

South Asia Regional Autumn School 2011

Global Finance and Human Security in South Asia: A Gender Perspective

November 1 - 5, 2011 at Lady Sri Ram College for Women, New Delhi, India

Co-organized by:

Lady Shri Ram College for Women & Heinrich Böll Foundation

*No society can ever prosper half-liberated and half-chained.
Women's empowerment is a pre-condition for human security.*
Mahbub ul Haq¹

The process of globalization over the last three decades was expected to release forces which would increase efficiency, productivity and growth and ultimately human well-being across the developing world. Though the growth of Gross Domestic Product (GDP) did accelerate in most South Asian economies since the 1990s, it has not always led to an expansion of peoples' choices, opportunities or capabilities. An important explanation seems to lie in the growing and massive financialization of the global economy – a highly pervasive form of globalization – with its apparent disconnect with the real economy. The financial deepening and cross-border integration have transformed the world economy, although with varying consequences across nations and populations. The globalization led policies of liberalization and privatization, with concomitant competitive pressures, new forms of governance structures that shaped economic and financial policies under guidelines issued by International Monetary Fund (IMF) and other multilateral platforms, in fact, seem to have often accentuated inequalities among people.

The discourse on human well-being remained largely silent on the gender dimension of these inequities till about the mid-1990s. Subsequent research revealed the serious nature of gender disparities and brought to light startling facts on feminization of poverty, inequities in property rights, unequal access to food and social opportunities, the differential and gendered impact of environmental degradation and the disproportionate costs of violent conflicts borne by women.

The global financial crisis of 2007 has brought into sharper focus the adverse consequences of excessive financialization in the West and the largely unregulated nature of growing capital flows across countries. The effects of the resultant recession on output, employment, exports and remittances have been well-documented and researched for South Asian countries, which have had varying experiences depending upon the nature of global financial integration and their policy responses to manage the international financial flows. However, the ramifications on human security, human rights and human development in general, and for the disadvantaged groups – especially women in relatively poor regions – remain under-researched.

¹As cited in The Mahbub ul Haq Human Development Centre, 'Human Development in South Asia 2005: Human Security in South Asia', Oxford University Press, 2006, p.116.

The South Asian Regional Autumn School 2011 aims to analyze from a gender perspective the impacts of rising global finance on human security, human rights and human development in South Asia – a region characterized by acute poverty and stark gender inequities. It will also address issues germane to the consequences of current economic and developmental paradigms, especially for South Asian women. The participation is directed at young scholars, civil society activists and government practitioners from the region. The School also seeks to equip participants who are not necessarily specialists in Economics, to analyze the macro-economic policy implications for human security, for women in particular. It is hoped that the learnings from the School will encourage the participants to be engaged in shaping development policy from their respective professional vantage points. The School will be held in New Delhi between November 1-5, 2011, as a collaborative initiative between **Lady Shri Ram College for Women** and **Heinrich Böll Foundation**.

Background

Dominant Finance, Globalization and Developing Countries

In the last three decades with the opening up of the foreign exchange markets and financial deregulation in a number of developing countries, the size, mobility and structure of global financial markets have undergone rapid changes. There has been an increasing financialization of the world economy as the size of the financial markets has become much larger than the real economy with a noticeable disconnect between the two. The ratio of global financial assets to global GDP has increased from 109% in 1980 to 346% in 2006, reflecting a pronounced financial deepening of the world economy.² International capital flows are now primarily private and there is growing institutionalization of the global capital markets with capital moving rapidly across and within regions, both developed and developing. The short-term capital flows across countries in search of higher returns and safety in response to changes and expectations of changes in interest and exchange rates.

