

# **‘POOR’ ROMANIAN WOMEN BETWEEN THE POLICY (POLITICS) OF IMF AND LOCAL GOVERNMENT**

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## **Abstract**

There are a consistent number of studies showing that women are more vulnerable than men in terms of poverty and social exclusion. Romania is not an exception. Poverty and underdevelopment are major topics in the area of international political economy and, in the context of global economic crisis, international institutions like IMF and WB became more and more relevant. The main question to which I try to give an answer in this paper is: how the IMF policies/politics and those of the Romanian government challenged the issue of gender inequalities during the recent economic crisis? In order to do so I will concentrate my arguments in two major directions. First, I will underline the necessity of gender mainstreaming in international political economy and secondly I will analyze the neoliberal project and the Romanian case in terms of a deepening gender gap as a result of the agreement with IMF.

*Keywords:* neoliberalism, economic crisis, women, IMF, international political economy

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## **1. Introduction**

I recently stumbled upon a chapter on International Political Economy (IPE) from an International Relations (IR) textbook which was about to be published. The chapter started with the presentation of the UN's Millennium Development Goals which are, in my opinion, governed by an explicit gender perspective and I would have expected to see this dimension explored somewhere in the analysis. Surprisingly or not, the chapter didn't have any gender references whatsoever, maybe because such a specific topic like gender studies in international relations was to be developed in a separate chapter or maybe because, as I suspect it to be, gender continues to play a marginal role in the 'serious' debates on war, peace, security or international political economy. I can't escape the feeling that a separate 'playground' is being developed as we speak for gender studies and for feminist analyses and that mainstream remains make-believe, hard to assume in practical studies and with the effects of affirmative action for the male and (especially) female theorizers of this field.

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Gender is yet to become a central element of analysis, except for dedicated works, therefore the studies which focus on the interactions and determinations of politics and economy fail to deliver an integrated approach of gender hierarchy and this problem is even worse in Romania, where gender studies continue to be viewed as 'exotic', despite the development of this local academic field.

The above mentioned thoughts determined the way in which I chose to structure this chapter which starts with arguments in favour of gender's relevance in the analysis of international political economy, then continues with a critical approach to the neoliberal political model and ends with a case study of the way in which neoliberal policies have been implemented in Romania, as a consequence of the recent standby agreement with the International Monetary Fund. So, the first part of my paper will once more stress out the fact that gender represents a key issue for the social universe and that the effects of the various economic policies clearly point out in this direction. Also, since economic policies result from ideological approaches, the latter have to consider the fact that the effects which they produce are reflected upon a world of gender hierarchy and that these effects should be weighed based on social justice. In the last part of my paper, I will focus on the consequences of such aspects being ignored.

## **2. A gender sensitive international political economy**

Do women play a role in the international political economy (defined as the system that produces and redistributes international resources and welfare)? Figures usually speak for themselves and, for most, they are difficult to challenge. So, when we mention economy, we think about market, employers and employees and about property, revenues and so on.

Statistics show that the rate of women's employment is close to matching that of the men. Another important aspect has to do with the invisibility of domestic labour in the mainstream of international political economy studies. A well known aspect is that women tend most to domestic labour. This lack of visibility is caused especially by the alteration of the public private distinction in patriarchal communities, but also because family is believed to be a space of consumption, rather than a space of production and reproduction [1]. Because of the pressures generated by the performance of gender roles, women have less chances to a professional career, while being more active on the part-time labour market and on the informal segments of the economy, so they benefit from lower pensions and from less consistent social protection, in line with the umbilical connection between paid labour and access to social rights [2]. In short, women are accountable for 66% of the global labour, while producing 50% of the global food resources. In some regions of the world women constitute 70% of the agricultural labour force, while producing 90% of food [3].

As for the redistribution of resources and wealth, the statistics show that: women earn 10% of the global revenues and own 1% of the total property; across the EU, women earned an average of 17% less than men in 2009 [Gender pay gap statistics, *Data from October 2010*, [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Gender\\_pay\\_gap\\_statistics](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Gender_pay_gap_statistics), accessed on 3<sup>rd</sup> March 2012]; women represent 70% of the poor population of the world [4].

Starting with the goal of eradicating poverty across the world and from the need for efficient and durable use of resources, the international community drafted the Millennium Development Goals in the year 2000. The way in which the goals are formulated presents the gender-based construction of inequity very well, while stressing out the need of intervention through policies which would integrate gender as a central variable. This is why no less than 6 of the 8 goals are related directly to the unbalanced power relations between men and women. This adds an extra argument to the relevance of gender in international political economy.

