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MACROECONOMIC GOVERNANCE, GENDERED INEQUALITY, AND GLOBAL CRISES[1]

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Introduction: global financial crisis and neoliberal governance

This chapter attempts to draw links between macroeconomics and the operation of global financial markets with their particular abstractions and generic, technical language. We explore the range of social forces associated with macroeconomic governance and finance, and their effects at the level of the everyday lives of the poor, where the nature of global inequalities becomes clearer. We seek to draw attention to the class, gendered, and racialized inequalities that are reproduced by disciplinary neoliberalism and how women and other social groups have been integrated hierarchically into the new regime of market citizenship through welfare, social services and subprime mortgages. The context for our discussion is the cascading global financial and economic crisis that has emerged since 2007 and on a scale comparable to the Great Depression of the 1930s.

Beginning with falling real wages of American workers, and their subsequent inability to service their ongoing levels of consumption and debts, the global financial crisis was specifically triggered by arrears and defaults on home mortgages and by falling house prices in the United States (US). Since mortgages were packaged and resold as financial derivatives, when the subprime mortgage crisis intensified, this triggered a financial collapse on Wall Street. The crisis spread throughout the US and global financial sectors. In the US and western Europe, concerns over the solvency of key financial firms set off a series of bankruptcies, forced mergers, and in response, the injection of unprecedented amounts of public money into the financial systems of the world's wealthiest countries. In the US, efforts to save the collapsing financial system have involved the investment of trillions of dollars of taxpayers' money. As of November 2009, the financial rescue packages had involved the investment of an estimated $3 trillion.[2]

At the global level, by 2009 the International Monetary Fund (IMF) estimated the total global cost of the crisis to be $11.9 trillion, with developed countries having invested $10.2 trillion and developing countries, $1.7 trillion (Conway 2009). The international financial institutions (IFIs) have also dramatically increased lending, delivering over $850 billion in additional resources to combat the crisis. Much of this new lending has been aimed at financial stabilization in Europe and certain emerging markets, bypassing many of the poorest countries most in need of assistance (UNESCO 2010: 34).

At the time of writing, it is not at all clear that the massive bailouts and financial stimulus packages will curb the deepening global crisis. Rather, despite assurances from the IFIs and G8/G20 that the global economy is recovering and that governments should begin to phase out temporary stimulus measures (what they refer to as 'exit strategies'), recent events, such as those that have occurred in Greece, point to the ongoing instability of the international financial system.

Indeed, while sovereign debt crisis has been a feature of the global South over the past 30 years, it is now migrating to much of the global North. Much of this is because the bailouts have resulted in very high levels of public debt for a number of countries, e.g. in Greece and other parts of southern Europe. At the same time the IMF has said that it will take 10 to 20 years of austerity measures, involving cuts in public sector wages and public services, and increased privatization of public assets to pay for "future" bailouts, and to pay back government debts. In May 2010 the European Union – or specifically the eurozone economies – created an initiative, a kind of European Monetary Fund, with new bailout funds of €1 trillion in an attempt to "stabilize the financial markets" and bail out Greece. Much of the debt of countries such as Greece is owed to private banks in Germany, France and the US, so the Greek bailout is as much a bailout of these banks as it is for Greece as a country. Greece has been forced to make draconian cuts in social benefits, public sector wages, and pensions, which reverse approximately 30 years of workers' gains – a continuation of the type of structural adjustment and stabilization policies long favored by the Washington-based international financial institutions. Of course the Greek fiscal crisis has also been caused by poor tax collection (allowing wealthy people and professionals to evade paying taxes and to get their money out of the country) as well as by previous governments manipulating statistics, in effect cooking the books with the help of big private banks such as Goldman Sachs, to hide the size of the fiscal shortfalls.

Regardless of the specific outcomes which will vary according to location, what *is* clear is that the rescue packages, which have generally not be been accompanied by any significant changes to the regulation of global finance, ultimately amount to a massive socialization of the private debts of many of the largest financial houses and insurance firms in the US and elsewhere, the cost of which will be borne by taxpayers if their governments succeed in sustaining their planned austerity measures over the coming decades along the lines suggested by the IMF and adopted by the G20.[3]

This is part of a broader trend under neoliberal governance whereby, since the 1970s and 1980s, risk for the majority is increasingly privatized as the market becomes the primary means through which individuals secure their livelihoods and protect themselves from economic and health risks (e.g. through private pensions and private health care). In contrast, the global response to the financial crisis has drawn attention to the long-standing practice of corporate welfare by G20 political leaders who have socialized risk for the very affluent and for many corporations.[4]

