WIDE

NETWORK WOMEN IN DEVELOPMENT EUROPE

WIDE is a European network of individuals and representatives from European NGDOs and academic institutions, who share an active interest and commitment to promoting the integration of a gender perspective into European Union and Member State development cooperation and external policies.

WIDE's structure is based on a network of national women's platforms in 12 European countries, 11 of which are in the European Union, with a coordination office in Brussels (established in 1993). The coordination office is responsible for the implementation of the WIDE programme of activities as a whole, with support from the national platforms, who in their turn select the focus for their WIDE-related activities at national level.

WIDE is responding to some of the major, global challenges at the end of the twentieth century, contributing with specific actions, networking and lobbying on concrete issues, jointly with women living in the South. Also, recent political developments in Europe make it more important to act on a European level, and to coordinate efforts on development issues from a gender perspective.

The overall aims of WIDE are:

- To contribute with WIDE's analysis on gender and development issues and global view on North/South relations to the ongoing policy debates of the European Union institutions and European Member States' governments, with a specific focus on development cooperation and trade policies.
- To raise awareness on women, gender and development issues, in general and the impact of trade and aid policies of the European Union institutions in particular, amongst European civil society (eg NGDOs, women's organisations, and migrants' organisations) and the general public.
- Continuation of the work in progress on contributing to a rethinking of economics from a gender, feminist, European and development perspective, in collaboration with other networks.
- To focus WIDE's networking activities on deepening co-operation with other European NGO and NGDO networks and organisations including the Eastern European region , and also with women NGOs and networks from Southern regions.

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TRADE BARTER COMMODITY CAPITAL CARE MONETARY ECONOMY

Robinson Crusoe and Silas Marner, or Two Stories on the Gendered Monetary Economy

by Irene van Staveren

About the Author

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Contents

Introduction to the Series ..... p. 2
Introduction to the Literary Metaphors ..... p. 7
Introduction to Money, Capital and Exchange ..... p. 8
The Monetary Economy ..... p. 10
The Care Economy ..... p. 13
Towards a Balanced Monetary and Care Economy ..... p. 15
Discussion Starters ..... p. 17
Glossary ..... p. 17
Bibliography ..... p. 18

WIDE

Introduction: Background and Genesis

The Network Women in Development Europe (WIDE) has been working for several years on economic issues from a gender perspective, rethinking some of the questions and assumptions that the neo-liberal model has been proposing, and critically examining such concepts as structural adjustment, debt, and the free market. Over time, there has been a gradual and subtle shift in both our perception and in the reality of the political economy of trade, aid and development towards a broader emphasis on the issues of transparency and accountability in economic and social life at all levels and, in particular, the stark contrast between the lack of accountability to citizens (especially women) of global economic structures. This has forced us to try to delve deeper into the complex dynamics of, on the one hand, gender and macroeconomic policy and gender and trade policy and, on the other, macroeconomics and trade and its impact on economic development.

At our 1996 Annual Conference and General Assembly, members of the WIDE network indicated a strong desire to better understand economic analysis in order to work more effectively for the empowerment of women.

This need derives from the growing awareness that the reality of European development co-operation policies towards the South is becoming more mystifying every day. In fact much of the debate on this issue is occurring in another arena altogether - trade policy. Further muddying the waters is the fact that on the domestic front of both the European Union and the Southern economies, the re-structuring of the global economy is engendering broad and deep changes in the way the nation state operates, in terms of social welfare and labour market policies. It is also creating new directional shifts in aid, trade and macroeconomic policy; the currents of which are slowly (for some and rapidly for others) tearing away the social safety net and creating hardship for poor women and men in accessing basic necessities for survival, as well as access to the resources and the tools needed for human development.

Since WIDE's Annual Conferences in Germany (1996) and in Finland (1997), members of the WIDE network and our sister organizations in the South have expressed a great deal of interest in extending their economic knowledge as a way of increasing the effectiveness of their organising and solidarity work.

As a network, WIDE is also seeking to engage in more effective, strategic and proactive advocacy. This involves building confidence on economic issues, on human rights and the link between the two, especially with regard to women's enjoyment of their economic and social rights. At this stage of development of the global political economy and international solidarity work, economic literacy and comprehensive human rights are not optional approaches but are rather essential infrastructure tools.

This series of readers is just one part of WIDE's response to this call for economic awareness building. It is part of a broader comprehensive programme of enhancing our capacity by increasing economic literacy that is being created by WIDE's Working Group on Alternative Economics and Trade. The programme aims at transcending the border between leading edge feminist economic

analysis and policy prescriptions and the creative alternatives that are emerging at the level of the community. We see great opportunities as well as challenges in building a bridge between the two. These readers, although all written by economists, are not intended as economics texts. What they are intended to do is to address some of the assumptions that underpin contemporary economic theory and show how those theories perpetuate a particular world-view. We are brought up with the notion that certain disciplines like economics have a purity which removes them from the influences of such things as gender, race or class. They are presented as technical and neutral subjects. By identifying and analysing these assumptions, it is hoped that women will become both better informed and better able to challenge them; both in their personal and working lives. For those who want to pursue particular ideas further or find out more about specific initiatives, further information and resource lists are included at the end of each paper.

There are four readers in this series. Reader no.1, *The Mystery of Market Worship*, by Lois Woestman explores the Market both as a (micro) concept and as a (macro) process. Ms. Woestman distances herself and us from our everyday influences by taking on the persona of a Venutian earth-based observer. By looking at how 'the markets' work and what influences them, she is able to unravel eight market myths ranging from assumptions about the inherent selfishness of people, to the (un)gendered division of labour.

