

National Institute of Women-INMUJERES

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ECLAC - Economic Commission for Latin America and the Caribbean

INSTRAW - International Research and Training Institute for the Advancement of Women

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***Analysis of the economic and financial crisis
from a gender perspective: understanding its
impact on poverty and the work of women***



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"Root Causes of Poverty, Inequity and Ecological Degradation: Needed Re-design of Money Creation, Credit allocation and Re-Structuring of Financial Systems"

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Impacts on Women, Children, Those In Poverty

- Evidence shows that women, children and those in poverty have been most impacted by the 2008-2009 meltdown of the flawed financial system (World Bank, UN, etc.)
- Examination of why this flawed financial system failed are mostly superficial because they stem from economists and policy advisors still rooted in this failed system: IMF, central banks, Wall Street Insiders, G-8, G-20
- World Bank study by Justin Lin shows that low-income countries should avoid big banks and de-link from the global casino (The Economist, July 11, 2009)

Cahn, E. "No More Throwaway People." Time Banking (2004)



The Post-Mortems on Financial Failures

- Post-mortem examinations draw from economic studies, policies and remedies used after the 1929 stock market crash in New York and the global depression it spawned.
- Much can be learned from reforms in the 1930s, e.g., the Glass-Steagall Act and the creation of the SEC in the USA.
- The ideology of market fundamentalism engendered in the USA by President Ronald Reagan and in Britain by Prime Minister Margaret Thatcher led to the deregulation, privatization and "free trade" imposed on the world and the type of financial globalization which led to the 2008-9 crises.

Leopold, L. The Looting of America (2009)

Bookstaber, R. A Demon of Our Own Design (2008)



"Washington Consensus" set the stage

This model of GNP measured economic growth pushed in Latin America and around the world by the Chicago School economists.

Led to:

- Increasing poverty gaps and marginalization of less politically powerful populations, in tandem with resource depletion and pollution by global corporations, enabled by government subsidies and IFI policies and WTO rules.
- Financial sectors grew and became predators on the real productive economies, small producers, particularly women, made worse by speculation in commodities.
- Over-rewarded Wall Streeters and other players in this global casino saw themselves erroneously as "providers of capital" rather than intermediaries whose job was to serve the real economy.



Today's financial crisis calls for
Deep Restructuring
not the cosmetic changes currently on the table

Deeper reforms offered by the UN General Assembly
the new G-192 where we need to enfold the G-20
(see my "Game Over" at www.ethicalmarkets.com)

- A new global reserve currency to supersede the US dollar
- A small tax on all financial transactions

These should be a basis for reform, but are resisted and ignored by the current players who caused the crises and are benefiting from all the bailouts.



We must go **deeper** to reach the roots of poverty, inequality and environmental destruction and their disproportional impact on women

We must recognize that

Economics and finance are rooted in patriarchal values which ignore

- home maintenance, community volunteering
- raising children, caring for elders
- growing food
- all for family use, not for markets

All are seen as "un-economic" in textbooks and in the UN System of National Accounts UNSNA (GNP and GDP indexes)



Assumptions in GDP-measured growth

- lead to
 - concentrations of wealth and power,
 - destruction of rural livelihoods and local ecosystem resources,
 - focus on national stock markets and the bailouts of banks and companies seen as "too big to fail" and
 - the political domination of governments by financial sectors and lobbyists.
- Small credit unions and local banks, as well as SMEs and micro-enterprises are ignored.

Henderson, H. Paradigms in Progress (1991, 1995)

Brown, Ellen H. The Web of Debt (2007, 2008)



All these economic textbook assumptions were adopted by policy makers as "economic science"

and were taught in business schools as the foundations of finance.

- * The deeper assumption was that money was the primary goal and that maximizing money returns was the measure of success of countries, companies and individuals.
- * Yet money is simply one form of information. It is not wealth.

Real wealth is in productive, healthy people interacting with each other and in productive ecosystems managed sustainably.