The financial markets are inherently risky because of asymmetric information between buyers and sellers. The increased volatility and rapid growth of global financial markets has led to the introduction of a number of new, complex and derived financial instruments and other financial innovations primarily to facilitate lowering and sharing of risks. These instruments, however, have increasingly been used by financial institutions to take on excessive risk through unduly high leverage and speculation in financial and commodity markets. This excessive indulgence in trade of financial securities to enlarge profits can jeopardize the health of the financial institutions if their expectations are belied. Further, the largely unregulated nature of international capital markets has made them susceptible to crises because “...while financial institutions and markets became global, regulation remained national.”³

Financial crises can be triggered by changes in interest rates, the asset market effect on balance sheets, increase in uncertainty or bank panics. There have been a number of international financial

²Juan Pablo Paineira, ‘Developing Countries in the Era of Financialization: From Deficit Accumulation to Reserve Accumulation’, Research on Money and Finance, February 2009, Discussion Paper No. 4, p. 9.

³R.Venugopal Reddy, ‘Life after Global Financial Crisis’, S. Ranganathan Memorial Lecture, IIC, 2009, p. 2.

crises in emerging economies since the mid-1990s: Mexico (1994-95), South East Asia (1997-99), Russia (1998), Brazil (1999), Turkey and Argentina (2001-02).⁴ The current global financial crisis, still being tackled, originated in the US mortgage market in 2007 due to excessive lending and growing appetite for risk-taking by financial institutions.⁵

Since financial investments are highly interlinked across institutions and nations, the crisis emanating from the U.S. quickly spread to other parts of the world, though with differing intensities. Developing countries were also affected through a number of channels — fall in exports, capital inflows and inward remittances, and a confidence deficit in the financial system. Net private financial flows to developing and emerging economies decreased from \$689 billion in 2007 to around \$180 billion in 2008 and remained constant in 2009.⁶ The international contagion demolished the hypothesis of de-coupling between the developed and developing economies.⁷ The loss of confidence and credit crunch that followed the financial crisis adversely affected the output growth and employment both in developed and developing nations, though in varying degrees. The annual growth rate of global output fell from about 4% during 2006-2007 to 1.6% in 2008, declining further to (-)2% in 2009. The global unemployment rose sharply from 178 million in 2007 to 205 million persons in 2009.⁸ The situation turned out to be graver in the export-oriented sectors of developing countries, as workers increasingly found themselves in ‘vulnerable employment’⁹.

To alleviate the economic problems, developing countries as well as the advanced nations introduced ambitious fiscal stimulus packages. There were also large bailouts to Foreign Institutional Investors (FIIs) which were imperative to prevent a loss of confidence and a crash of financial markets. However, these measures went along with cuts on social spending and massively increased public debt.

Both the financial crisis and the responses to manage it, raise several pertinent questions, both empirical and ethical. Who have been the gainers and losers from the crisis? Has it led to the ‘privatization of profits and socialization of losses’? Can such crises be prevented by appropriately reforming the existing financial architecture? Does the crisis constitute an opportunity to advance alternative paradigms of equitable development and poverty alleviation?

Further, although the aggregate economic impacts of the recent financial crisis are important and still continue to be debated by policymakers and academics, there is a growing consensus that wider socio-economic and political concerns emerge from the economic recession. Increasing unemployment, informalization of the labour force and declining social security provisions seem to have resulted in worsening the plight of the poor and marginalized, particularly the women, in

⁴ D. Salvatore, ‘International Economics: Trade and Finance’, Tenth edition, John Wiley & Sons, New Jersey, 2011, pp. 766-78.

⁵ This was encouraged by the low rate of interest, increase in housing prices and financial innovations. The crisis was triggered when housing prices fell in the US and there were defaults on sub-prime mortgages. Many international financial institutions which had failed to perceive and manage risks involved in the mortgage based securities were in trouble and bankruptcies and foreclosures followed.

⁶ IMF, ‘World Economic Outlook: Rebalancing Growth’, April 2010, p. 178.

⁷ De-coupling Hypothesis: Developing economies are insulated from economic fluctuations originating from the developed countries.

⁸ UN, ‘The Global Social Crisis, Report on the World Social Situation 2011’, p. 1.

⁹ Vulnerable employment: Sum of own account workers and contributing family workers. These workers are less likely to have formal work arrangements and lack elements associated with decent employment such as social security, health benefits and recourse to social dialogue or effective collective bargaining mechanisms.

developing countries by threatening their human security, undermining human rights and compromising human development.

