

12.03
A636
4736

02191

COORDINACION DE HUMANIDADES



PROGRAMA UNIVERSITARIO DE
ESTUDIOS DE GÉNERO
"Centro de Información y Documentación"

ARTICLES ON WOMEN, DEBT CRISIS AND
STRUCTURAL ADJUSTMENT IN THE THIRD WORLD
in preparation for visit of

PEGGY ANTROBUS

General Coordinator
Development Alternatives with Women
for a New Era

1. Crisis
2. Ajuste estructural
- 690 3. Crisis y ajuste
estructural.

Reaganomics and Women: Structural Adjustment U.S. Style - 1980-1992

A case study of women and poverty in the U.S.



Alt-WID
Washington, DC

PREFACE

Alt-WID (Alternative Women in Development) is a coalition of Washington, D.C.-based women researchers and policy advocates focusing on alternative policy directions to empower women, particularly women in poverty, both within the United States and in so-called "Third World*" countries. Alt-WID was founded in response to a perceived void in analysis and policy advocacy within the Women in Development (WID) community in Washington, D.C. and in response to the critique of development enunciated by DAWN, a network of "Third World" activists, researchers and policy-makers.

In their assessment of International Women's Decade (1975-1985), DAWN members identified two major obstacles to empowering women: 1) the traditional cultural attitudes and restraints to women's participation in economic and social life; and 2) the gender-biased nature of the development process itself. With this critique, DAWN expanded the Women-in-Development debate. Alt-WID believes that DAWN's critique has validity not only for women in the "Third World" but also for women within the United States. We also believe that the analytical work to illustrate the connections needs to be developed.

This case study is Alt-WID's contribution to such an analysis. At the Fifth Annual International NGO Forum, (September 1990, Washington, D.C.), during a discussion of structural adjustment policies and their effects on women, women from the "South" asked Alt-WID to describe and document our suggestion that structural adjustment had also occurred in the U.S. The women present at the discussion felt that such an analysis would be helpful to the education and

* Language can be a problem when discussing women's differences. The designations First World, Second World, Third World, Fourth and Fifth Worlds, while revealing the economic divisions in the world and among peoples, carry the hazard of being a hierarchical evaluation as well. The use of "developing" and "developed" are misleading since all nations are developing. We have used the designation of countries of the South and North, but we realize the difficulties with that language since Australia and New Zealand, while geographically located in the Southern hemisphere, are Northern in their development patterns. Likewise the use of "minority" in the U.S. is confusing. The so-called "minority peoples" in the U.S. are the majority in the world. We have chosen to use African American as the preferred language in our text, however, in quoted material we have kept the original wording which is usually Black. Likewise, we have chosen Latina as the preferred language, but retained the original language, usually Hispanic, in quotes. We use the term U.S. to recognize that Canadians and Latin Americans are also Americans. However, in quotes we have retained the word America or American.

organizing work in their countries and would be a useful educational device in the U.S. They called upon Alt-WID to connect the struggles of poor and "minority" women in the U.S. with the struggles of women in the "Third World" both analytically and politically. This paper is our response to that request. We consider it a working document and we welcome comments.

Alt-WID Members†

Carolyn Bancroft*
Third World Women's Project
Institute for Policy Studies

Barbara Segal
Bread for the World

Eudine Berriteau-Foster
Howard University

Gayle Smith
Consultant - Africa

Maura Browne*
African Faith and Justice Network

Pamela Sparr*
Women's Division
United Methodist Church

Jill Gay*
Co-Founder, Board Member
Third World Women's Project

Susan Thompson*
Columban Justice and Peace Office

Jo Marie Griesgraber*
Center of Concern

Katharine Woodward
summer intern 1991
Wellesley College

Fatima Mello*
Visiting Associate
Brazil Network

elmira Nazombe*
Interfaith/Impact

Edna Orteza
Center of Concern - Third World Associate

Rani Parker*
Center for Development and Population Activities

Maria Riley*
Center of Concern

† Note: Institutions for identification purposes only. This case study represents the analysis of ALT-WID members and does not necessarily reflect the institutions' positions. Asterix (*) represents current Alt-WID members.

INTRODUCTION

Claudine works as a secretary/receptionist in a small office. Her salary is within normal range for that position in Washington, D.C. Recently, Claudine's sister and her two children were evicted from their apartment and moved in with Claudine. This addition of her family exceeded the occupancy agreement in the lease and she was given an eviction notice.

To rent an apartment in the Washington area, a person must be able to pay a month's rent and a security deposit of a second month's rent when she signs the lease. With all her other expenses — food, utilities, transportation, clothing, school costs for her son and, now for her extended family — Claudine could not afford two months rent in a single pay period. So she decided to send her son to stay with his grandparents and she would stay in a shelter for the homeless until she could save enough to lease a new apartment. Her sister and her children would also have to move to a shelter.

Claudine's case is not unusual. Homeless families are a growing population in Washington, D.C. Neither is it unusual for a person with a job and average income to find herself homeless since there is so little affordable housing.

Nevertheless, Claudine's story did have a happy ending. When her employer learned of her dilemma, she lent her the money so that she could take out an apartment lease immediately. However, the concern of an individual employer cannot solve the growing housing crisis in the U.S.

Sallie is fifty-three years old, has a college education and is the grandmother of three. She was once a personnel manager of fifteen other employees at a private firm, which does contract work for the federal government. Sallie has been unemployed for four years and has been homeless for just over a year.