The investment of trillions of dollars of public money to socialize the risks of capital stands in stark contrast to the systematic cutting of services aimed at helping the poor and marginalized sectors of the population. Given that black women are disproportionately represented among welfare recipients and that white men dominate the financial sector, the unequal allocation of risk has important gender and racial implications. A further contrast appears in the heightened surveillance and disciplining of those who rely on social and welfare services and the relaxed or, indeed, non-existent surveillance of the financial sector. That is, whereas recipients of social and welfare services have been subjected to intensified forms of surveillance and discipline in order to ensure that they do not misuse funds and that they do indeed constitute the "deserving poor," the financial sector has undergone successive processes of deregulation; surveillance of its risky and highly leveraged investment practices and the exotic financial derivatives that are traded by private insurers and investment houses has been notable by its absence.

As the contemporary financial crisis has made clear, however, the self-regulation of markets generates a number of contradictions and paradoxes that challenge the very reproduction of the capitalist system itself as well as the social reproduction of large segments of the human population.[5] For instance, according to projections made by the World Bank and the IMF, as a result of the financial crisis, up to 227 million more people will be living in absolute poverty by 2020; 1.2 million more children under the age of five will die between 2009 and 2015 and over 100 million more people will remain without access to clean water (WB/IMF 2010).

Though the implications of the crisis for gender relations continues to be debated (largely among various UN agencies and civil society organizations), there is much evidence to suggest that women will be particularly negatively affected by the crisis. For instance, while at the global level, the projected increases for unemployment as a result of the crisis are similar for women and men, women begin from a higher level of unemployment than men.[6] In addition, it has been argued that in the contemporary context, women are more likely to abandon the job search and to concentrate on household duties, thus disappearing from official unemployment statistics. Analyses of past crises have further found that women who have lost their jobs tend to return to work at a slower pace as economic recovery sets in (ILO 2010; Smith 2009). These trends are then compounded by a range of other developments that disproportionately affect the global poor, particularly poor women. According to the UN Special Adviser on Gender Issues and the Advancement of Women:

> the confluence of the global financial crisis – including a projected global economic slowdown, the food and energy crises, the rise in unemployment,

> instability and hostilities, and violence against women and environmental deterioration – had already seriously impacted progress towards achieving gender equality and women's empowerment.
>
> (*Deen 2009*)

These simultaneous crises have the potential to erode some of the gains in gender equality that were achieved in periods of economic growth and to reverse the progress made since the 1995 Fourth World Conference on Women in Beijing. Indeed, despite huge financial bailouts, there has been a notable absence of political and economic commitments to securing gender equity or more broadly, to securing the social reproduction of the global population: "[t]he four largest asset insurance programmes for commercial banks obliged the governments of the United Kingdom and the United States to take on US$786 billion in potential liabilities" which amounts to "over seven times the amount allocated to total international development assistance flows" (UNESCO 2010: 28).

Thus under disciplinary neoliberalism, the majority are made to conform to the dictates of self-help – an individualized and punitive system of surveillance, incarceration, and market discipline. In contrast, the interests of the wealthy few are protected by the use of state action to socialize their risks in a class-based, highly racialized and gendered politico-economic project. This is because the market that has increasingly come to govern and discipline the lives of individuals (e.g. through wage labor, privatized social services and debt) is not, as economic liberals would suggest, a neutral sphere within which all individuals – understood abstractly as *homo economicus* – interact as equals. Rather, the actual operation of markets departs radically from this image of impersonal exchanges taking place between abstract rational actors; class, gender and race continue to influence the terms of one's integration into markets.

For instance, as feminist political economists have extensively argued, the post-war male-breadwinner gender order, which idealized men's participation in the labor market and women's economic dependence on men, has increasingly given way to a new dual-earner model, premised on both men and women's labor force participation (see for instance, Bakker in this volume). While this shift has created new opportunities for some women, labor markets (which have become increasingly precarious for all workers) continue to be gender segmented, and women continue to face discrimination when it comes to pay, working conditions, and upward mobility. Similarly, over the past decade and a half, the number of women who have purchased homes and been integrated into financial (mortgage) markets has grown dramatically. While this decrease in the historical gender gap in home ownership has some progressive appeal, women and racialized minorities are significantly more likely to receive high interest rate loans than white men. Thus, shifting gender orders and women's integration into various markets have not eliminated, but rather reproduced gender-based inequalities. Racial inequalities have also been reproduced in similar ways.