Reader no. 2, *How the Cake is Cut?: Production and Economic Well-Being*, by Hilkka Pietilä looks in some depth at the quintessential black box called 'production'. What is production, how is it defined and who does it? Traditional views of production tend to have a very narrow perspective and she illustrates how the monetized sector, officially measured as GNP (gross national product), is built on and only survives because of the non-monetized sectors, which include reproduction, care giving, community enterprises and the resources of nature. Ms. Pietilä also presents us with lifestyle options and ways in which we can become more independent of market influences.

Both Nicky Pouw and Irene van Staveren, authors of Readers no. 3 and no. 4, respectively, employ the technique of literary metaphors. Ms. Pouw's work, entitled *Home Economics: Developing an Alternative Perspective*, examines 'Home Economics' and discusses how different assumptions and concepts about the household and its functions have influenced economic analysis and policy. To illustrate different types of households, Ms. Pouw draws on Louise M. Alcott's novel 'Little Women' where the household consists of a family group of four sisters and their mother and contrasts this with a fictional presentation of the nuclear family, which is frequently used as a prototype of the household in classical home economics theory.

Ms. Van Staveren's work, entitled, *Robinson Crusoe and Silas Marner, or Two Stories on the Gendered Monetary Economy*, tackles two of the most popular but at the same time most mystifying concepts: money and capital. Since the money supply and interest rates are the primary mechanisms for stabilising the macroeconomy this brings us back to the macro-level. Drawing on two well known fictional male characters: Robinson Crusoe and Silas Marner, Ms. Van Staveren takes these fictional settings and uses them to show how the monetary economy works and the effects of the exclusion of care and community.

Commonalities and Differences

Though all four authors of the readers are members of WIDE's Working Group on Alternative Economics and Trade, they each reflect and present different and unique approaches to thinking and re-thinking certain economic concepts. No attempt has been made to create a uniform style so each author is able to use her own style and creativity to express her point of view.

However, there are certain commonalities that are shared by members of the working group and which serve as the basic starting points for each reader. Each author works from a framework which places the work of the household sector and community as central to the overall well-being and general economic performance of the economy. All of the authors reject the reigning assumption that the market and activities that occur in the market are the sole criteria for determining economic performance and hence economic policies. Figure 1 depicts the common views of all the authors about what the economy is, what it is for and how it operates.

Use of Language

While considerable efforts have been made to make the language of these papers as accessible as possible and jargon free, in some instances it has been impossible not to use words which have very specific meanings within economics. We also recognise that familiarity with key concepts and the language usually used to describe them can be empowering as it gives us the tools to address the issues on their own terms. Each paper however, does include a glossary which provides more detailed explanations than are sometimes included in the main body of the text.

How to Use these Readers

These readers have been developed to complement, and further develop, the awareness of individuals or groups who have participated in some form of economic awareness (literacy) workshop and/or who work on economic issues and therefore have some familiarity with the concepts being discussed but who do not feel they have a strong grip on the subject matter. Each of the four readers is designed to provide deeper insights into the economic analysis and arguments underlying policy issues in discussions about economic development, trade, aid, budget deficit reduction, structural adjustment, trade liberalisation and social welfare restructuring. It is hoped that as activist, lobbyist or policy maker you will be able to develop your confidence with economic arguments and think creatively about policy alternatives. The material in these readers can be used in a variety of ways:

Plenary and Discussion Starters

The discussion or plenary starters at the end of each reader raise specific questions and policy related points that can form the basis for your workshops or meetings.

Economic Literacy Methodologies

Ideally, we recommend study groups of two to five individuals. But individual study is also fine. You are welcome to reproduce the text and glossary of the readers for your group, but please acknowledge the author(s) and source. You can use the questions in the discussion starters as the basis for role play and they can be complemented by information on your local community. They may also be transformed into live illustrations, poems, or dramas.

We also recommend that you purchase one of the many easy to understand economic dictionaries now readily available in bookshops.

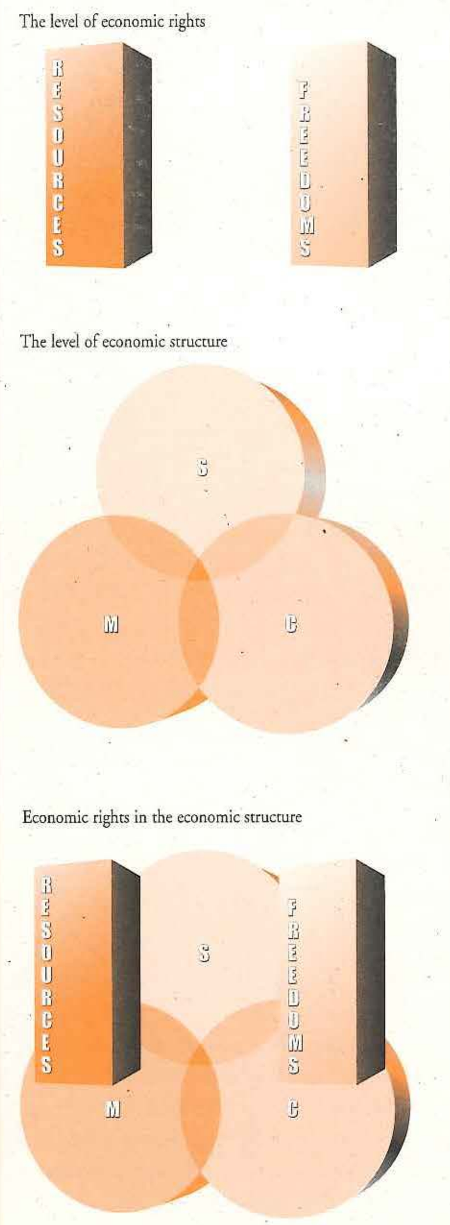
KEY CONCEPTS

Figure 1 and this accompanying text is an attempt to model our approach to alternative economics which is grounded in gender analysis and human rights. Though it still requires considerable development, we offer it as a window into our thinking process.