I want to talk also about one of the less visible aspects covered by international political economy: prostitution and human trafficking. This phenomenon has deep roots in poverty and in the incapacity of the states to cover the security of their women citizens. The lack of complementary measures which would decrease women's vulnerability (on the labour market, inside the family, etc.), which would help promote their interests and which would provide 'de facto' security, is abandoning women to trafficking. The feminization of migration is one of the explanations which come to support the continuous rise of exploited and trafficked women. Women from poor countries, women with a low education and with limited access to the labour market are the ones trying to survive by looking for work outside their countries of origin [5], thus becoming the main targets and victims of international human trafficking.

The fact that international political economy papers have been neglecting the above mentioned aspects, has perpetuated the invisibility and marginalization of women, by 'concealing' their contribution to international production and economic exchanges, on one hand, and by concealing the ill effects created by gender inequity in the economy, on the other.

Starting with the understanding of these aspects, feminist criticism has been challenging IPE's tendency of focusing only on the clear-cut economic segments and activities and on efficiency in strict economic terms. Feminist criticism pointed out to the need of rethinking concepts like the GDP, in order for the latter to also include the invisible labour of women [6]. Even more, the criticism also focused on the policies implemented by international economic institutions, like the IMF and the WB, which tend to focus almost exclusively towards actions which are profitable for the market and towards the reorganization of the spending coming from less profitable segments, like education, healthcare or social assistance, segments where women comprise most of the work force [7].

### **3. Neoliberalism and international economic institutions (IMF, WB)**

The following part of the paper is dedicated to neoliberal policies, as the latter recently became the main focus of the analyses focusing on the global crisis.

Neoliberal policies were generated by an ideology which spanned from classical liberalism, so while talking about right and wrong, value and non-value, such policies focus on the free market as the cornerstone of social welfare, while the political is only in charge of supervising and guaranteeing the freedom of the individuals which constitute the market (*laissez faire, laissez passer*). We are therefore talking about an economic solution to social problems and the result is represented by neoliberalism as a political project.

Free access to the market is essential, as the latter acts in an institutional frame which is characterized by the rights to private property and to free trade. The state has the role of creating and of preserving this institutional frame, which is essential for the practice of neoliberalism. If the markets do not exist, then they have to be created, while the state's intervention has to be limited to a minimum since it does not have the capacity of making efficient market interventions and in fact any type of intervention would go against the best interests of the individuals. Social welfare should therefore be maximized by the maximization of the transactions reported on the market and this requires the development of information technologies, of the capacity to create, accumulate, store, transfer analyze and utilize huge amounts of data, while aiming to guide informed decisions on a global market [8]. This is why the assumption that the market is and should remain the main distributor of limited resources remains unchallenged in the official neoliberal speech [9].

The neoliberal project is powered by, while being powered by, globalization, a dynamic process characterized by the global circulation of capital and by the development of interdependent markets in search of new forms of profit generation [10]. Globalization, which may be understood as an effect of the economic crisis of the '30s, has been stimulating, while being stimulated, by the creation of international institutions which promote neoliberalism as the only cure for the 'diseases' of the world and, in doing so, they impose various sets of regulations and of guidelines. Two of the most relevant international institutions are the International Monetary Fund (IMF) and the World Bank (WB), as the latter have had a fundamental contribution to the strengthening of the macroeconomic framework in which their member states act, in doing so by decreasing public debt and deficit and by imposing a monetary control which would generate a balanced frame for financial transactions.

The (neoliberal) work and mission of IMF can be resumed as follows: the IMF works to foster global growth and economic stability; it provides policy advice and financing to members in economic difficulty and also works with developing nations to help them achieve macroeconomic stability and reduce poverty [International Monetary Fund official page,

<http://www.imf.org/external/about/overview.htm>, accessed on the 9<sup>th</sup> April 2012].

While the neoliberal paradigm is crystal clear and outspoken in the case of the IMF, things are slightly different in the case of the WB, which, at first glance, seems to pay more attention to identity constructs, to cultural aspects and, implicitly, to gender. While focusing on vulnerable groups, on poverty (we are not a bank in the ordinary sense but a unique partnership to reduce poverty and support development [World Bank official page, <http://web.worldbank.org>, accessed on the 9<sup>th</sup> April 2012]) the WB represents more of a challenge for the critics of neoliberalism. What stands is the well founded criticism brought by Penny Griffin to the WB, starting with the distinction between the gender issues approached by the bank through its policies and those issues which are not approached, as a consequence of the bank's "economic beliefs" [9, p. 113].