Theorizing global economic governance and crisis: the 'usual suspects' and beyond

The mainstream theorizations of and responses to the contemporary financial crisis offered by the 'usual suspects' tend to fall somewhere within the broad spectrum of liberal economic thought. These "usual suspects," who dominate the IFIs, the US Treasury and Federal Reserve, Wall Street, Ivy League universities, liberal and conservative think tanks, large corporations and the governments of the G8 countries, claim the ability to explain and master crises and in so doing, reinforce the notion that there is no real alternative to the capitalist market system as the supreme mechanism of governance (Gill 1999). While the severity of the crisis has led many of the usual suspects to support the massive injection of public funds into the economy, the capitalist market continues to be presented as the most efficient allocator of global resources.

For instance, in its recent *World Economic Outlook* and *Global Financial Stability* reports, the IMF cautioned against the "rush to regulate," insisting that the market remains the most efficient coordinating mechanism. While the IMF recognized a need for some regulation of the financial sector, its ideal would be to erect the structures necessary for the improved self-regulation of finance (i.e. through increased transparency). The Fund also argued that public assistance should only be considered in cases where the collapse of an institution poses a "systemic threat" and only when there is an "unambiguous plan for exit by the public sector" (IMF 2008b: 38). Ultimately, the institution saw the roots of the crisis lying in a lack of adequate transference of information (i.e. about risks, about the nature of new complex investment structures, and about the role of credit rating agencies who rate only default risk, not downgrades or market-to-market losses).

The G20 consensus (sometimes known in its more global form as the "post-Washington Consensus") draws upon the idea, popularized by Frederich A. Hayek in *The Road to Serfdom* (1944), that a truly liberal capitalism has never really been tried and that more liberalization is needed. In order to fully flourish, capitalism requires the complete abandonment of any form of planning that is not market supporting; other forms of government regulation or intervention in the so-called free market would continue to create contradictions for capital accumulation and undermine the legitimacy of the capitalist system. This theorization is linked to the so-called "efficient markets hypothesis". Here, the basic idea – which has taken an enormous battering as the financial crisis has unfolded – is that the system of free markets is the most efficient means of allocating resources and, indirectly, of organizing and governing society. The case is made that markets provide an epistemological as well as logistical solution to the problems of economic decision making. Markets are said to provide clear and decentralized flows of information to market participants, allowing them to respond to the forces of supply and demand and thus to structure their economic expectations to the incentives provided in the market.

The problem for the pure liberals is that there have never truly been free markets since governments (and to a lesser extent, private monopolies and cartels) have created obstructions to the proper functioning of markets. In many respects, the IFIs see such obstructions as having caused – or having helped cause – many of the recent problems that have produced turmoil on Wall Street and subsequently, a full-blown global financial crisis.

By the same token, such obstructions are viewed as having compounded the problems of global food and energy markets. These "market imperfections" have had devastating consequences for the livelihood of billions of people. Some of the obstructions that the IMF recently described as contributing to rising food costs are "unfavorable weather conditions, rising fuel costs, rising biofuels production, and, more recently, trade restrictions" (IMF 2008a: 7). The IMF argues that in order to ensure that the market in food is able to function properly, governments should pass high food costs on to consumers which will both encourage the production of food and compel citizens to reduce their demand (i.e. by eating less) (IMF 2008a: 23). In a similar manner, the World Bank has argued that the completion of the Doha Round trade talks, which would entail the further liberalization of trade in agriculture and services, is the best and most efficient means of addressing rising levels of poverty in the context of the financial crisis (WB/IMF 2010).[7] The human costs of re-aligning the forces of supply and demand are, of course, never considered paramount. Nor are the ways in which these costs are unevenly borne. For instance, the IMF's insistence on the need to pass on high food prices ignores more than 15 years of extensive research on gender and intra-household resource allocation, which suggests that men and women, as both producers and consumers, will be affected differently by the global food crisis, with women and girls shouldering more of the costs (IFPRI 2008; Macan-Markar 2008; UNPFA 2005).

Essentially, an analysis of recent IFI documents reveals the premise that, as in the past, the roots of crises are located *externally* to the system of liberalized trade and finance, giving the illusion that this system is an efficient, coherent, and rational whole. The sustainability of a system based on so-called free markets is never challenged. Rather, for the IFIs, the problem is that the proper functioning of capitalism is constantly being hindered by political and other extra-economic forces. Very little systematic concern is given to the unequal consequences and effects of the functioning of capitalism, and of market discipline, such as those referred to above with respect to global food prices.

A more compensatory neo-Keynesian approach to crises has been offered by economists such as Nobel Prizewinners Paul Krugman and Joseph Stiglitz who, among others, argue for a restoration of something such as the financial regulatory framework established in the 1930s to prevent repeats of the Great Depression – a framework that needs to be extended to cover a wider range of non-traditional banking institutions. As with the more free-market oriented analyses, the basic structure of the capitalist system is not questioned, and only the degree to which it should be regulated is considered. Other voices that might argue for a full-blown socialization of capital are, of course, never referred to as being credible in the mainstream media.

