

Nilufer Cagatay's contribution to Engendering Macroeconomics

Reflections by Diane Elson

I first met Nilufer in 1992 at a multidisciplinary workshop at the North-South Institute in Ottawa which, under the leadership of Isabella Bakker and Joanna Kerr, considered how macroeconomic policy could be recast so that it operated to benefit women rather than to their detriment. The workshop built on research which we and others had done on the gendered impact of structural adjustment policies. We both contributed a chapter to the pioneering book that came out of the workshop: Isa Bakker (1994) *The Strategic Silence. Gender and Economic Policy*.

Shortly before the workshop, the journal, *World Development*, had published a special issue on the impacts of structural adjustment on poverty and the *World Bank Economic Review* had published a similar issue modelling the effects of adjustment on developing countries. None of the articles mentioned women, which was a vast oversight, given the research in that era on the impacts of structural adjustment on women. On the margins of the workshop, Nilufer and I together with Caren Grown began to dream of a project that would focus on the creation of a specifically feminist economics approach to macroeconomics that would elaborate new approaches to macroeconomic analysis that would make use of quantitative tools such as econometrics and modelling that macroeconomists typically use, but in new ways, taking into account gender inequality and unpaid as well as paid work.

We conceived of a process to bring together feminist economists and heterodox macroeconomists to discuss these issues and prepare papers for subsequent publication. Nilufer was always insistent that feminist economics should be in conversation with heterodox economics, even if some heterodox economists did not think that feminist economics had anything to contribute to macroeconomics. This insistence stemmed from her concern that gender inequality should be understood in conjunction with class inequality.

These conversations eventually led to the publication of the Special Issue of *World Development* in 1995 co-edited by Nilufer, myself and Caren. Our Introduction identified four approaches to gender-aware macroeconomic modelling:

- the gender-disaggregation method, which disaggregated aggregate labour into male and female;

- the gendered macroeconomic variable method, such as the paper in the Special Issue by Nilufer and Sule Ozler, that established that the relationship between long term development and women's share of the labor force was U-shaped. Their concept of the 'feminization U' has subsequently been widely used.
- the two sector/two system method, which conceptualises the economy in terms of a sector/system comprising the paid economy (as measured by GDP) and a sector/system comprising the unpaid economy;
- and finally approaches that combine two or more of these methods, such as the paper by Kurkut Erturk and Nilufer that appeared in this Special Issue and that modelled the macroeconomic consequences of cyclical and secular changes in feminisation of the labour force the extension and intensification of women's unpaid reproductive labor.

We recognised that models have many limitations, but we argued that they were an important vehicle for identifying key interactions in the economy, highlighting requirements for new data, and communicating with policy makers.

Nilufer, Caren and I produced a second Special Issue of *World Development* (28:7, 2000) on Growth, Trade, Finance and Gender Inequality. Nilufer had researched and taught on international trade, and she was particularly pleased that we were able to include feminist analysis of trade liberalisation and financial liberalisation. Our introduction clarified reference to 'engendering' growth, trade and finance as meaning making visible the way the structure of gender relations permeates these processes and the institutions through which they take place. Though economic processes and institutions may appear to be gender neutral, they bear and transmit biases that perpetuate gender inequality.

Nilufer and I contributed a co-authored article on the Social Content of Macroeconomic Policies which identified three interlinked biases that shaped macroeconomic policy in the 1990s:

- deflationary bias- an emphasis on high interest rate, tight monetary policies and fiscal restraint, aimed at maintaining the 'credibility' of governments in liberalised international financial markets;
- male breadwinner bias-an assumption that it is the male wage and male welfare benefit entitlements that are, and should be, the primary

sources of cash to support social reproduction, with women as dependents and secondary earners;

- and commodification bias- an assumption that public services should be marketized and privatised in the name of efficiency.

The combination of these biases operates to the disadvantage of women, given the unequal division of unpaid care and domestic work, and perpetuates and may even increase gender inequality.

23 years on since the publication of the Social Content of Macroeconomics, deflationary bias is now stronger than ever. In the wake of the 2008 international financial crisis monetary policy did become anti-deflationary for a time, while fiscal policy continued in many countries to be deflationary. Now both monetary policy and fiscal policy reinforce austerity in the majority of countries in attempts to appease financial markets, with particularly negative impacts on low-income women. Though there is also now a growing focus on reforming the dysfunctional international financial system rather than trying to adjust to it.

Male breadwinner bias had been weakened in many countries, with rising female labour force participation and more social transfer payments going directly to women, though women remain disproportionately poor. But there is now a formidable backlash in a growing number of countries to reinstate male privilege and reinforce the responsibility of women for unpaid work. Too often the feminist call for recognition of the economic and social contribution of unpaid work has been met with policies that reinforce women's responsibility to make this contribution.

Commodification bias has intensified, with increasing financialization of services, including care services, that are largely funded by public money but are privately produced in ways that enable multinational corporations and hedge funds to extract high returns. The failure of commodification of essential services to create greater 'efficiency' is becoming apparent in more countries but it will take a huge effort to reclaim these services for the public and design and deliver them in ways that serve the needs of women, especially low income women.

I so miss the opportunity to discuss with Nilufer the current configurations of these gender biases and how we can counteract them. I am sure she would have made further important and innovative contributions.