EVOLUTION OF HUMAN UNDERSTANDING OF THE ROLE OF MONEY AND OTHER MEDIUMS OF EXCHANGE

(2000 and beyond)

Money-systems augmented by pure information-based trading systems
transition from Industrial Era to "green" info-rich economies of the Solar Age.

Crisis of fossil-fueled Industrialism (1973-2008)
floating fiat currencies - money as paper banknotes and electronic blips

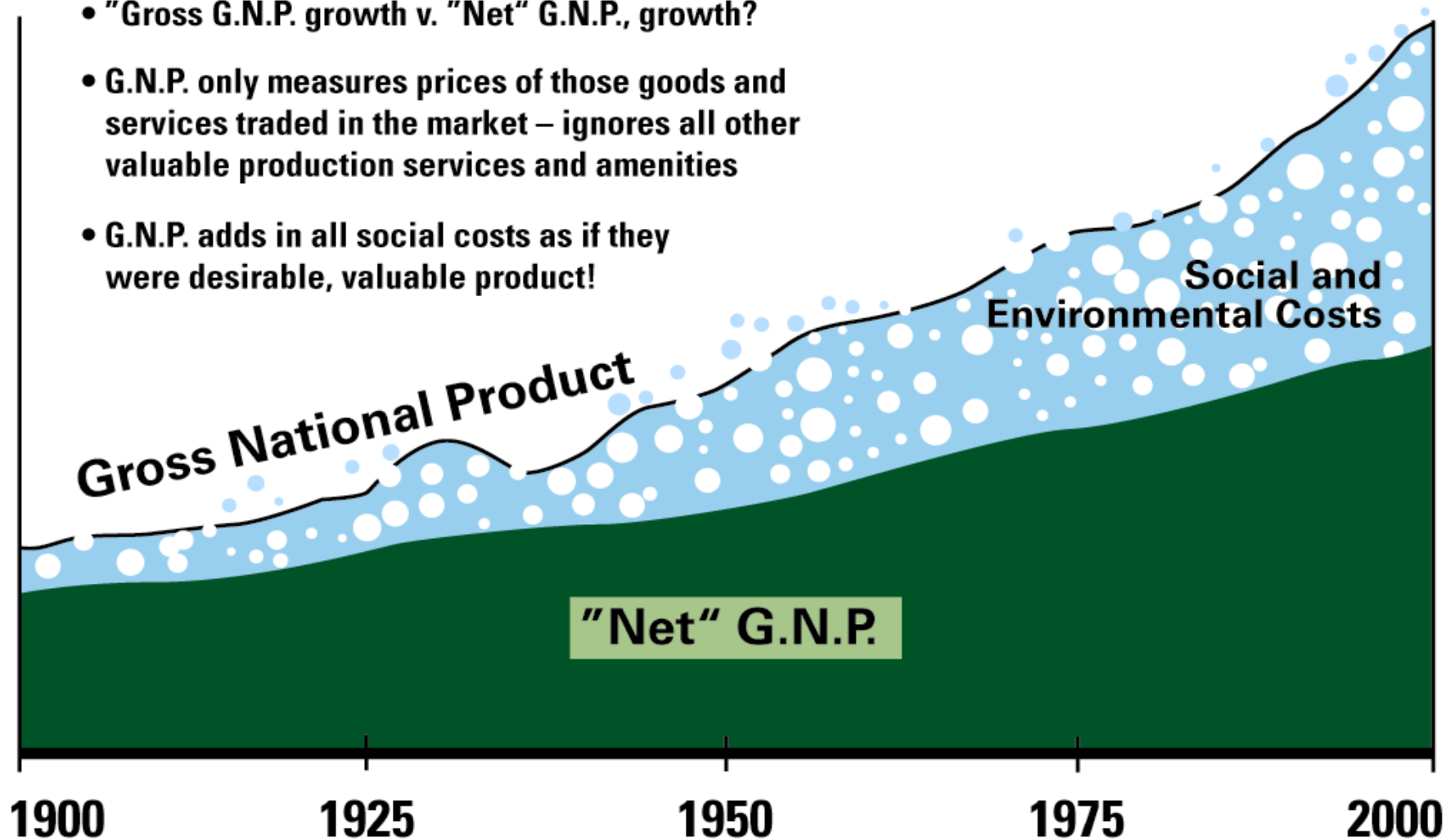
Late-Industrial Period (1900s-1973)
Gold standard-based money for international transactions