Going back to the neoliberal project, the focus granted to free market framework and to the support of as little as possible state intervention seems to be one of the main causes of the current economic crisis, thus revealing the numerous vulnerabilities of neoliberalism. "The crisis is deep, it is the result of a paradigm and of a way of implementing public policies which has failed to understand that markets which work well are not the equivalent of lack of rules/regulations and that the minimization of public intervention in the economy could easily become counterproductive." [11] According to the Keynesian dogma on the intervention of the state for the regulation of the market, the intervention of international institutions, and especially that of the IMF, paradoxically powered the occurrence of significant economic distortions which have contributed to the generation of the current crisis. The paradox is generated by the very same core neoliberal ideology which empowers the actions of the Fund, understood as a representative institution for the concept of macroeconomic intervention, and though the IMF seems to focus on generating balance and monetary stability, it still assumes the fact that these are the preconditions in which the virtues of the free market can make their presence felt. Therefore, "one of the main causes which generate the failure of stabilization programs has to do with the 'global monetary policy' which is generated by the belief that interdependent financial markets work well, with enhanced virtues, if they are global and that adjustments are relatively easy to implement (with affordable costs)" [11, p. 79] The effects? Massive investments in the balancing of macroeconomic systems, the massive growth of public debt, bankruptcies in countries not included in the underdeveloped area (see Greece), and injecting capital in systems believed to be too large to fail. Further more, the Fund's intervention, which is powered by neoliberal logic, leads to the redefinition of a slim state and of a solid market: the reorganization of budgetary systems, privatizations, the efficient management of public resources, the support of the corporate segment, etc. A new paradox is thus born: the Fund is saving a failed neoliberal policy by implementing a new neoliberal policy. The question remains: who loses and who wins from this ideological assumption and how is gender relevant in this context? And the answer, in favour of which I will

argue throughout the rest of my paper, is that gender differences are relevant in terms of effects and that, based on dominant patriarchal social construction, women prove to be more vulnerable in a gender neutral context resulted from the implementation of the neoliberal project.

The neoliberal project introduces a social construct based on freedom that, when manifested on the market, leads to the welfare of the individuals, but mainly to social welfare. In this context, other elements of identity construction, including gender, remain subsidiary and less relevant, since the market is an instrument which is not affected by the influence of such elements, though it should be. The reversed inference, according to which elements of identity construction, like gender race, class, would determine the configuration of 'free' actions and, implicitly, the market's efficiency in report to these newly discussed variables remains unexplored in the current neoliberal speech that seems to be placed in a context of social vacuum.

What would happen if the abstract entities called market agents would become embodied? We would descend from a world of ideas and of macroeconomic tools, to a universe populated by persons, by effects, and by the impact of economic policies on the daily lives of the actors which gravitate around the mechanisms of the market. The introduction of gender and of other social and identity constructs in the analysis delivers substance to the impersonal tools of the market, thus decreasing the obvious temptation of neoliberal policies of turning the means into the goal itself.

What really happens, despite the claims of the neoliberal speech, is that neoliberal policies end up smothering a social world built upon gender inequity. The assumption that all individuals start their lives with equal opportunities and that they only need the market in order to pursue their interests „ignores the complex and different understandings that people hold about their environments, their abilities to survive and capacities to continue existing, how they organize themselves, their goals in life, and how they cope with their surroundings” [9, p. 5]. The result consists in the perpetuation and even in the worsening of gender inequities, along with generating the perverse effect of public policy decisions which are inextricably tied to generating solutions.

We talked about gender inequity, from an economic point of view, during the first part of this paper. Raj Nallari uses data collected by ILO and by the World Bank to eloquently present what happens to such inequities during the crisis. In short, women are at a risk of losing their jobs, first because they have lower negotiating power. The impact on women is even more severe due the risk of being hired last and dismissed first. Women in the informal sector, including agricultural labourers, home-workers, traditional artisans, weavers and vendors, are particularly affected, as economic crises tend to significantly reduce the demand for outputs produced in this sector. Being the majority of clients of micro finance institutions women are more affected by the decline of access to such credits. As food and fuel prices soar, adding stress and hardship to families, incidents of violence against women and communal violence increase [Raj Nallary, *The Gender Perspectives of the Global Crisis of 2008*,

<http://blogs.worldbank.org/growth/gender-perspectives-global-crisis-2008>, accessed on the 5<sup>th</sup> April 2012].