We start from the perspective that men and women are engaged in the process of creating well-being by managing the available resources, caring for each other and providing welfare. It is the result of this process, which we refer to as "provisioning" that creates the economy; thus the economy is in constant motion with new processes and activities emerging over time. The process of provisioning occurs simultaneously within three interconnecting and interdependent spheres: the care economy (C), the market economy (M) and the state (S). The dominant type of activities are identified as care/gift, monetary transactions and exchange.

The Care Economy performs a crucial and fundamental role for the development of and the growth of the other spheres because it is here that human beings are produced, re-produced, nurtured and socialised. Within these spheres the fundamental and basic needs of the actors; men and women, are met via household and community production of food clothing and shelter. However, this sphere is not self sufficient as there are needs that it cannot meet without the functioning of the other two spheres. In the most simple case, it needs the state sphere which performs a redistribution function; provides security from external threats and establishes the rules and the institutional framework for stability. It also needs the market sphere which is able to provide and produce goods and services which it would be otherwise difficult for the Care Economy to pro-

Figure 1



Design: Irene van Staveren for WIDE 1997.

vide. Hence there is a crucial interdependence between these three spheres.

The spheres also overlap as shown (in the second picture). This overlap we identify in terms of the set of entitlements: the economic and social rights of access to the provisions of the market and the state in order to lead a dignified life.

The ability of men and women to navigate and negotiate within and between the spheres depends on their access to resources and freedoms, which are the pillars of the entire edifice. We argue that the interaction between resources and freedom are inextricably linked and form the basis for individual and group claims for political, civil, economic and social rights.

The exercise of freedom (and free choice) is fundamentally dependent on access to and ownership of the available resources (time, natural capital, physical capital (including money), human capital (including creativity) and social capital. Men and women, individually and as a group, therefore, have different degrees of freedom in terms of the ability to move within and across the spheres, both in time and over time. These degrees of freedom are conditioned by and negotiated through power relations which themselves are mediated by class, gender and race inequalities and biases.

Since the spheres are not fixed but are flexible, over time the dynamics of dominance and dependence of one sphere over another becomes increasingly complicated. For instance the growth of the market and its predominance in economic thinking and policy formulation creates a certain amount of vulnerability and threats for both the care and the state spheres. It will also have an impact on the underlying class and gender dynamics and thus has implications for altering the degrees of freedom and entitlements of men and women in the economy.

For example, today there is push on the state to reduce its involvement in the economy, to shift from a redistributive and regulatory function to take on the role of "night watchman". At the same time, many of the provisioning processes of the care sector have been made invisible and marginal while others are been taken over by the market.

In this struggle between spheres, some actors gain more degrees of freedom while other lose. This is certainly the case with the current trends of economic reform which aim to make the market not just larger, but "freer". Clearly, this means a smaller and different role for the state. But it also means that there is less emphasis on entitlements which may impact strongly on the vulnerable members of society, most of whom are poor women and their families. They will face great difficulties and added burdens in carrying out their provisioning in a dignified and self-fulfilling way.

By Mariama Williams, WIDE Programme Officer on Economics & Trade, with contributions from Sue Davies.

Robinson Crusoe and Silas Marner, or Two Stories on the Gendered Monetary Economy

by Irene Van Staveren

1. Introduction to the Literary Metaphors

This paper will discuss issues around money and capital from a broad perspective - recognising women's assigned role in the care economy. From this perspective, the question is how the different - and sometimes conflicting - roles in the market and the care economy can be combined. Or, to quote Diane Elson: "The key structural factor is not the way in which getting a living is organised, nor the way that raising children is organised, but the way these two processes are interrelated" (Diane Elson 1995: 13). This basic and gendered problem will be illustrated with the help of two literary metaphors.

Robinson Crusoe is the typical masculine individualistic hero in the romantic novel written by Daniel Defoe in 1719 (1985) who has been the prime example of 'Economic Man' in numerous economic textbooks. He represents the extreme masculine economic behaviour as assumed in mainstream economic theory and practice. His alter ego - or the anti-hero - will be represented by Silas Marner, also a single and lonely man, living in nineteenth century rural England. His character was created in a novel by the female author George Eliot, who skilfully gave him both masculine and feminine characteristics. As Eliot's biographer puts it in gendered terms, "Silas Marner pits the claims of the maternal ethic of community and care against the legal rights of property-owning 'fathers'" (Uglow 1987: 80). The comparison of both stories shows, that the mainstream economic assumption of 'Economic Man' represents pathological and extreme masculine behaviour, which Silas eventually over-comes but Robinson never parts from. Silas manages in the end, to balance the monetary economy with the commodity and care economy. Robinson however, is carried away in the monetary economy in the dangerous pursuit of a romantic fantasy, leaving him disconnected from the social life he once longed for so much.