Early Industrial Period (1700s-1900s)
silver and gold (transactions mostly nation-state based)

Preindustrial societies (3000 BC –
1700s) clay tablets, shells, cattle,
metal tokens

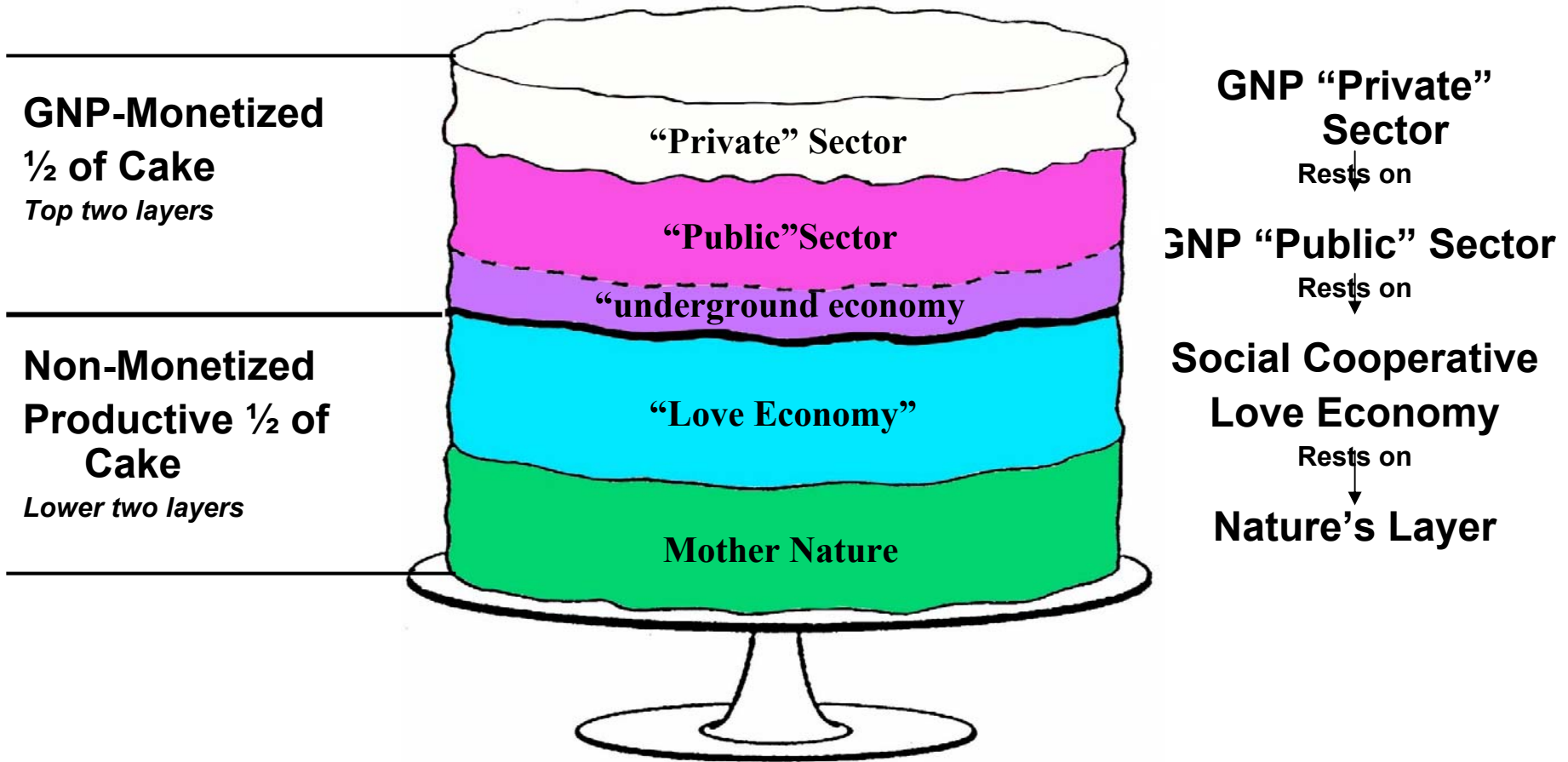
Gross National Product Problems

- "Gross G.N.P. growth v. "Net" G.N.P., growth?"