We might contrast these views with the central idea propounded by Karl Polanyi in *The Great Transformation*, which was published in 1944, the same year as Hayek's *Road to Serfdom*.[8] Polanyi argued that trends toward the emergence of a self-regulating capitalist market system are not the result of a long evolutionary process of trial and error that proves its mettle relative to socialist alternatives (the Hayekian view). Rather, it is the work of the conscious agency of the state, acting on behalf of definite social forces to instantiate an historically unprecedented social experiment, whereby society is subordinated to economic forces – that a self-regulating market system requires the authoritarian and wide-ranging application of state power (i.e. to separate economics from politics in order to allow "free" markets to function). As feminist scholars have pointed out, Polanyi's argument that markets have been socially constructed has important gender-related implications as men and women have historically had different relations to the market (Benería 2003: 122). For instance, a large proportion of women in the world engage in unpaid relations of production and social reproduction such as unpaid agricultural work, volunteer work, and domestic labor. As much of this work is only indirectly linked to the market and not equally subjected to the pressures of competition and profit maximization, it often responds to norms and motivations such as love, nurture, altruism, or other socially constructed norms of behavior (Benería 2003: 122–3; Folbre and Nelson 2000). In other words, while market society gives ontological primacy to the individual, understood analytically to be rational economic man – or *homo economicus* – this view ignores socially and historically constructed gender variations in norms, values, and behavior. Further, as we will argue in the following section in relation to the allocation of mortgage loans in the US, the actual operation of the market departs radically from this image of impersonal exchanges taking place between abstract utility-maximizing individuals.

Polanyi further pointed out that a fully self-regulating market system is both a utopian/dystopian project and, in his view, is effectively unattainable. The reason is because of the stresses and dislocations it tends to engender, thus provoking a disparate but politically significant counter-movement of those elements of capital and labor, as well as producers on the land, who are subjected to its crises, to social atomization and to the attempts to render labor and land or wider spheres of life and nature into commodities, or more precisely, what Polanyi called "fictitious commodities" (Polanyi 1944: 71). In other words, Polanyi challenged the ability of society's new form of market-driven governance to adequately ensure the social reproduction of the labor force and the ecological framework (Brodie 2003: 52–53). He also challenged its ability to ensure the reproduction of capitalism itself. With respect to the nineteenth century, Polanyi noted: "*Paradoxically enough, not human beings and natural resources only but also the organization of capitalistic production itself had to be sheltered from the devastating effects of a self-regulating market*" (Polanyi 1944: 132, our emphasis). Recent crises have once again drawn attention to these fundamental tensions and contradictions generated by attempts to organize society around a self-regulating market.

Disciplinary neoliberalism and gender orders

Dominant interpretations of the financial, food, and fuel crises leave out a number of important issues. They ignore how capital has greatly expanded its scope and has come to mediate ever more aspects of our daily lives and relations of social reproduction. As men and women have had different relations to the market, there are a number of distinctly gendered dimensions to this process that have thus far been largely invisible in mainstream analyses, which also ignore how the disciplinary power of capital is unequally and selectively deployed, thus reproducing class, racial and gender hierarchies at various sites and scales, as well as creating hierarchies between states. Mainstream analyses further fail to recognize the ways in which the structural and disciplinary power of capital has increasingly been expanded and institutionalized through a variety of mechanisms including international organizations (e.g. the IFIs and the World Trade Organization), international trade and investment legislation, and regulation governing private and public debt obligations (e.g. mortgage and national debt). In this section we draw on the concept of disciplinary neoliberalism in order to offer a different way of theorizing and historicizing crises and to begin to address some of the limitations identified above.

Disciplinary neoliberalism

Disciplinary neoliberalism is a concrete form of structural and behavioral power that combines the structural power of capital with more diffuse and capillary forms of what Foucault termed "disciplinary power."[9] It involves both a discourse of political economy and a relatively punitive program of social reform. It is also a conscious and specific political project involving the restructuring of the state and public policy in order to deepen, extend, and secure capitalist markets. The concept of disciplinary neoliberalism describes a global socioeconomic order characterized by the growing power of capital and the intensification of its discipline on society.

Neoliberal forms of discipline are institutionalized and operate at various degrees of intensity across a range of public and private spheres and in various state and civil society complexes (Gill 2008: 137–38). Despite the illusion that such disciplinary power is formally egalitarian, disciplinary neoliberalism is a highly unequal and hierarchical form of power. In the rest of this section we will draw attention to several aspects of disciplinary neoliberalism and the social relations it (re)produces. Specifically, we will focus on disciplinary fiscal and monetary policy, the disciplining of the poor, the reprivatization of social reproduction and the disciplinary relations involved in home ownership and financing.