Robinson Crusoe

The story of Robinson Crusoe is about a young man, eager to make money in the slave trade, who is shipwrecked on a small island and who is the only survivor. He survives with the help of goods from the ship and nature. After many years alone, Robinson gets himself a slave-like companion, Friday, a native who was captured by other natives and had then escaped. Then, a division of labour starts along the lines of class, race and gender - Friday has to play the housewife's role of cleaning and caring. After twenty-eight years, Robinson succeeded in leaving the island and going back to England. Robinson appeared to have become a rich man, thanks to the accumulation of profits from his plantation in Brazil, which was taken care of for him. He gave a small sum of money to the people who had taken care of his property, and continued his adventurous life.

Silas Marner

The story of Silas Marner is about a linenweaver who has left his hometown because he was falsely accused of a robbery which was actually committed by his best friend. He found a new place to live, and worked his loom day in day out gathering a substantial fortune in golden guineas. The only pleasure he allowed himself was watching and counting his gold at night after finishing his work. One day, the gold was stolen and was not found for sixteen years, when it was discovered along with the body of the thief who drowned near his cottage. But shortly after the theft, Silas received a great gift in return: a little girl child. Her sick mother had died in a snowstorm, and the girl strolled accidentally into Silas' house. Her father was unknown and had refused to recognise her at her birth. Silas finally found happiness, caring for his precious daughter and was helped by some neighbours in his new responsibilities.

The two stories will serve as a metaphor for the conversation between mainstream economic theory and feminist economic analysis of the monetary and the care economy in this paper.

II. Introduction to Money, Capital and Exchange

What is money? It could be explained through its functions, since it has an inherently instrumental value. Three functions of money are generally distinguished.

Money

1) means of exchange (payment)
2) unit of account (unambiguous)
3) store of value (financial capital)

What is capital? This monetary phenomenon can also be described through its functions.

Capital

1) factor of production (and produced in turn with the other factors i.e. land and labour)
2) store of value (financial capital)

It seems, from the functional descriptions of money and capital, that they are related as a store of value, as financial assets. Indeed, money is the link between the present and the future in the economy, through savings and investments, creating stocks of financial capital. But this was not so from the beginning of economies. In traditional barter economies, money did not play a role, whereas in the later commodity economy it only functioned as a unit of account and means of exchange. Capital in those early economies only functioned as a physical factor of production, itself produced in a mix of capital, land (natural resources) and labour. It is in the present day economies of the West and increasingly in the transitional economies of the East and the developing economies of the South, that money and capital take on their new roles as stores of value. They have become an end in itself, special goods in the monetary economy. The differences between a barter economy, a commodity economy and a monetary economy can be shown with the help of the two stories introduced above.

Barter economy

Robinson Crusoe spends 28 years of his life in a moneyless economy, of which most of the time he was the only member. The economic dynamics therefore just existed of a monotonous G - G - G sequence in which Robinson produced goods (G) for consumption.

G ⇔ G ⇔ G

When Friday appeared, the barter economy started, although co-production and sharing of the produce was also practised. (Economists who use the Robinson Crusoe story in their teachings ignore the evolving gift economy and illustrate their idea of the market by imagining that Robinson would trade with similar one-man-economies situated on nearby islands.) Robinson and Friday embark upon a division of labour and a specialisation along gender and power lines: Robinson gives himself the most interesting tasks and the decisionmaking, whereas Friday has to fulfil the rest of the work. The barter economy can now be pictured as a sequence of G - G - G, or barter in goods and a separate but related sector of subsistence production (S).

G ⇔ G ⇔ G
⇕
S

Commodity economy

Silas Marner starts off in his hometown as an independent linen weaver who exchanges his products for money on the goods market. He experiences competition from the upcoming textile factories with hired labour and more efficient machines. He earns his money with the objective of saving for his marriage with Sarah. Money for him is just a means of exchange, which results in the following economic dynamics: G - M - G in which goods (linen cloth) are exchanged for goods, which contribute to valuable ends (such as assets for his marriage, like housing) through the intermediary role played by golden guineas (M).

G ⇔ M ⇔ G

Monetary economy

After his disappointment with friendship and love, Silas leaves the city and starts elsewhere as a solitary weaver who lost the goals in his life. So he makes money and makes it his only objective, which can be pictured by the sequence of M - G - M. Money is the end and producing and selling become the means towards that end. This period in his life parallels the final episode in the Robinson Crusoe story, in which our hero appears to have become a wealthy capitalist in search for even more money making. When Robinson is finally saved from his imprisonment on the island, he learns back home that his plantation in Brazil has provided him with a fortune. Instead of enjoying the so much wanted social life, sharing his wealth with beloved ones, he chooses to pursue his individualistic adventures in search for more to be gained. The dynamics are similar to Silas' period of social isolation: M - G - M. The important difference however is, that Silas did not choose this alienation: he was disappointed and had turned away from the distrust around him. But Robinson deliberately gave up the opportunity to embed himself in society. He had failed to understand what it is to share and to build long lasting personal relationships on the basis of affection and respect.

M ⇔ G ⇔ M

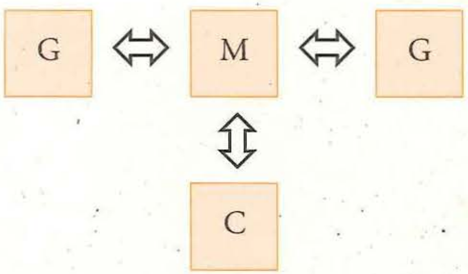
Towards a care economy

For Silas, times were changing. Just like an outside event brought him his state of isolation and mechanical capital accumulation, it was another outside event, which gave him the opportunity to find happiness. In contrast with Robinson, Silas understood this very well, since he suffered from his exclusive concentration on money. The orphaned little girl Eppie soon appeared a much better, humane, goal to live for than the of guineas. Eppie brought his capabilities back to care and share, to love and to plan, to trust, to enjoy and to earn himself a warm and respected place in the village. Silas, with Eppie and in relations with the villagers, developed two economic sequences:

(1) G - M - G, or goods exchanged with help of money

(2) C, a separate but related sector of care giving

On these two and interrelated sequences, Silas and Eppie built their own balanced economy, consisting of a stable equilibrium between market activities and unpaid care.