- G.N.P. only measures prices of those goods and services traded in the market – ignores all other valuable production services and amenities
- G.N.P. adds in all social costs as if they were desirable, valuable product!



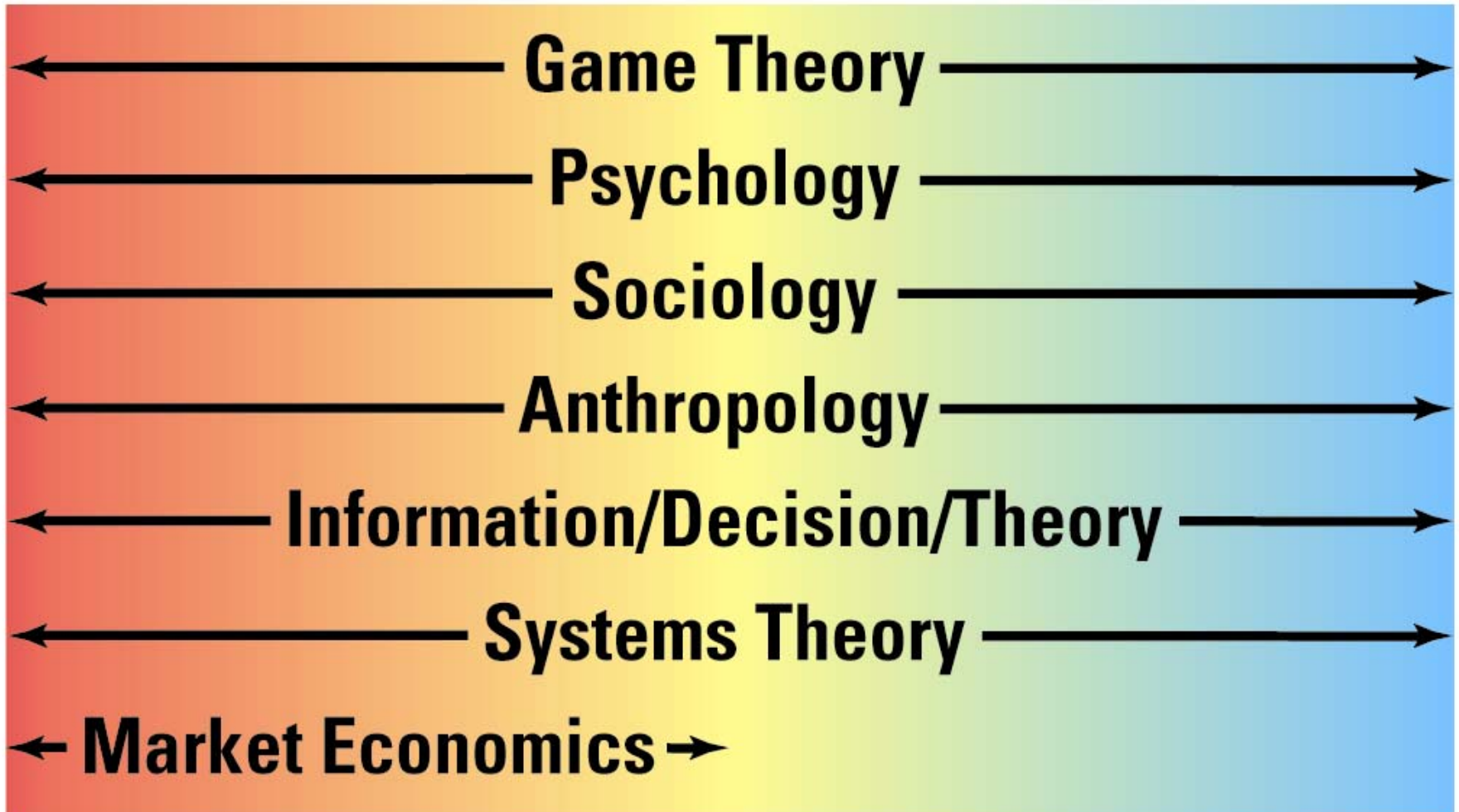
Total Productive System of an Industrial Society