Fiscal "prudence" and "sound" money

Under previously "normal" conditions, surveillance of governments, e.g. by the IMF, private bond-rating agencies, and by private investors was intended to make them conform to neoliberal policies, euphemistically called "fiscal prudence" and "sound money" – at least until the financial crisis caused their abandonment in the state of a global economic "emergency". "Normality" meant limiting monetary and fiscal policy space, with institutional arrangements such as independent central banks ensuring that the private interests of capital were protected from democratic accountability. Of course, the prevailing argument justifying such independence is that such sound policies were needed to maintain low inflation. On the other hand, when capital is threatened, as in the current crisis, this independence allows central banks to step in with public funds to bail out the private banks.

In practice what this stance has meant, leading up to the financial collapse, was that the US federal government practiced very lax monetary and fiscal policies, allowing for a glut of cheap credit to be available, mainly to US firms and consumers, while poorer nations (and many US states which are legally prohibited from running fiscal deficits) have been tied to the mast of fiscal and monetary rectitude, bound by conditionality associated with IMF and World Bank loans, as well as loans from wealthier creditors. Indeed, insofar as the IMF and the World Bank adopted more flexible approaches to fiscal deficits and inflation between 2007–2010, new evidence suggests a return to their traditional principles of macroeconomic governance, with conditionalities requiring recipient countries to reduce public spending and increase interest rates in order to avoid inflation (UNCTAD 2009; UNESCO 2010). Loan conditionalities that compel governments with limited fiscal policy space to impose procyclical policies and macroeconomic tightening stand in stark contrast to the countercyclical policies and large stimulus packages that were being used to stimulate the economy in most developed countries in 2007–2010 (UNCTAD 2009).

Such variation in the enforcement of sound monetary and fiscal policies reproduces unequal power relations between states, while at the same time constraining the ability of many governments, particularly those in the underdeveloped world, to adequately address poverty (i.e. through taxation and spending). Neoliberal fiscal and monetary policies that subordinate the needs of citizens to the attraction of foreign capital (such as low inflation, low public debt and expenditure, low taxation, and low budget deficits) also have implications for domestic social relations, as advocates for gender equity and other equity-seeking groups lose some of their room to maneuver when making claims on the state (Elson 2004).

As noted above, there is also a disjuncture between the intensive surveillance and disciplining of governments to conform to neoliberal macroeconomic policies and the general lack of surveillance of capital itself (reflected in events leading up to the credit crunch and subsequent financial collapse in the US). Further, there is a notable lack of surveillance and enforcement of many global political obligations, particularly those relating to issues of gender equity, poverty alleviation, official development assistance (ODA), and the environment. Such a lack of political commitment, budgetary resources, and surveillance/monitoring capabilities threatens to undermine important commitments made to supporting more equitable and sustainable relations of social reproduction.

Disciplining the poor versus the socialization of risk

At the meso level, and in stark contrast to the socialization of risk for the wealthy financiers, disciplinary neoliberalism is operationalized by compelling the majority of the population to conform to the dictates of self-help and market discipline, and thus to privatize their risk. With the rise of disciplinary neoliberalism, the post-1945 approach to the governance of poverty, which was grounded in a commitment to social citizenship and the maintenance of the well-being of citizens, has given way to a new regime of market citizenship whereby the market is materially and discursively constructed as the best, if not the only, means of assuring one's well-being (Bakker 2003, 2007). Under disciplinary neoliberalism, poverty is individualized and the poor are viewed as lazy and irresponsible individuals whose condition is enabled through their dependence on the state. Discipline is further instilled through the extensive surveillance and even criminalization of those who have to rely on the state for social assistance and by the replacement of welfare with "workfare," which links welfare benefits to work requirements (Peck 2001).

So whereas the lack of surveillance of the financial sector has potentially put taxpayers on the hook for trillions of dollars, finance has rarely been identified in the mainstream media – at least up until the recent eruption of populist rhetoric – as a significant threat to social order. Rather, the label of the "threatening other" has been reserved for the poor – particularly the non-white poor – who, with the retreat of the welfare state, have increasingly come to be governed by the law, the police, and various penal institutions (Parenti 1999; Wacquant 2001).[10] Thus the norms and rules governing the financial sector and the social sector are fundamentally different: the former relies on self-regulation while the latter is based on surveillance and the disciplining effects of low wages, unemployment, an eroding social safety net, as well as the law, the police and prisons. Indeed, in the aftermath of the Enron scandal, and in light of the massive losses cascading through the US economy, it remains to be seen whether those Wall Street titans who racked up losses worth hundreds of billions of dollars will face conviction or imprisonment for their financial crimes and wanton neglect of their fiduciary responsibilities. So far there is little evidence that this is happening.