III. The Monetary Economy

With the increase in the role of money, through increasing markets, further division of labour, larger scales of production and the transition from agricultural to industrial economies, the economy transforms from a commodity economy to a monetary economy. This adds an extra function to money and capital: a store of value, or a good in itself. In the monetary economy, production, trade and investment are all directed towards increasing capital returns. Standard economic theory legitimises this endeavour because of its postulate that economic growth is not limited by natural resources, land, labour or social resources, but only by the stock of capital, which therefore needs to be expanded. Labour is assumed to be used to its maximum: unemployment is assumed away in the theory. The unemployment we perceive in reality is called by mainstream economists, 'voluntary unemployment'. Those unemployed 'choose' not to work at the prevailing wage rate. So, by assuming unemployment to be zero the theory postulates that economic growth is only dependent on the growth of capital.

Capital has increased immensely over the past decades, but economic growth has not increased at the same pace and has even decreased in some countries, as was the case with many African countries during the 1980's. Even if countries experienced growth at the aggregate level, the distribution of it was often unequal over regions, classes, ethnic groups and between men and women. This type of economic growth has resulted in an increase in the number of poor worldwide combined with a feminisation of poverty.

The money value in financial markets worldwide today is several times larger than the value traded in the commodity economy. Money is traded for money, more often than as a means of trading goods. Returns become more and more dependent on the single indicator of monetary gains, following Silas Marner in his alienated period, and less and less dependent on socio-economic and long term criteria of investments.

Mainstream economic theory holds that production depends on two aggregated factors of production: labour (assumed to be fully employed) and capital. Land, natural resources and qualitative and non-tangible individual and social resources are assumed away. This is in order to make econometric models work and to simplify economic policy making, based on such models. It was the well known British female economist Joan Robinson, who questioned the use of such models, since both labour and capital are heterogeneous and cannot just be added up to one aggregate indicator named 'Labour' or 'Capital'. Also, the assumption of full employment does not make sense in the real world with abundant involuntary unemployment. Moreover, recent studies on the functioning of economies point at the important role played by two other types of capital: human capital and social capital. Human capital refers to the quality of the labour force, both in terms of skills and education and in terms of social capabilities like creativeness, communication and flexibility. Social capital refers to the intensity of relationships between individuals and groups in society, especially concerning trust honesty and connectedness.

The peculiar way of economic theorising has developed during the twentieth century, parallel to the evolution of western economies from commodity economies to monetary economies. Economics, as a science, evolved in a similar direction from eighteenth and nineteenth century political economics (proponents of which where, for example, Adam Smith, John Stuart Mill with Harriet Taylor, Karl Marx, also with Rosa Luxemburg) to present day mainstream, or neo-classical, economics.

The transition from a commodity economy, with money only playing the role of unit of account and means of payment, to a monetary economy, where money becomes a good in itself, has created a wide variety in financial assets and transactions, like bonds, equities and options.

Options have become very popular in and outside financial companies. Today many non-financial sector businesses engage in this promising but risky trade, in the hope of making extra profits, next to their regular profits from selling goods or services. Even housing corporations engage in this risky business and thereby put the housing of their tenants at risk. They desire to make part of their capital doubly productive by speculating on financial markets: a new route to the maximisation of profits. Often, such transactions are insured elsewhere, which creates a long chain of connected financial institutions. If a serious loss is incurred somewhere in the chain, there may be a risk that further down the chain other financial institutions will be affected also, which may eventually result in a series of bankruptcies. Speculation is a dangerous source of economic instability, as was shown by the bankruptcy of the British Barings Bank after a great loss by the Singapore branch allegedly attributed to a single trader, Nick Leeson. Other recent examples are the Mexican financial crisis and the speculation against the British pound by speculators like George Soros, who gained a billion dollars in 1992 and forced the United Kingdom to leave the European exchange rate system. The most wellknown financial crisis was the Wall Street crash of October 1929, when in the US investments decreased almost to zero, production diminished by a third and unemployment increased to up to a quarter of the labour force.

The monetary economy can exhibit two types of instability. First, the instability in the general level of prices, as is the case with inflation. Second, instabilities due to shocks in markets and institutions that make up the financial system (such as banks, the Central Bank, and savings and credit institutions). The second type of instability, also called financial instability, has at least two, related, causes: expectations and the volume of money traded.

[1] The World Bank, for example, bases its Structural Adjustment Loans (SAL's) on its macroeconomic model called RMSM: Revised Minimum Standard Model. The Dutch government, to give a European example, bases its macroeconomic forecasts and policy decisions on the models developed in the Central Planning Bureau. Both types of models are derived from neo-classical economic theory.

