can be more gender sensitive. The exercise can be followed by a discussion about participants opinion about the arguments presented by WB, WTO, IMF, UN and WEF as well as suggestions how can women's NGOs **undertake lobbying** of the above institutions which play leading role in global governance.



Comment: This exercise is not very suitable for more radical participants i.e. ones that want to eliminate global governance. It accepts the fact that global governance exists and merely suggests ways of lobbying and understanding institutions which play leading roles in it, rather than eliminating global governance all together. However, you have to address this issue in the discussion after the role play (altering global governance vs. eliminating it, and what should women NGOs do).

Additional resources

“Global Exchange” website providing critique of WTO and IMF and other organizations
<http://www.globalexchange.org/campaigns/econ101/neoliberalDefined.html>

Good, although lacking gender perspective 'handbook like" info on IMF including its structure criticism. Extremely well organized linking one definition to another. Through this site you can find lots of other economic definitions
<http://www.free-definition.com/International-Monetary-Fund.htm#Criticisms>

Link to another section of the same website this time focusing on 'handbook like" information on World Bank; again, no gender perspective available, there is also little mention of CEE/CIS. However, it is extremely well organized linking one definition to another. Through this site you can find lots of other economic definitions
<http://www.free-definition.com/World-Bank.html>

Again good description of World Economic Forum, including issues of geographic and gender representation,
<http://www.free-definition.com/World-Economic-Forum.html>

A Seattle to Brussels (S2B) network (2004) From Cancún to Hong Kong: Challenging corporate-led trade liberalisation The publication, a collection of contributions from a number of S2B's members, offers an analysis of some of the most pressing issues in the current international trade including development, the environment and gender. You can order the publication from WIDE. Ordering form is available at the bottom of the following page:
<http://www.eurosur.org/wide/Structure/publ.htm>

Official websites of world governance bodies

WTO website. Among others it includes a section focusing on “Common 10 misunderstandings” effectively pointing out that bad things said about criticisms of WTO are not true. <http://www.wto.org>

World Economic Forum <http://www.weforum.org>

International Monetary Fund (IMF) <http://www.imf.org>

World Bank <http://www.worldbank.org>

United Nations (UN) <http://www.un.org>

United Nations Development Program (UNDP) <http://www.undp.org>

United Nations Development Fund for Women (UNIFEM) <http://www.unifem.org>

UNIFEM's Commonwealth of Independent States Regional Office <http://www.unifemcis.org/?en=1>

International Labour Organization (ILO) <http://www.ilo.org>

Subregional Office for Central and Eastern Europe: SRO-Budapest

[Http://www.ilo.org/public/english/region/eurpro/budapest](http://www.ilo.org/public/english/region/eurpro/budapest)

Subregional Office for Eastern Europe and Central Asia: SRO-Moscow <http://www.ilo.ru>