THE ASIAN CRISIS: GLOBALIZATION AND PATRIARCHY IN SYMBIOSIS

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The 'East Asian Miracle' was widely trumpeted by international institutions in the early 1990's as demonstrating the soundness of economic globalization based on the «free market» model. That myth was exposed and forever shattered by the Asian financial crisis that began in 1997.

With the rise and demise of the East Asian Miracle, globalization's dependence on cheap and unpaid work by women in both good times and bad was highlighted once again. The interplay between the use (and abuse) of women's work, the resurgence of patriarchal state ideologies in the form of so–called 'Asian values', and the horrendous rise of violence against women as a weapon used systematically by groups fighting for control over state power, were never more blatant. The Asian crisis revealed that the forces of economic globalization and resurgent gender–based controls and violence have a symbiotic, though contradictory, relationship.

ASIAN GROWTH AND CRISIS

The crisis now seems to be contained in many places and modest positive reversals of economic performance have been achieved. But hard lessons have been learned and many of the affected economies are left to deal with the adverse impacts of the crisis and the painful recovery programs. The optimistic scenario of economic boom years has been replaced by the grim realization that a combination of asymmetry, volatility, and opportunism operating in an open and unregulated global free market can lead to a sudden and spectacular collapse of economies and hurt whole national societies. Worldwide concern about «fast growth» and accompanying criticism of international institutions has led to increasing calls for a global assessment, for differential treatment, standards, and regulation, and even for abandoning altogether the current «wrong model of development» and the bitter pill of the International Monetary Fund's (IMF) structural adjustment programs.

The Asian financial crisis officially began in April 1997 when the depreciation of the Thai baht triggered a contagious effect on the currencies of Malaysia, Indonesia, Philippines and then South Korea. This soon led to a region–wide economic contraction in which GDP crashed in one country after another from the average high of 8–10% of the previous growth period. Inflation put pressure on consumer price indexes and reduced real incomes, unemployment rates went up, poverty incidence increased, and income inequality widened (Knowles, Pernia & Racelis 1999). The economic impact of the Asian crisis on Indonesia was dramatic. To wit: a jump of 60% in the consumer price index; a fall of 24% in real per capita income; a 15.9% decline in employment in the construction sector and 9.8% decline in the manufacturing sector; and an increase in poverty incidence from 11% in 1996–1997 to 14% percent in 1998–1999 (ibid).

The contagion later spread to the currencies of Hong Kong, Brazil, Russia and Venezuela, where currency devaluation and—especially in the case of Russia—capital flight were experienced as well. For many, the Asian crisis was a global crisis of the current global trade and finance system in which unanticipated and uncontrolled volatility can trigger serious instability and widespread suffering.

WHAT WENT WRONG?

There are several explanations on why the crisis occurred. The most widespread of these gravitate around three defined positions (Lim 1999, Khor 1998, Bello 1998). One set of proponents—which includes the International Monetary Fund (IMF)—believes that the Asian economies went haywire because of internal weaknesses and wrong decisions made by Asian economic players, including governments. This group's solution is tied to a package of adjustments and reforms comprising an end to state protection, increased transparency and accountability, stronger financial regulation, and adjustments in current accounts (Lim 1999).

Another set of economists (Stiglitz, Krugman, Singh, etc.) acknowledges the volatility of financial markets and recognizes that lack of regulation enabled speculative investments to thrive and to trigger economic instability, particularly in the weak links of the global market. These economists favor a new global financial architecture that will protect economies from recurrent crises and financial runs. Monsod (1998) adds an important element to this analysis by claiming that the Asian financial crisis, wherein hedge funds played a major role, is in fact the latest expression of a longer–running global financial crisis linked to the IMF and World Bank generated debt crisis of the 1970s and the 1980s.

A third set of analyses takes off from the second but highlights the critical intersection of the goods sector with finance and capital accounts. This is seen as an important domestic factor that explains why Asian economies succumbed to a crisis and why they had great difficulty emerging from it. One of these economists asserts that Asian economies were already in the midst of a deceleration in export growth when the currency devaluation took place (Ghosh 1999). These economies could no longer bank on income from exports; nor could export–led industry (or whatever remained of it) stem spiraling unemployment. Moreover, Ghosh claims that investor confidence had by then been adversely affected, which would explain the «herd mentality» that led to massive capital flight.