Are women more affected by the crisis because they are less competitive or is it in fact that they are less free and, as a consequence, they have a harder time in trying to cope with this social construction which is based on freedom? The answer is relatively simple, but it seems to upset the stomach of neoliberal policies. Gender norms (the rules which decide the places of men and women in the patriarchal puzzle) place women in a context of double vulnerability to the crisis: they are vulnerable before and after the crisis. While having less access to decision making positions – being less represented in politics, in the management of organizations in entrepreneurship, etc – while having less access to resources, in response to gender hierarchies, women lose the start in the race against the crisis. So, what happens afterwards? The lost start is explained, even proposed as a solution, obviously using gender norms arguments, meaning the way in which countries are helped by international economic institutions to respond to the crisis using monetary and fiscal policies that have an increased influence over women. We are talking about the decrease of public spending, which influences segments like: education, healthcare and social assistance, segments which employ or target mostly women. To the extent of which we can talk about the feminization of poverty, the decrease of the social support delivers a direct blow against women and all of the above mentioned measures support the perpetuation of gender inequity. Even more, such attitudes fail to question the patriarchal normality which focuses almost exclusively on the market, an institution which doesn't need the complications posed by the gender-constructed cultural corporality of the economic agents. This will be exemplified very well by the following case study.

#### **4. Romania in crisis – the IMF agreement and women**

While preparing for this article, I carefully reread the cover letter issued in April, 2009 by the Minister of Finance and by NBR Governor to the IMF Managing Director. The themes included in the letter are more than conclusive, in respect to the Fund's neoliberal approach, which is focused on macroeconomic stability. In short, besides the manifestation of the intention of signing a 24 months standby agreement, the other detailed themes were: recent economic performances and the economic context of 2009 –2010; fiscal policy; financial segment; monetary and foreign currency policy. The short-term objective of the government consisted in decreasing the country's financial deficit, thus decreasing the pressures on the exchange rate which could have generated severe consequences for both legal and natural persons, all of the above leading to an even more severe recession of the banking system [Letter of intention from Romania to International Monetary Fund, [http://www.fmi.ro/img/File/scrisoare%20de%20intentie%20-versiunea%203%20IMF-georgia%20clean%20\\_3\\_.pdf](http://www.fmi.ro/img/File/scrisoare%20de%20intentie%20-versiunea%203%20IMF-georgia%20clean%20_3_.pdf), accessed on the 5<sup>th</sup> April 2012]. Is there something wrong with the way in which this objective was formulated? Not if

operating under neoliberal logic, as generating such balances contributes to the adjustment of free action market conditions and this should prove sufficient to produce social welfare. The first question which comes to mind, when leaving neoliberal logic behind is ‘where are the individuals in this affair?’; maybe under the ‘balance effects over the population’ section? Still, the ultimate goal of the document seems to consist in the decrease of the risks faced by the banking system, thus influencing a small and rather elite category of beneficiaries. I read all of the document carefully, while hoping to find references to what I believe that the effects of such an agreement should really cover, meaning clear references of the ways in which the mentioned deficits, investors, capital, financial transactions, inflation, current account, GDP, etc. would affect the population. I only found two direct references to individuals: 1. “We will also take action to protect vulnerable groups” and 2. “We will allocate RON 250 million to the improvement of the social protection granted to groups most vulnerable to the effects of the crisis” [Letter of intention from Romania to International Monetary Fund, [http://www.fmi.ro/img/File/scrisoare%20de%20intentie%20-versiunea%203%20IMF-georgia%20clean%20\\_3\\_.pdf](http://www.fmi.ro/img/File/scrisoare%20de%20intentie%20-versiunea%203%20IMF-georgia%20clean%20_3_.pdf), accessed on the 5<sup>th</sup> April 2012].

I could be accused of being a hypocrite or of being unable to operate with such technical documents that use a highly specialized language and which are obviously powered by social welfare. I will assume this risk, since it is well known that a financing application is based on the template imposed by the financier. Therefore this is what the Fund wants: macroeconomic indexes. Further more, the Fund doesn't ask for specific references on the way in which the anti-crisis measures are doubled by a focus on those who pay for the costs of the imposed measures or by a focus on the protection of vulnerable groups, among which this paper's point of interest, women.

There is another possible scenario: maybe the IMF allows its partner states to manage for them the way in which vulnerable groups are affected by the crisis and the impact of the anti-crisis measures upon citizens in general. The Fund can't intervene to such an extent in the internal policy of a state and, further more, it doesn't have the legitimacy to do so. The Government has to take responsibility for such measures. Still, my question stands: if the Fund may impose indicative targets for public spending, doesn't this mean that it can also impose indicative targets for decreasing the vulnerability of women in relation to the crisis (see the feminization of poverty)? Also, what would be the results if such an approach of the IMF would go hand in hand with the patriarchal policy of Romania's Government? Do neoliberal ideological roots still focus on social welfare or do they instead focus on the welfare of the financial instruments themselves, thus confusing the means with the end?