Expectations

Expectations are reflected in traders' reactions to market signals in a period of hausse (optimism of price rises) stirring up prices to extremely high levels, followed by a sudden turning point or a 'baisse' (pessimism about falling prices). Then the following mechanism starts. When the value of financial assets substantially decreases, every trader - and stock market computer - advises to sell. This causes an even larger supply of assets and a resulting decrease in asset prices, which in turn lowers the financial market indices like the Wall Street Dow Jones index, which in turn further discourages traders who want to get rid of their financial assets by selling them. Such a downward spiral can easily result in an economy-wide crisis, since a crash of financial markets spills over, through lower investments, to the product markets (lower sales) and then to the labour market (fewer jobs).

Money trade volume

Another cause of instability in financial markets is rooted in the enormous amounts of money traded each day. The trade volume can easily be a thousand billion dollars a day, which can be caused by the fact that a loss to one party may result in cascading losses for other related parties. This could be seen, for example in the case of the Bank of England, which could not provide enough countervailing power to the speculation against the British pound in 1992: the amounts traded against it were just too big.

Speculation in shares and other financial assets, which directly relate to the commodity economy, have direct effects on the commodity economy through lower investments. A decrease in investments will lower production, which will cause unemployment. Unemployment will cause a decrease in consumers' purchasing power and eagerness to spend: unemployed persons generally prefer to spend less and to save for an insecure future. This lack of consumer spending lowers aggregate demand and, in reaction to this decrease will force businesses to further decrease production, thereby drawing the entire economy into a downward spiral.

Speculation in currencies also has effects on the commodity economy, but more indirectly through government actions aimed at countervailing the disruptive effects on a particular currency, which may require interest rates to rise sharply. This in turn discourages productive use of money and encourages saving to incur the high interest returns, slowing down the commodity economy, because people will save more and consume less of their incomes: they buy fewer goods and services.

Price level instabilities, such as inflation and exchange rate instabilities such as depreciation of currencies, can theoretically be dampened through the connection of economies. An example, is the connection of the franc in many of the francophone countries in Africa to the French franc. Another example is the EMU, the European Monetary Union. The advantages of the EMU are, however, mostly theoretical, since the criteria for joining the EMU with its single currency, require extremely low levels for government borrowing. This implies that when economic growth falls back, national governments are not allowed to stimulate consumer demand, or to create employment. This will further lower production levels and hence employment levels and incomes. The opportunities to recover from a crisis in European Union countries will be severely limited by the establishment of the EMU .

Two positive sides of the monetary economy

First, the monetary economy provides opportunities for women in terms of paid employment and an independent income. This source of freedom – although relative because of labour market discrimination of women – has increased women's status within households and in the economy at large. An independent income has given them an independent choice in the consumer market and, subsequently, in the marriage market too.

A second advantage of the monetary economy and financial markets is that they enable large-scale insurance, which were impossible in smaller scale barter and commodity economies. Today, we have welfare states based on broad public and private insurance systems like unemployment insurance, health insurance and pension schemes. Even much poorer economies manage to set up some basic social insurance systems through the monetary economy, such as a tax reduction for parents (often only for fathers!) as a kind of child allowance, for example in Nigeria, pension schemes like in Argentina, or food stamps and other basic needs provisions for the poor in Sri Lanka and the Indian state of Kerala. The preconditions of a public insurance system are, of course, a reasonable quantity and quality of tax collection, democratic control of government, and general support for large-scale redistribution.

Because of the entanglement of the monetary economy with the commodity economy, the opportunities money provide for women's economic independence and the positive role of the monetary economy in large scale insurance and redistribution, we cannot just ignore or dismiss the monetary economy. But we can and must redefine this type of economy, towards humane proportions, supportive of the everyday economic life of all women and men. Before we can discuss this, we first have to turn to the care economy, and find out where it is placed vis-à-vis the economies explained in this section.

IV The Care Economy

Economic theory does not say much about the care economy, since it has defined itself as the field studying markets and prices: most of the world's caring labour goes unpaid and is allocated outside markets. On the other hand, even those economists who have defined away the care economy have to acknowledge the importance of care and the well being created by caring labour. Statistics from the Netherlands have shown, for example, that the hours spent on caring labour in and outside the household are much more than the hours spent in paid work (CBS, 1991). Besides, other data have indicated that women do seventy per cent of the caring labour in the Netherlands, which is unpaid, whereas men do seventy per cent of the paid labour, thus creating financial dependence of women on men and care dependence of men on women (Commissie Toekomstverwachtingen, 1995). The 1995 Human development Report by UNDP gave similar estimates for a large group of developed and developing countries.

To illustrate the relationship between exchange type of economies (barter, commodity and monetary economies) on the one hand and the care economy on the other hand, we will again turn to the stories of Robinson Crusoe and Silas Marner. Robinson Crusoe does not show any activity in the care economy. When Robinson arrives at the island he is already an adult. His being cared for as a child is ignored in the economic analogy. Furthermore, the island economy is doomed to crash with Robinson's death or emigration, as he will not produce offspring. This indicates very clearly that an economy without care and affection, without close bonds and a notion of society, without men and women, cannot exist. However, the gender role distribution between Robinson and Friday mirrors a division of labour between exchange and the care economy. Robinson, our male hero is the ultimate exchanger, whereas Friday, his subordinate, is allotted female tasks of caring labour. Robinson reinforces this gendered role distribution by describing the appearance of Friday with a feminine vocabulary, as "sweetness and softness of a European in his countenance too, especially when he smiled" (Defoe 1985 (1719) p 208). It becomes clear from the story, that exchange needs to be complemented and supported by care: the former cannot exist without the latter. But care is made subordinate to exchange, and the caregiver is exploited by the exchanger.