Lim (1999) echoes a similar analysis. In his study on the Philippines, he noted that the agricultural sector had a long–running downward trend prior to the crisis, while the service sector showed a consistent and remarkable expansion. The service sector covers community, social and personal services that include low–waged employment (domestic helpers, schoolteachers, public servants, and the mass of informal workers). Lim noted that the crisis had the effect of further increasing employment in the service sector, with female workers gaining more than the males but wages remaining depressed. He concluded that had government policies concentrated on rural development and rural–urban linkages, rather than on urban–based zones of growth that were export–driven, the impact of the crisis on the real economy could have been alleviated and quality of employment ensured.

Finally, using a framework that interrogates the dynamics of present–day capitalism at the global level, Bello (1996, 1999) traces the financial crisis essentially to the «trade war» between the United States and Japan. He contends that Japan was able to acquire for itself a Japanese dominated regional trade and finance bloc in South East and East Asia, not via trade agreements, but by locating opportunities for Japanese investment and funds in state–assisted capitalism that thrived in the region. In order to break such dominance, the United States engaged in aggressive unilateral moves to force further financial liberalization of the otherwise highly protected markets in the region. The ensuing finance and capital accounts liberalization attracted new players such as portfolio investors that were seeking profits for mutual and pension funds raised in the midst of the current long–running economic boom in the United States. Bello concludes that the United States gained much from the Asian financial crisis: «the rollback of protectionism and activist state intervention was incorporated into stabilization programs imposed by the IMF on the key crisis countries of Indonesia, Thailand and South Korea... By 1998, US financial firms and multinationals were buying up Asian assets from Seoul to Bangkok at fire–sale prices.»

THE ROLE OF THE IMF

From the onset of the Asian financial crisis, a global debate on the role and accountability of the IMF has engulfed governments, civil society groups and academia everywhere in the world. After all, the IMF has been leading the integration of developing country economies into the «open global market» through its macroeconomic policy prescriptions of liberalized trade, finance and capital accounts. Well before the Asian financial crisis exploded, there was already strong criticism of the IMF's 'overlending syndrome' and its highly damaging structural adjustment program (imposed on a total of 90 countries), which had exacerbated the global debt crisis. Its economic management of and short–term macroeconomic policy prescriptions for distressed countries hit by the Asian financial crisis further eroded whatever credibility it still enjoyed as critics were joined by no less than the World Bank's (now former) Chief Economist, Joseph Stiglitz.

A more fundamental criticism of the IMF concerns its role in global governance. Critics argue that the IMF has gone way beyond its original mandate of helping countries resolve balance of payments problems (Feldstein 1998). The IMF is said to have transmogrified into a «Jurassic» institution (Bello 1998) and arrogantly appropriated for itself the role of «playing god» (Monsod 1998). Its structural adjustment package of economic, financial and social reforms has led it instead to micro–manage the economies of indebted countries who continue to find no meaningful debt relief.

Equally strong were protests and criticisms against the IMF's emergency and short–term package of reforms for beleaguered Asian economies (see Ghosh, Feldstein, Stiglitz, Sachs, Monsod, Khor, Bello). Contractionary and deflationary measures such as budget deficit reduction and tight monetary policies, rather than generate business and employment, resulted in lost investor confidence, absolute declines in economic activity, and social costs. What happened to Indonesia, Thailand and South Korea are cases in point. Moreover, the run–away siphoning of moneys from Russia that led to the country's most recent economic collapse, as Stiglitz critically concluded, resulted from IMF imposed policies and interventions.