Human Security, Human Development and Human Rights: Essential Complements for Human Well-Being

From the perspective of human well-being it is only appropriate that the understanding of security has evolved from its earlier 'traditional' formulation that was exclusively preoccupied with the territorial security of the nation State, towards a more holistic 'non-traditional' paradigm. This broadened formulation of 'human security' that encompasses life, livelihood and human dignity, including access to food and water, health, environmental sustainability and cultural diversity, shifts the focus from the State to human beings. Rothschild succinctly captures the spirit of human security by defining it as "... economic, social, political and legal rather than military; it is to be achieved by co-operation rather than by conflict; it is the security of individuals rather than states; it is to be achieved through efforts which are international or global"¹⁰. There is also a recognition that human security cannot be ensured to a privileged few, especially because the impacts of insecurities transcend national boundaries and other borders. They manifest in many forms that include illegal migration, human and drug trafficking, piracy, organized crime and communicable diseases. These taken together have major ramifications for national security as well. "Today, more than ever before, threats are inter-related and a threat to one is a threat to all. The mutual vulnerability of weak and strong has never been clearer."¹¹

Such an understanding of human security brings it closer to a holistic approach to human development with which it shares four fundamental perspectives: people-centricity, multidimensionality, concern for chronic poverty and human fulfillment in the longer term¹². The State as the primary agency to facilitate human development is expected to provide equitable access to social opportunities for all, so that people can participate and benefit from market processes. It is also vested with the responsibility to ensure greater accountability in the economic and social spheres through humane governance, transparent norms and democratic institutions. However, contrary to its expected role, if the State undermines such processes or causes human suffering, then it not only fails to achieve development but violates human rights – the vital core of human lives that States are legally bound to protect under International Law. In most parts of South Asia, the State has not performed well on these counts.¹³ The track record on protection of women's rights is among the worst.

¹⁰ E. Rothschild cited in Sara Edson, 'Human Security: An Extended and Annotated International Bibliography', Common Security Forum, University of Cambridge, June 2001, p. 57.

¹¹The Mahbub ul Haq Human Development Centre, Human Development in South Asia 2005: Human Security in South Asia, Oxford University Press, 2006, p.8.

¹²Amartya Sen, 'Why Human Security?', Text of presentation at the 'International Symposium on Human Security', Tokyo, July 2000.

¹³ The Mahbub ul Haq Human Development Centre, 'Human Development in South Asia 2005: Human Security in South Asia', Oxford University Press, 2006, p.19.

Through the Gender Lens

In South Asia, in spite of the heterogeneity of their economic, political, socio-cultural and religious status, women suffer from a state of disadvantage and find themselves excluded from a number of privileges enjoyed by men. The pervasiveness of patriarchal institutions and structures entrench this exclusion. While some aspects of gender discrimination are immediately obvious such as the lower nutritional, health and educational attainments of women and adverse sex-ratios rampant in the region, other features like the non-enumeration of their unpaid work, their role as care givers within the family and their concentration in low paying jobs are less visible and not easily recognized.

Women face compounded disadvantages due to their initial limited access to education and skill formation, restricted mobility and the problem of time deficit. Since caregiving is perceived to be primarily the responsibility of women within a patriarchal family structure, women find themselves discriminated against both in terms of entry and wages in the labour market. Flexibility in labour contracts and increasing casualization of the workforce seem to have helped the corporations relocate production to countries with abundant cheap female labour.¹⁴ Thus, women typically find themselves in low paid and low-skilled casual jobs.

Vulnerable employment has assumed a serious magnitude as a consequence of market driven globalization. South Asia has the highest rate of vulnerable employment among all regions in the world, at 78.5% of total employment in 2009. More than 85% of women are engaged in vulnerable employment as against less than 76% of men. Within South Asia, these gender-based gaps are particularly large in India, Nepal and Pakistan.¹⁵ The concentration of women workers in agriculture and the informal sector accentuates their vulnerability.