The Silas Marner story shows a completely different relationship between exchange type of economies and the care economy. Indeed, from the Silas Marner story it becomes clear that exchange and care are different things. But it does not appear that exchange would be more important or dominating than care economy. Silas used his knowledge of herbal medicine, inherited from his mother, in care giving. "He felt a rush of pity at the mingled sight and remembrance, (...) and, he promised Sally Oates to bring her something that would ease her, since the doctor did her no good" (Eliot 1993 [1861]p17). Although there seemed to be a market for it, Silas did not take any interest in selling herbs and his knowledge of their medical powers. He did not, in other words, appear to be an income-maximizer, or a leisure maximizer. Silas' economic behaviour has more dimensions: he regards his herbal assistance as belonging to the domain of care and giving. The story further shows how basic the care economy is, in that it even has the power to drag a person so disillusioned with life, so disconnected from other people, so exclusively directed at money making, away from this inhuman life and to bring him back into the social world, and to the capability of feeling happiness again. It was the caring responsibility Silas took for Eppie, which brought him back to a human life again, a social life full of close bonds. Furthermore, his story shows very clearly that the care economy is a human economy, both male and female and not restricted to only one sex. Silas takes care of the child Eppie. Eppie is determined to care for Silas when he is old. Dollie Winthrup, the neighbour, cares for both Silas and Eppie, and she assists Silas in his caring tasks. The rich couple, Cass, want to take care of Eppie when she is eighteen years old, but the man forsook his role as a care-giver to Eppie earlier, as he did not take up his caring responsibilities when Eppie was born, nor when she was found at the death of her mother. The story also indicates that the care economy can have extensions well beyond the home: it can influence and strengthen a complete village life.

The story also affirms that caring labour goes unpaid. But it does not go without reward: the care economy generates internal rewards, in terms of satisfaction from the care-giving itself and the sharing in a common objective. This is closely linked to the fact that indeed exchange and care are different: the monetary exchange economy knows external rewards, i.e. money.

Finally, the novel suggests that there are close connections between the exchange economy and the care economy. For example, in an overlap between caring and exchanging through barter: barter is both exchange and an expression of community life and close social relationships, especially where the return to a good provided is stretched out in time. A precondition for a good functioning of both is that both women and men are active in exchange and care giving, so that the one sex is not made dependent in one sphere on the other and vice versa. Both women and men need external rewards in the exchange economy to secure their economic independence and freedom, and both

need internal rewards in the care economy to secure common objectives in a community, shared projects, shared meanings and personal bonds. At the macro level, the positive spillovers from care to exchange can be labelled as investments in the economy's stock of social capital.

V. Towards a Balanced Monetary and Care economy

From a gender point of view, there are at least two reasons for bringing the exchange economies and the care economy into balance. First, the recognition of the importance of the care economy, predominantly generated by women: its internal rewards forming part of individual well-being, and in the form of social capital production for economic development at the macro level. Second, the need for financial and care independence for both women and men as a precondition for a just and equal economic relationship between men and women and entitlements for both sexes to the diversity of goods in life. To come back to the question posed by Diane Elson: we have to find a better answer to the question of provisioning.

The answer seems to reside in a substitution of parts of financial capital for social capital. This implies a need to substitute individualistic and self-interested expectations and utility maximisation for institutions reflecting shared values and objectives in a human economy. Traditional economies, like the village economy of Silas, Eppie, Dollie and the other villagers, build on a historical set of norms and values, resulting in certain traditional economic institutions. These lend an economy stability. Such economies are characterised by a balance between commodity exchange and care, the role of money is restricted to unit of payment and account. Traditional economies in developing countries exhibit a similar balance of the two types of economies. Modernisation however, has increased the role of money as a stock of value. Exchange has become more important and on a much larger scale, so that trading partners became unknown and anonymous parties instead of next door villagers. The level of connectedness decreases with increasing marketisation. The monetary economy provides some kind of monetary compensation for this decreased level of trust, without necessarily having to turn back to conservative traditions with oppressive gender roles for women.

There are three ways of compensating for the lost small scale and traditional norms in local economies and to stimulate economic gender equality. First, guaranteeing equal access and treatment of women in markets, especially labour and credit markets. At the same time provisions for men and women to combine paid labour with caring responsibilities in the household and community. Second, using the monetary economy for generalised social values like solidarity and responsibility, by establishing schemes of redistribution and social insurances. Third, supporting the building up of stocks of social capital, like mutual trust and respect. All three institutional linkages are needed for a balanced economy. And both women and men would share in the various types of economies, lending their talents and skills to the whole array of productive uses. Social capital is generated in the care economy, in the education of children, community projects and shared meanings. Increased stocks of social capital diminish the distrust in society and hence diminish the need for saving money for insecure future times. This however, needs to be supplemented by schemes of insurance and redistribution in the exchange economy, which give the members of an economy the opportunity to save their money in a reliable way, do useful investments with their money, and spend the rest in the commodity economy. This spending, in turn, is necessary, to keep the commodity economy going: the demand for goods stimulates production and employment, and hence opportunities for the unemployed and newcomers in the labour market to escape from poverty. As long as this demand is inspired by people's shared norms and social bonds generated in the care economy, it may not degenerate to the vices of the monetary economy but restrict the monetary economy instead to the ends people set themselves in the care economy, supported by production in the commodity economy.

It is a transition we would like to see the transition from a non-human and foolishly romantic Robinson Crusoe economy to a human and realistic Silas Marner economy. This would enable women, men and children to live well in a careful balance between the care economy, the commodity economy and the monetary economy.