The seven IMF evaluation reports that cover the standby agreement fail to contradict the above mentioned, on the contrary, one may say. Besides macroeconomic indexes, the reports also include references to vulnerable groups and of the Government's ‘care’ for them. To be more precise, the evaluation reports mention the opening of the market to vulnerable groups and the

protection of such groups. Concrete measures in this line of action are represented by energy subsidies, by the reform of the social services (which play a role in fiscal consolidation) and by imposing a ceiling for social insurance. What is interesting is that the theme of socially vulnerable groups is always mentioned in the context of public administration efficiency, which in fact means the cut of the latter's funding, thus tearing the welfare state down. Nevertheless, what happens to those who aren't recognized as fully-pledged citizens, to those who never benefit from equal opportunities? Besides the imperfections of the welfare state, what really happens to the above mentioned vulnerable groups? In the following section of the paper, I will present the anti-crisis measures adopted by the Romanian Government and I will try to focus on those measures which have affected Romanian women directly.

What were the measures adopted by the Government which had a direct impact on women?

- The 25% decrease of public wages – fuelled by the logic of public spending cuts, this measure affected all of the public segments which employ mostly women – education, healthcare, social assistance – although the average wage of these segments is lower compared to other public segments like: the army, police, transport, intelligence service.
- The announced 15% cut of the pensions – taking into account the vulnerability of the women included in the pensions system – lower wages, lower pensions; difficulties in finding a job after a certain age, pressures for early retirement in order for them to care for their families better; interruptions of paid labour in response to a tensed family life; fixed-term work contracts – the implementation of this measure would have affected women the most. Still, it has to be mentioned that the measure was ruled to be anti-constitutional, so it was never implemented.
- The update brought to the paid parental leave law – this is one of the measures which affected women directly and which led to protests. First of all, the parental leave pay was decreased from 85% to 75% of the average net revenues reported over the prior 12 months. Second of all, parents were offered two versions of this program, authorities arguing that the measure would encourage women to start working sooner, while preventing them from turning into housewives. Still this logic isn't supported by the existence of alternate care services, as it is well known that Romania has fewer kindergartens than needed. So, on one hand we are talking about encouraging parents to care for their children inside the family and, on the other, we are talking about encouraging women to stay for as long as possible on the labour market.
- Decreasing the social support granted to newborn, mothers and to the family. In 2011, the state stopped granting newborns the layette. Another measure involved the conditioning of the family support revenues on the number of classes skipped by children, thus leading to a new vulnerability, since children from poor families are sent to work, not to school, a vulnerability which is transferred mainly to the mothers, based on their

gender roles. Even more the state seems to encourage the dropping out of girls and early marriage, aspects which strengthen the spiral of women's economic independence.

- The proposal of taxing 15% of the revenues offered by the state to disabled persons – the measure follows the same logic of cutting public spending and it is the perfect example of the manner in which the government wanted to counter the crisis, while taking action to protect socially vulnerable groups.
- Transferring the responsibility of the revenues granted by the state to disabled persons from the central to the local administrations, while this form of support was initially paid from the social insurance budget. I am mentioning this measure since women continue to be the main suppliers of care services, so the above mentioned measure creates instability of the revenues paid to those caring for disabled persons. This measure led to the decrease of such revenues and to the delay of wage payments.
- The closing of the companies which played a central role in promoting gender equality (The National Agency for the Equal Opportunities of Women and Men) and in the fight against domestic violence (The National Family Protection Agency), proof of the fact that women's interests are not on the Government's agenda, no matter how vulnerable they are to the crisis.

## 5. Conclusions

In conclusion, the focus of these measures is related to the efficiency of the public administration, meaning resizing the latter by: decreasing wages, decreasing the number of employees, decreasing the number of day-care centres, kindergartens, schools, hospitals, closing institutions, decreasing social services, etc. Still, efficiency means more than decreasing costs, rather a cost-benefits ratio, where benefits don't mean profit. Further more, public policy theories say that the state should intervene exactly where the market is showing poor results and the logic of its intervention should not rely on profit, but on social justice. A public maternity is not more efficient if 'it is making profit', but if it serves the right ratio of women, who are offered proper medical services.

Is classical capitalism a solution for nowadays societies? Can democracies be consolidated, while gender inequity is affecting 50% of the world's population? I believe that Economist Daniel Daianu gives a suitable answer to these questions: "Free markets cannot ignore social morality [...] Decent capitalism (which respects human dignity, in the words of Amartya Sen) requires efficient public policies. Making profit is the essence of the free market, but, when everything becomes available for purchase, social cohesion ruptures and the system falls to its ruin" [11].

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