IMPACT OF THE CRISIS—THE SYMBIOSIS OF PATRIARCHY AND GLOBALIZATION

The most immediate and felt impact of the crisis was in the area of social reproduction. A regional study found that, without exception, there was an increase in the prices of basic commodities that had import content (Knowles, Pernia and Racelis 1999; Ghosh 1998). Prices for food items went up faster than prices of non–food items. This made the impact harsher on the poor. Reduction in consumption (Kamoltrakul 1999), which was mentioned as one of several household coping mechanisms (Knowles, Pernia and Racelis 1999), was widespread. Since women are principally responsible for ensuring that there is food on the table, the burden invariably fell on their shoulders. Early in the crisis, poor Indonesian women were knocking on doors of middle class families to offer their labor in exchange for food for their children, or they were using inferior food substitutes (Wijaya 1998).

The cut in budgetary expenditures as part of the IMF package of recovery measures adversely affected the education and health budgets of all countries, except in the case of Malaysia where the health budget remained high (Knowles, Pernia and Racelis 1999). The budget cuts came by way of further reductions in the already under–budgeted items of materials, maintenance and facilities. Regional data from the same study indicates that hard–up families were readier to sacrifice the secondary education of older children than the primary education of younger ones. Moreover, the lack of household resources made for an increase in the utilization of public health services, except in Indonesia where newly increased fees in public health facilities turned prospective users away.

Without exception, unemployment rates increased in all countries (Knowles, Pernia and Racelis 1999). Where data was available, under–employment, employment of children, and employment in the services and informal sectors were found to increase as well (Lim 1999, Kamoltrakul 1999). The expansion of Asian women's labor force participation in low–paying work in the services and informal sectors (including prostitution and domestic work) was noted (CAW 1998, 1999; DAWN–APDC 1998). There is agreement that the increased paid employment of women in strongly female dominated sectors resulted from increased pressures of family survival and from limited opportunities provided by economic systems with visible sector–based gender preference. This pattern also indicates the resilience of certain types of work—mainly those characterized by low–pay, casual employment and lack of benefits—during times of economic slowdown.

As if to compensate for the increased dependence of households throughout the region on the incomes earned by women in hard and often dangerous conditions, governments are exhorting women to be good mothers and citizens. Women are being asked to sacrifice more for their country and to be more responsible for the well being of families. Poor women who are already stressed by childcare and earning responsibilities were invoked—by no less than the state in the case of Korea—to be «loyal and supportive of their husbands» (DAWN–APDC 1998). Implicit in this resurgent model of so–called 'Asian values' is the idea that, if things go wrong for the family or for the nation, it is somehow women's fault or at least their responsibility to set right.

Social ennui, suicides and crimes were visible throughout the region in the aftermath of the crisis. In Korea alone, 2,300 suicides caused by depression over financial hardships were reported in the first three months of 1998 (Kamoltrakul 1999). Official crime rates increased everywhere (Kowles, Pernia and Racelis 1999) and long–standing ethnic tensions erupted into open violence and political instability in Indonesia. ***Increased abuse of foreign domestic helpers by their employers was noted by Malaysian newspapers and in Thailand, the prostitution and trafficking of young women from Laos, Cambodia, Vietnam and Burma, as well as the exploitation and abuse of unregistered economic migrants from these countries intensified*** (Kamolktrakul 1999). Most blatant has been the systematic and growing use of violence against women as a weapon. Groups vying for state power, especially in Indonesia, have in the last three years consistently used rape and murder of young girls and women as weapons in their struggles.

The crisis has also revealed another facet. Feminist scholars and historians of sexuality have long maintained that control over women and over sexuality often go hand in hand, and that these are linked in various ways to struggles over property and economic dominance. A bizarre replay of such linkage appears to be in progress in Malaysia where the struggle between the economic forces aligned to Mahathir (domestic capitalists?) and those represented by Anwar Ibrahim (global interests?) is being played out on the terrain of sexuality.[1] Such displacements are not new. History is replete with examples in which economic struggles between powerful contenders for state control appear as struggles over 'culture', sexuality, and gender.

As stated at the outset of this article, the Asian crisis makes it clear that economic globalization and the forces of gender power and sexual domination are not opposites but cohabit in a close if contradictory symbiosis.

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1 Editor's note: Ibrahim is the former Vice Prime Minister and formerly favorite of Mahathir that fell from favor due to political differences with his old mentor. At present he is under arrest accused of presumed sexual crimes.

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