(Layer Cake With Icing)



Repertoire of Human Behavior

Conflict ← *Competition* *Cooperation* → *Sharing*



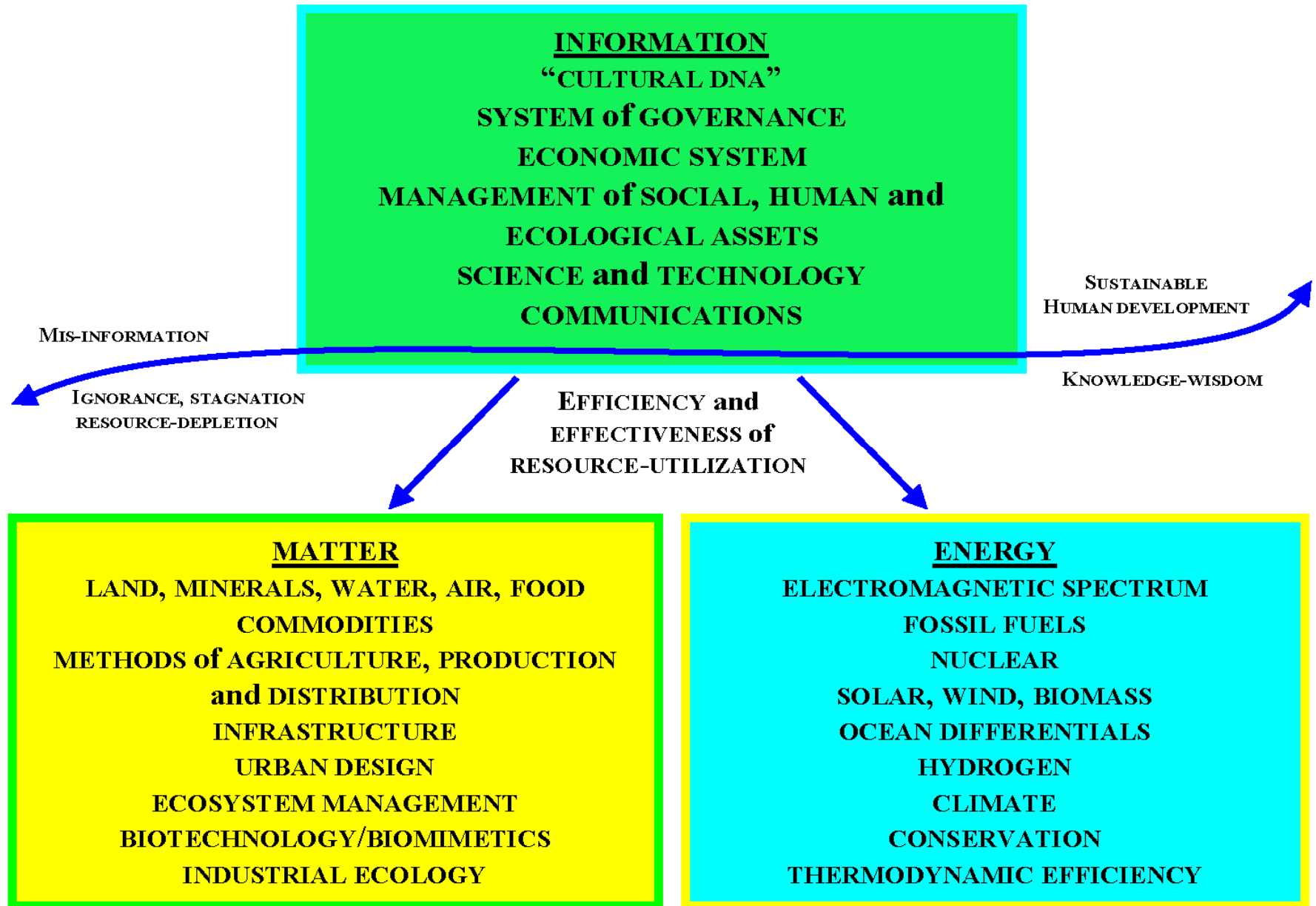
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QUALITY OF LIFE INDICATORS