The economic balance requires some institutional changes in economies in both the West, the East and the South. To give a few examples:

- Reducing the absolute extent of physical capital markets for monetary returns: reduction in speculatory capital. A proposal recommended by UNDP a few years ago was the institution of a Tobin Tax, named after the economist James Tobin. The tax - of about half a per cent of each transaction - would be collected in a UN fund for development. Of course, criteria for spending out of this fund could emphasise women's needs and support for the care economy.

- Stimulating monetary investments with tax benefits in goods and services which are socially and environmentally desirable and increasing the efficiency in the care economy for the main care providers i.e. women. For example, wind and solar energy, water pipes, sanitary services, local market development and good and accessible education provided equally for boys and girls.

- Stimulating efficient tax collection and just redistribution schemes plus social insurance schemes for all members of the economy.

- Support the care economy both by redistributing unpaid labour to men and by recognising the unmeasured value of unpaid caring labour through institutional support.

- Question the European Monetary Union, which now only concentrates on tight financial criteria for Member States. There can be no sound monetary union without a common social policy, European level democracy, a democratic and transparent European Central Bank and a coherent fiscal union, harmonising Europe's government revenues and expenditures.

- Bringing labour and capital closer to each other again by placing a company's capital in the hands of the workers: this creates conditions for more responsible management, job security and sound reinvestments.

- Bringing producers and consumers in close relationships, for example, as it is done in experiments in some ecological farms: consumers pay an amount of money once a year, which forms the farm's capital and wage sum, and in exchange for this capital investment, the consumers can pick up their vegetables every week. Natural disasters could be insured against in a pool of regionally spread similarly functioning ecological farms.

- Stimulate LETS communities of barter: Local Employment Trading Systems. Such groups list each member's expertise to be exchanged for services in return. The value of the services supplied is mutually agreed and centrally registered.

Monetary policy

- What is monetary policy? Monetary Policy is the manipulation of the nation's money supply and interest rate in order to affect the nation's level of production, income and employment.
- The tools of monetary policy: Generally, monetary policy is set in motion when the monetary authority of a country sets or changes the reserve requirements; or the discount rate, or the bank rate (the rate it charges banks who borrow from it); or the "overnight rate" ('charges on loans that private banks make to each other to clear accounts at the end of each business day"); or the buying and selling of government securities (also called open market operations). All of these changes are designed to influence banks' ability to create money.
- The targets of Monetary Policy: the money supply and or the interest rate, as well as financial and credit conditions.
- Aims/objectives of Monetary Policy: By use of the above tools and targets, the monetary authority of a country can influence gross domestic production and investment. This will ultimately affect the level of employment and prices in a direction determined by the bias of the monetary authority (anti- inflation or pro-full employment).
- Who is the Monetary Authority? The Monetary authority of a country may include or be composed of the central bank, i.e. the Bank of Belgium, the Bundesbank in Germany or the European Central Bank, and or the treasury or Ministry of Finance).

Discussion starters

1. Where does money come from?
2. What are the dominant forms of money in your country?
3. Who issues the money in circulation in your country?
   (Hint: Look closely at your local paper money)
4. Who controls monetary policy in your country?
5. How is it carried out?
   (Hint: What are the tools and targets usually relied on and why?)
6. What are the aims and objectives of your country's monetary policy?
7. Do you think it has an impact on your daily life? (Hint: Think of interest rates and what they may affect: loans, government deficit (which affects social programmes) and exchange rate valuation; also think of anti-inflation bias and its impact on employment.)
8. Do you think monetary policy is gender neutral (has the same impact on men and women)?
   (Hint: Think of women's access to credit in financial markets. Also think of social programmes that are cut or eliminated; etc.)
9. What groups of people in your local economy or region are currently engaged in activities such as barter, countertrade or other kinds of non-monetary exchanges? How does it work? Is it very effective?
10. Who are the activists in your community who are exploring issues of money and financial control?
11. Are there controls on capital in your country? If yes, what are they. If no, why not?

Glossary

Aggregate: *see the background reading on the household*
Barter: *exchange without money or other mediating means*
Bonds: *fixed interest security for a fixed period of time*
Capital returns: *interest*
Care economy: *unpaid labour in households and communities*
Commodity: *something useful in itself which is produced in the economic process*
Commodity economy: *markets in which money is not a good in itself but only a means*
Depreciation: *a market induced decrease in value of a*

currency vis-à-vis other currencies

***Economic dynamics:** interaction of supply and demand in markets through prices*

***Economic model:** a mathematical illustration of economic theory in a set of equations which are used for forcasting basic economic indicators such as GDP*

***Economic man:** see homo economicus in the background reading on the market*

***EMU:** European Monetary Union, leading to a single currency and monetary policy institution, the European Central Bank*

***Equities:** shares in the issued capital of a company, entitling the holder to a vote and to a dividend*

***Feminist economic analysis:** economics including women's experiences and ideas and studying economic effects of the power relations between men and women (related to other power dynamics such as race and class)*

***Good:** commodity or service*

***Heterogeneous:** diverse*

***Human capital:** see the background reading on the market*

***Instumental value:** not a value in itself but contributing to a higher value*

***Mainstream economic theory:** see neoclassical theory in the background reading on the household*

***Market signals:** prices and information*

***Monetary economy:** markets in which money is not only a means of exchange and account, but also a good in itself*

***Options:** contracts to buy or sell securities within a certain period of time and at an agreed price*

***Social capital:** frequency and strength of human relations*

***Spill-over:** unintended effects from one market to another*

***Welfare states:** states committed to provide basic economic rights and security to citizens*

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