The reprivatization of social reproduction and the emergence of a new gender order

The shift to increasingly market-governed social policy under disciplinary neoliberalism also has distinctly gendered dimensions. As feminists have extensively documented, the social citizenship regime that characterized Keynesian forms of provisioning was based on an idealized gender order that viewed men as the breadwinners and privileged them in the economic and political spheres while women were assigned the responsibilities of care and domestic labor (Bakker 2007; Elson and Cagatay 2000).[11] Here, provisioning tended to be based on a two-tier system whereby social assistance programs that served primarily a female clientele (such as welfare or Aid to Families with Dependent Children) were politically less legitimate and less well funded than were the social insurance programs (such as social security and various forms of disability and unemployment insurance) that were primarily accessed by men (O'Connor *et al.* 1999; Orloff 1993: 315). This idealized gender order gave rise to gendered forms of surveillance and discipline; the social assistance programs accessed primarily by women were more oriented toward the monitoring and disciplining of clients' behavior than those programs accessed by men (Orloff 1993: 315). That is, as the state took on some of the costs associated with social reproduction, it also deepened its control over these processes, thus entrenching its influence over women and mothers, and through them, the family as a whole.

With the adoption by numerous governments of increasingly restrictive fiscal and monetary policies, there have been significant cuts in budgetary expenditures in most countries, including in the areas of social assistance, health, and education (Bakker 2003: 76). Many of these changes have been institutionalized and locked-in at the macro level through new constitutionalist mechanisms (see Chapter 3 in this volume). The reduction of public expenditures, combined with the declining power of many unions to compel capital to assume some of the costs associated with social reproduction, has led to the increasing "reprivatization of social reproduction" as much of this work has shifted onto families and/or the market. This process has had particularly negative effects for women who tend to perform the majority of social reproductive labor. For example, as public support for health care services has declined, the responsibility of caring for the ill and the elderly has been shifted onto households, and particularly onto women (Bezanson 2006; Morris *et al.* 1999). While some middle- and upper-class women have been able to pay for private health care and child care, others have not. In this way, the impact of the reprivatization of social reproduction has had differential effects on women, largely based on their class, race, sexuality, and citizenship (Bakker 2003: 76).

Such forms of privatized provisioning are informed by and serve to reproduce the assumption that the gender order that characterized the era of the Welfare State has largely given way to a new gender order whereby women and men both participate in full-time, permanent paid employment. Here, governments increasingly assume that women, as workers, are not dependent on men and they design access to social programs accordingly. While the male breadwinner model had numerous disadvantages for women, the new dual earner model is also highly disadvantageous, particularly since the trend is movement away from this type of work and toward part-time and precarious forms of employment for both women and men (Cohen 2007: 30).

In certain respects, the emergence of a new gender order has benefited some (but by no means all) women: gender attitudes have shifted, many women have increased their participation in the paid labor market, some of these women have entered into powerful and highly paid positions (though these remain a minority) and some women have gained various degrees of financial independence from both men and the state. However, the loosening of women's dependence on men and the state has been met with an increasing dependence on the market: a market that is itself shaped by gendered assumptions, meanings, and allocations of risk. That is, the gendered disciplinary relations that exist between women and men in the household and women and the state as social provider are increasingly being joined to, or in some cases replaced by, gendered relations of disciplinary neoliberalism. This point is clearly evidenced in the unequal distribution of subprime mortgage loan products in the US, where the working-class, women, and racialized minorities have been deemed "riskier" borrowers and thus charged significantly higher interest rates.

There's no place like home

In the past decade and a half, the US has witnessed a dramatic increase in the number of women who have purchased their own homes, with the number doubling from one in ten in 1990 to over one in five in 2003. However, rather than serving to decrease gendered inequalities in wealth, women have been disproportionately targeted for subprime loans, preventing them from using their homes as wealth-building assets to the same extent as men with similar levels of income. According to a report released by the Consumer Federation of America, whereas around 24 percent of male borrowers receive subprime mortgages, for women this number is approximately 32 percent. With subprime borrowers paying between $85,000 and $186,000 more in interest than average borrowers over the amortization period of a typical mortgage, this difference has clear financial implications for women and their families (Fishbein and Woodall 2006b: 3).

