Feminist Economics ›
Volume 19, 2013 - Issue 3: Critical and Feminist Perspectives on Financial and Economic Crises

Introduction

Critical Perspectives on Financial and Economic Crises: Heterodox Macroeconomics Meets Feminist Economics

Sakiko Fukuda-Parr, James Heintz & Stephanie Seguino

Pages 4-31 | Published online: 16 Aug 2013

Cite this article https://doi.org/10.1080/13545701.2013.806990

Abstract

This contribution brings together various strands of analysis about the causes, consequences, and policy ramifications of economic crises, with a specific focus on distributional dynamics. It aims to facilitate a conversation between macroeconomic theorists of crises and instability and feminist economists and scholars of intergroup inequality. Macroeconomic analyses of the Great Recession have centered on the causal role of financial deregulation, capital flow imbalances, and growth of income and wealth inequality. That work tends to be divorced from research that analyzes broader distributional impacts, prior to the crisis and subsequently, transmitted through economic channels and government responses. This study's framework emphasizes the role of stratification along multiple trajectories – race, class, and gender – in contributing to economic crises and in shaping their distributional dynamics. The study underscores the long-run effects of the 2008 crisis on well-being, highlighted in feminist

economists’ research on social reproduction and often missed in the macroeconomics literature.

Keywords:

Stratification financialization macroeconomics crisis

JEL Codes:

Z13 B54 E44

Acknowledgements

The authors thank Randy Albelda, Philip Arestis, Gary Dymski, Marilyn Power, Frances Stewart, and the participants in the joint IAFFE/UN Women symposium held in New York, January 21–22, 2013, for helpful comments on and suggestions for this introduction. We are grateful to the Swedish International Development Cooperation Agency for generous financial support for the symposium as well as to UN Women for their collaboration and financial support. Finally, we are indebted to a large number of colleagues and scholars who served as reviewers of papers and workshop discussants.

Notes

Authors are listed in alphabetical order. Each author contributed equally to this project.

We date the beginning of the crisis to 2008, since that is the year in which the true global extent of the crisis became evident. However, signs of the crisis, particularly within the United States economy, were clearly evident in 2007.

Branko Milanovic (2007) has developed three global inequality measures (Concepts, 1, 2, and 3), using a Gini index based on unweighted country per capita GDPs, a weighted Gini, and a Gini based on household surveys, respectively. All three indicate that global inequality has risen since the 1980s.

Mahmud aptly characterizes this process as “paradoxical financial Keynesianism” (2012: 476).

In particular, productivity growth declined in the female-dominated services sector more than wages, leading to a rising wage share of income.

Married families have done better, with poverty rates holding steady at around 4.9 percent until the onset of the crisis, and then rising to approximately 6.2 percent (US Census Bureau 2012).

Bordo and Meissner differ from many others in arguing that inequality was not at the root of the crisis, though they would appear to be missing the demand side of the credit equation with this claim.

The 1999 Financial Services Modernization Act (that is, the Gramm–Leach–Bliley Act) removed barriers established by the Glass–Steagall Act of 1933, which prevented a single financial institution from simultaneously operating as a commercial bank, an insurance company, and an investment bank.

Here, too, the role of inequality is evident. Instead of relying on domestic demand to stimulate growth, developing countries rely on the demand stimulus from exports. The resulting global competition puts downward pressure on wages in developing countries as well as developed economies.

Indeed, much of the developing world coped better with the crisis than developed economies. In addition to China, Brazil, and India proved to be more resilient to the crisis, due to their ability to mount expansionary countercyclical policies, as well as social safety nets already in place, and favorable initial macroeconomic conditions – low inflation, large foreign exchange reserves, and solid growth in preceding years (Deepak Nayyar 2011).

See Ingrid Robeyns (2005) for a succinct and complete review of the capabilities approach, its concept, theoretical debates, and applicability to policy evaluation.

Human rights are closely related to capabilities (see Polly Vizard, Sakiko Fukuda-Parr, and Diane Elson 2011) and the list of essential capabilities developed by Martha Nussbaum (2003).

There are some exceptions, including Devaki Jain and Diane Elson (2011) and Stephanie Seguino (forthcoming). For a more general critique of mainstream macroeconomic policy and theory from a feminist but not exclusively gender perspective, see Diane Elson and Nilüfer Çaðatay (2000).

A recent New York Times article underscores this phenomenon, observing that men's dominant position relative to women has been eroded with the structural changes in the US economy and decline in full-time employment in the manufacturing sector (Hanna Rosin 2012). Stephanie Coontz (2012) argues persuasively that the myth of male decline is exaggerated, although she does emphasize the stagnating effect of norms of masculinity that prevent men from adapting to the new economy.

The trajectory of repercussions differed widely, however, as a result of collective action. For example, the Occupy movement transformed the debate on austerity measures in the US. So, too, did efforts to roll back the public sector and reduce workers' bargaining power in states such as Wisconsin. We are grateful to Randy Albelda (personal communication) for emphasizing these points and the role of agency in influencing the impact of the crisis.

Construction and manufacturing were also male-dominated in European countries affected by the crisis, and therefore these countries also experienced large initial negative effects on men's employment. See Ailsa McKay, Jim Campbell, Emily Thomson, and Susanne Ross (2013; this volume) and Maria Karamessini (forthcoming) for the gendered labor market dynamics in the UK and Greece, respectively.

Current Crisis in the US and Economic Policy Implications

Source: Unknown Repository

Global Financial Governance and Development Finance in the Wake of the 2008