Even when opportunities for improving incomes arise, women get the short-end of the stick. With little resources by way of assets women entrepreneurs are regarded to be less credit-worthy. Their position has worsened in the post crisis period since the credit markets and banks have been subject to more stringent BIS (Bank of International Settlements) regulations.

In the pre-crisis period itself, the processes of liberalization and privatization resulted in a tendency of the governments of developing countries to dismantle partially the public health and education programmes, restrict the scope of social safety nets and dilute the existing regulatory frameworks. Cuts in social sector expenditures affect particularly the quality of life of those who cannot afford the cost of services such as health, education, housing, transport, power and water, provided in the market by private agencies.¹⁶ This affects women to a greater extent since they carry the primary burden of household chores and care-giving.

The assault on the livelihood options of the poor as a consequence of the financial crisis has compounded these social predicaments. There has been forced migration, intra-nation and across

¹⁴The Mahbub ul Haq Human Development Centre, 'Human Development in South Asia 2005: Human Security in South Asia', Oxford University Press, 2006, p.13.

¹⁵International Labour Organization, 'Global Employment Trends 2011', p. 45.

¹⁶The Mahbub ul Haq Human Development Centre, 'Human Development in South Asia 2005: Human Security in South Asia', Oxford University Press, 2006, pp.3, 12.

national boundaries in search of a better life. The migrants who may initially be seen as a socio-economic burden by the people of the host region/country may eventually be regarded as a security risk, on the instigation of socially regressive and divisive ideological political groups, exacerbating conflicts of various kinds. Grave inequities as a result of the 'development dichotomy' in the South Asian region have also accentuated the perception of relative disadvantage and discrimination, fuelling socio-political turmoil. This manifests in the form of insurgencies with spillover disturbances across borders.

Given the general distrust and hostility among the countries in this region on account of their history, such skirmishes have the risk of assuming dangerous proportions. A serious upshot of such disruptive tendencies has been the reassertion of jingoistic notions of national security with the core concerns of human security given short shrift. The volatility and conflict proneness of the region has enormous implications for women. In any situation of conflict, women are particularly targeted because they are perceived as the upholders of community and family honour within patriarchal structures in society. Women suffer both physically and emotionally as victims of violence. This can assume many forms, from being left to shoulder the burden of caring for their families without any support base, to becoming refugees or actually becoming commodities for cross border trafficking. "Militarism reinforces patriarchy, accentuates gender stereotypes and confines women to traditional roles."¹⁷

Women are thus important and serious stakeholders in all peace promoting processes where peace is equated with not just the absence of war "but also the enjoyment of economic and social justice, equality and the entire range of human rights and fundamental freedoms within society"¹⁸. The violence of exclusion must be redeemed by gender-just policies especially in the crafting of the global financial architecture.

The Way Ahead

The ground realities in South Asia beg the question: where should the quest to realize the vision of engendered human security begin? The immediate challenge is to explore ways in which globalization can be made to work for the developing world in a manner that is equitable and gender-just. The Autumn School will seek to deliberate upon the possibilities of evolving a gender sensitive and strong global financial architecture resilient to recurrent financial crises. It will also examine the importance of cooperation between the State, the market and the community on which a new world order may be designed. Such a collaboration between the State and the market needs to combine 'market efficiency (and) with social compassion'¹⁹. Feminist interventions and theories that seek to engender macro-economic policies will also be considered.

¹⁷Anuradha Chenoy cited in Varsha Rajan Berry and Jatin Desai, 'Rising Military Expenditure in South Asia', Focus India Publications, Mumbai, December 2009, p. 16.

¹⁸Meenakshi Gopinath and Sumona DasGupta, 'Regional Conference on Non-Traditional Security Discourse: Gender and South Asia', WISCOMP, New Delhi 2003, p. 85.