Although there has been astonishingly little research and commentary on the gendered nature of risk assessment in the US mortgage industry, studies that do exist have shown that a gender bias is clearly present. For instance, while women make up 30 percent of borrowers for all mortgages, they make up 38.8 percent of subprime borrowers, bringing the rate of over-representation to 29.1 percent. Though it is the case in the US that women working full time, year round earn almost 25 percent less than their male counterparts and that women are 42 percent more likely to live in poverty than men, such disparities do not account for the over-representation of women in the pool of subprime mortgages. Rather, gender disparities in all mortgage products (including home purchase, refinance, and home improvement loans) exist across all income levels and actually increase as levels of income rise. That is, whereas women earning below the median income are 3.3 percent more likely to receive subprime mortgages than men with similar incomes, women who earn double the median income are almost 50 percent more likely to receive such mortgages than men (Fishbein and Woodall 2006b: 3–4).

Financial risk assessment in the US is not only highly gendered, but also highly racialized. Based on information collected under the recent Home Mortgage

Disclosure Act (HMDA), one study found that African-American and Latino borrowers received a significantly disproportionate share of higher-rate subprime loans than their white counterparts. The study found that borrowers of color were more than 30 percent more likely to receive a higher-rate loan than white borrowers. This was the case even when risk factors such as income and property location were taken into account (Gruenstein *et al.* 2006). A separate study found that whereas around 20 percent of white borrowers and 13.5 percent of Asian borrowers received subprime loans in 2005, these loans were given to almost 40 percent of Latino borrowers and over 50 percent of African-American borrowers (Fishbein and Woodall 2006a). The latter study also found that in predominantly black neighborhoods, borrowers are five times more likely to receive a subprime loan than borrowers living in predominantly white neighborhoods. Bringing the class and racial nature of lending into even sharper relief, it has been found that homeowners living in high-income black neighborhoods are twice as likely as homeowners living in low-income white neighborhoods to have subprime loans (HUD 2000).

Given the significant lending biases against women and racialized minorities in the US, it is perhaps unsurprising that women of color face some of the highest levels of discrimination and have the highest rates of subprime lending. For instance, whereas an African-American woman is 5.7 percent more likely to receive a subprime mortgage than an African-American man, she is 256.1 percent more likely to receive one than a white man. Again, this disparity is not linked directly to income levels, but rather exists at every level of income and grows as income rises (Fishbein and Woodall 2006b: 3–4).

These studies, therefore, draw attention to the ways in which individuals are drawn into market relationships on unequal terrain and reveal the highly class-based, gendered, and racialized nature of disciplinary neoliberalism. These dimensions are not considered by the advocates of the neoliberal political and economic project (i.e. most mainstream economists, central governments, and the major international financial institutions) and the solutions they have proposed to the contemporary crises will only serve to reproduce gender-based inequalities in financial markets and the unequal distribution of risk associated with financial and other crises. Furthermore, given that many of the proposed solutions to the global financial crisis are based on the assumption that while there may be a need for some increased regulation of finance, the capitalist market system remains the best and most efficient allocator of global resources, they fail to address the inherent contradictions of capitalism and the contemporary disciplinary neoliberal project.

Conclusion

The contemporary global financial, food, and fuel crises have brought to light numerous tensions and contradictions generated by the governance of society along disciplinary neoliberal lines. As Polanyi argued over a half a century ago, the attempt to create a self-regulating market system poses threats to our basic conditions of existence: to relations of social reproduction, the environment, and ultimately, to the reproduction of capitalism itself. Throughout this chapter, we have pointed to a number of tensions and contradictions generated by the disciplinary neoliberal project.

A central contradiction is generated by the socialization of risk for the wealthy few and the individualization and privatization of risk for the majority of the world's population. In addition, the financial sector and the social sector are governed in contradictory ways. The financial sector – directly responsible for the near-collapse of the global economic system – largely relies on self-regulation. In contrast, the social sector has become increasingly punitive, and disciplinary and carceral institutions have come to play an increasingly important role in the governance of poverty, particularly among the non-white population.

There is a further tension between liberal economic discourse and policies based on the assumption that the market serves to coordinate exchanges between abstract individuals (*homo economicus*) and the everyday experiences of those who come into contact with the market. As the example of subprime mortgage lending in the US reveals, gender and race continue to influence the terms under which one is integrated into markets and the disciplinary neoliberal project. As such, the rise of the dual-earner gender order and the increasing integration of women into increasingly insecure and precarious labor, financial and other markets may serve to reproduce rather than eliminate gender-based inequality.

Additional tensions and insecurities are created by the extension of market relations to govern essential aspects of social reproduction such as access to food, fuel, health, and welfare services. Past and present crises have made apparent the ways in which the governance of these necessities through precarious markets has the potential to create crises of social reproduction. Given the unequal distribution of resources and unpaid labor in many households, such crises may also exacerbate existing gender inequalities.