A NEW TOOL FOR ASSESSING NATIONAL TRENDS

3 MODES OF RESOURCE-USE IN NATIONAL DEVELOPMENT





Now is the time for women and their allies
in business, government and civil society
to push the debate to these deeper levels.

The best venues include

- * all **UN agencies** (21 now support the global Green New Deal)

- * building on the historic General Assembly meeting of the **G-192** in New York, June 24-26, 2009

Henderson, H. Beyond Globalization (1999)

Eisler, Riane. The Real Wealth of Nations (2005)



New coalitions for these deeper reforms can
bring forth a real

New International Economic Order

first proposed by the G-77 over 30 years ago

- The old global casino cannot be restored. It was built on **illusory gains** and now its **illusory losses** to the inside players. These must be settled within the same 20 major banks that created them.
- As of December 2008, the total credit derivatives these financial players owed each other was \$685 trillion (BIS) while global GDP was only \$65 trillion.

Chang, Ha-Joon. Bad Samaritans (2008)
Abdelal, Rawi. Capital Rules (2007)



Yet the world's central banks are still trying to print money to pump up this global bubble and so far they have forced the bill onto their taxpayers.

They still do not understand:

- That information is the world's real currency and it is not scarce!
- Over 50% of all production and wealth-creation is unpaid and not recorded in GDP.
- Money is not wealth.



The New Money/Information Game:

The new financiers are

Growing the Green Economy

- * **Climate Prosperity Alliance, USA**
- * **Green Economy Initiative, UNEP**
- * **Green New Deal, ILO UNDP**
- * **The Global Marshall Plan, Geneva**
- * **The Global Commons Initiative**
- * **Long-dated, zero-coupon banks for Green Development**
- * **Securitizing savings from Energy Efficiency**
- * **Clean Energy Finance, World Bank**
- * **The Climate Group - UK**
- * **Pension funds**
- * **Climate Mitigation Fund, UK**
- * **Regional Development Banks**
- * **DESERTEC – 12 companies**
- * **International Climate Banks, EU**

**Many in the
\$1 trillion
range**



We, **the world's women**,
must now join with all these new coalitions.

The debate can include the new politics of
economics, money and credit-allocation:

- Over \$10 trillion has been given to Wall Street banks in the erroneous belief that this would "trickle down" to local communities.
- So why not \$10 trillion over 10 years to invest in green technologies, micro-enterprises, restoring ecosystem assets, investing in social capital --
 - Health and education for all and
 - Meeting the Millennium Development Goals?



Together,
women leaders and all our organizations,
can join with socially responsible businesses,
labor unions and NGOs in supporting all
these new initiatives.

Most important, support your own government's initiatives in the new democratic G-192 and its recommendations of June 24th at the General Assembly in New York, including bringing the IFIs back under the full jurisdiction of the UN.



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**Growing the
Green Economy**

WITH SIMRAN SETHI • FOREWORD BY HUNTER LOVINS

Based on the Acclaimed Public Television Series

and Ethical Markets: Growing
the Green Economy (2006)