¹⁹Siddharth Mallavarapu, 'International Relations Theory and Non-Traditional Approaches to Security', WISCOMP, New Delhi 2008, p.41

“Today South Asia...struggles to build a shared future from a divided past”.²⁰ The School will explore the viability of the kind of partnerships that will deliver the much needed peace dividend to the embattled and crisis prone region. This will naturally involve the reprioritization of economic goals, reshaping the discourse and received paradigms of development and renewed engagement at the level of policy and praxis. It is hoped that the deliberations at the Autumn School will help to strengthen the optimism implicit in the belief that “there are a thousand alternatives”²¹ to reap the synergies of human security, human development and human rights and make possible a more humane “Human World Order”²².

²⁰ WISCOMP Symposium, Background Note, ‘Reconciliation in South Asia: Exploring the Terrain’, WISCOMP, New Delhi, March 2005, p. 10.

²¹ Susan George, ‘Another World is Possible’, *The Nation*, February 18, 2002.

²² Mahbub ul Haq as referred to in Sara Edson, ‘Human Security: An extended and Annotated International Bibliography’, Common Security Forum, University of Cambridge, June 2001, pp. 22-23.

**Objectives of the Autumn School 2011 on Global Finance and Human Security in South
Asia: A Gender Perspective**

- Understanding of the process of financialization of the global economy and the subsequent tendency towards recurrent financial crises
- Examining the nature of vulnerabilities to which the excluded and marginalized people in general and women in particular have become more susceptible jeopardizing their security and threatening rights and human development
- Sensitizing the participants to the need for viewing human security, human development and human rights as essential complements for attaining the universal 'core values' of human well-being
- Creating gender awareness and sensitizing participants to the need for mainstreaming of policies which empower women to expand their capabilities, opportunities and choices to ensure a more inclusive development process
- Capacity building on understanding government policies from the point of view of women's concerns and provide training on gender analysis
- Looking at the possibilities and limitations of reforms designed to make globalization work from the perspective of the most vulnerable and marginalized sections of the world
- Considering the viability of forging partnerships among the nations of South Asia in an effort to reclaim the national and regional policy space and reap the peace dividend
- Motivating the participants to include in their work and career trajectories advocacy for socially equitable and gender sensitive development paradigms

References

- Edson, Sara, *Human Security: An Extended and Annotated International Bibliography*, University of Cambridge, June 2001.
- Evans, Paul M., *Human Security and East Asia: In the Beginning*, University of British Columbia, February 2004.
- Gopinath, Meenakshi and Sumona DasGupta, *Regional Conference on Non-Traditional Security Discourse: Gender and South Asia*, WISCOMP, New Delhi, 2003.
- IMF, *World Economic Outlook: Rebalancing Growth*, Washington D.C., April 2010.
- The Mahbub ul Haq Human Development Centre, *Human Development in South Asia 2005: Human Security in South Asia*, Oxford University Press, 2006.
- The Mahbub ul Haq Human Development Centre, *Human Development in South Asia 2007: A Ten-year Review*, Oxford University Press, 2007.
- Mishkin, Frederic S., and Stanley G. Eakins, *Financial Markets and Institutions*, Pearsons Education, 2006.
- Reddy, R. Venugopal, *Life after Global Financial Crisis*, S. Ranganathan Memorial Lecture, IIC, 2009.
- Salvatore, Dominique, *International Economics: Trade and Finance*, John Wiley & Sons, New Jersey, 2011.
- Sen, Sunanda, *Finance and Development*, R C Dutt Lectures in Political Economy, Orient Longman, 1998.
- Sen, Sunanda, *Globalisation and Development*, National Book Trust, 2007.
- Sethi, Nandita and A.V. Bala Krishna, *Global Meltdown: Regional Impacts*, New Century Publications, New Delhi, 2010.
- Singh, Kavaljit, *Questioning Globalization*, Madhyam Books, New Delhi, 2005.
- Stiglitz, Joseph, *Making Globalization Work*, Penguin Books, New York, 2006.
- UNDP, *Human Development Report 1995*, New York, 1995.
- UNDP, *Human Development Report 2010*, New York, 2010.