The political sustainability of neoliberal governance has become increasingly questionable in a world characterized by growing inequalities, cascading crises and dislocations, as well as cumulative threats to the biosphere and challenges to basic livelihood. Such developments may be giving rise to a new form of what Polanyi called the "double movement," which in a slightly different political language means a counter-hegemonic movement of political forces at both national and global levels across the political spectrum to counter the attempt to instantiate a self-regulating market order, and to ensure social protection of not only labor, land, and basic livelihood, but also of capital against the atomization and dislocations engendered by a market imperative fully subordinated to financial greed.

Today's new double movement – embodied in the dialectic of market versus social protection – therefore involves a wide-ranging form of progressive internationalism. Of course, it also includes many reactionary, hyper-nationalist forces opposed to disciplinary neoliberalism, as was the case when global liberalism collapsed during the aftermath of the Great Depression of the 1930s.

The problematic of the future of global economic governance in general, and of macroeconomic governance in particular, will therefore rest on political struggle, and the degree to which such forces can mount an organized challenge, based on a new social ethic and grounded in effective policies to regulate and democratize capital, and ultimately to create an alternative and hopefully new and forward-looking form of hegemony that will be embodied in more ecologically sustainable and socially responsive forms of governance.

Notes

1 This is an updated version of the paper we presented at the September 2008 New School Conference. We thank Isabella Bakker for comments.

2 CNN's bailout tracker offers a breakdown of funds committed to and invested in the financial rescue plan. The bailout tracker is available on-line at: http://money.cnn.com/news/storysupplement/economy/bailouttracker/index.html#STIMULUS (accessed June 3, 2010).

3 Chris Giles and Christian Oliver, 'G20 drops support for fiscal stimulus' *Financial Times*, June 5, 2010.

4 As Joseph Stiglitz, the former chief economist of the World Bank argued, when the bailout was announced in September 2008 celebration erupted on Wall Street as "the banks realized that they were about to get a free ride at taxpayers' expense. No private firm was willing to buy these toxic mortgages at what the seller thought was a reasonable price; they finally had found a sucker who would take them off their hands – called the American taxpayer" (Stiglitz 2008).

5 Social reproduction refers to the processes that encompass the biological reproduction of the species (and its ecological framework) and the ongoing reproduction of the commodity of labor power. Social reproduction also involves institutions, processes, and social relations associated with the creation and maintenance of communities – upon which, ultimately, all production and exchange rests. Access to the basic necessities for social reproduction is shaped by various overlapping hierarchies built along the lines of gender, race, ethnicity, class, and citizenship. For instance, women – who tend to take on the majority of the work associated with child rearing and care, which are key components of social reproduction and of a healthy and a well functioning society – make up the majority of the world's poor and illiterate (Bakker and Gill 2006: 36–37).

6 See ILO (2010) for further discussion of the effect of the crisis on women's unemployment in different countries and different sectors of the economy.

7 Specifically, in the *Global Monitoring Report 2010*, written by staff at the World Bank and the IMF, it is argued that: "[a]s the global economy gradually recovers, governments must ensure that the long-run benefits of an open and transparent multilateral trading system are not compromised by short-run pressures to protect domestic markets. Concluding the Doha Round would not only improve market access. It would also strengthen the international trading system, constrain future increases in tariffs and subsidies, help governments resist protectionist pressures as they unwind current expansionary policies, and provide a much needed boost to keep markets open" (WB/IMF 2010: 125).

8 A new edition of Polanyi's book has been published with an approving preface by Stiglitz.

9 In *Discipline and Punish*, Foucault (1995) argues that in eighteenth-century Europe, sovereign forms of power that were aimed at controlling the body of subjects (e.g. through physical violence and torture) were eventually superceded by more "disciplinary" forms of power that aimed to control the consciousness and subjectivity of the individual in order to foster processes of self-regulation, and to produce docile bodies. Disciplinary institutions such as the military, the school, and the prison exert a *productive*

power that seeks to construct a particular sort of individual – one who is responsibilized, normalized, and docile. For Foucault, the transition to disciplinary power is related to the rise of capitalism and the need for capital to exert a more constant and totalizing exploitation of bodies (1995: 221).

10 Bringing this trend into stark relief, in 2008, just fewer than 1 in 100 adults were incarcerated in federal prisons and local jails and the inmate population is expected to continue to grow at a rate that triples the growth of the general US population (The Pew Centre on the States 2008: 5).

11 We refer to an *idealized* gender order here in order to draw attention to the fact that this did not reflect the everyday experiences of many women. Racialized, colonized, and immigrant women were particularly likely to diverge from this idealized gender order as social and economic discrimination often made it impossible for them to assume this role in the household. They were also much less likely to turn to the state for protection or economic relief.

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