Sallie spends her days at a women's shelter in Washington, D.C., where she receives medication for manic depression. She believes that her illness is only partially responsible for her unemployment. More importantly, she blames industrial layoffs and discrimination against the elderly for having contributed to her inability to find work. Recently she received a federal government housing certificate which enables her to live in low income housing for the elderly and disabled. She is desperately trying to get Social Security. Sallie believes that if she were thirty years younger and had a specialized degree, then she might find work. Ironically fast food restaurants won't hire her because she is "over-educated" and therefore considered not a reliable, potentially "permanent" employee.

"Once you are poor, you have no choices," she says. "...I was raising my daughter and doing my share, doing what I was supposed to do to get ahead. It must be the system that's gone wrong because I was doing the right stuff. But look at me now."

Sallie was married for 38 years and separated for thirty of those years. She is too afraid of her abusive husband to maintain the contact necessary to legally end the marriage. "The police don't want to help you, especially in these neighborhoods. Neither does the legal system." Sallie says that she is terrified to be on the street even in broad daylight. She was raped ten years

ago. The men in her neighborhood and around the shelter are "drugged-out" and dangerous.

Sallie feels that certain federal and local policies enacted over the last 10 years are directly responsible for her life-situation right now. The trend towards part-time workers makes achieving sustainable income impossible. She feels that her mental illness has been prolonged due to an unjust health care system which makes prevention and recovery next to impossible. Welfare, housing subsidies, and social security are all inadequate and potentially destructive in their short-term status in that they too often cause temporary or perhaps permanent homelessness, forcing people into the violence of the streets and shelters.

Carmen and her husband José have worked in Washington since they immigrated from Nicaragua 14 years ago. They have two children and like many Latin American immigrants in the Washington area they work hard. Carmen works cleaning offices and rooms in a retreat center during four ten-hour days a week. She cleans houses evenings and every day except Sunday, which is her family day and the day she cleans her own house. Carmen's husband, José was a skilled construction worker until he became sick with kidney disease. Within six months the debilitating illness left him with practically no kidney function at all. At present he is on dialysis three times a week and unable to work. He has lost 30 pounds and feels poorly most of the time. Carmen is now the family breadwinner. Since their income has been cut by nearly 2/3 Carmen has struggled to make their house payments so they will have a place to live.

Since their income fell below the poverty line, Carmen apply for food stamps. She hated to do it but knew that it was important that her husband and children eat well. The social worker advised Carmen to sell her car, rent a room in the basement of her home and take her children out of Catholic school (even though the tuition had already been paid). Only once Carmen had followed her direction was she to reapply for food stamps. Yet she needs her car to take her husband for dialysis treatments as well as to get to her various jobs, she is fearful of renting space in her basement to strangers and she feels that her children's lives have been disrupted enough and to take them out of their familiar surroundings at this point would hurt them to no purpose. So Carmen is left to struggle with no government assistance.

These three stories are not unique among a growing population of women in the United States. Many policy analysts, politicians and citizens of the U.S. would deny that a "Third World" exists in our midsts. But such stories of poverty and hardship are lived daily by millions, if not billions, of women in the countries of the "South", are also lived in large urban centers such as Washington, D.C., Detroit, New Haven and Los Angeles as well as in small towns and rural communities throughout the U.S. There appears to be a long-term rise in the poverty population, and women everywhere disproportionately bear its burdens.

Furthermore, the deepening impoverishment of women in the U.S. and of women in other parts of the world is structurally linked. The increasing

impoverishment women face in so-called "Third World" debtor countries is one consequence of certain economic policies promoted by the World Bank and the International Monetary Fund (IMF). Likewise, the deteriorating standard of living for the majority of U.S. women is the result of similar policy decisions made by the U.S. government since 1980.

In the so-called developing countries, these policies are characterized by the technical terms *stabilization* and *structural adjustment*, which apply to a set of economic policies debtor countries adopt to correct grave problems and in order to receive more loans or aid. The set of policies usually include: devaluating the currency; moving toward a free floating and unified exchange rate; eliminating or reducing import tariffs and quotas; removing government subsidies; balancing government budgets; reducing inflation; privatizing public enterprises and reducing public employment and encouraging export-oriented production. In general, their aim is to move the economy towards a more free market system and to open it up to global forces.

IMF and World Bank financed stabilization and structural adjustment packages have a strong similarity to the "structural adjustment" that took place in the U.S. during the 1980s and continues today. In the U.S. "supply-side economics" (or Reaganomics) is the language used to characterize these economic policies. These policies, implemented during the Reagan era and basically continued by Bush, are grounded on the same economic theories as the IMF and the World Bank. They have profoundly adjusted the structure of economic life in the U.S. over the past decade. (The chart below is designed to highlight some of the similarities and differences between structural adjustment and Reaganomics in their economic contexts and actions taken.)

Women, particularly poor and women of color, carry a disproportionate burden of the economic and social dislocation "Reaganomics" precipitated. Structural adjustment has not worked for the majority of people in the U.S. It is not working for the majority of people in other countries which have formally or informally adopted such policies. They are the latest version of a common development model that is the root cause of the failure of efforts to move peoples and countries into sustainable and self-sufficient economic life over the past three decades, and of a model which is becoming increasingly problematic for the U.S.

U.S. women increasingly face problems similar to their "Third World" sisters. They are problems rooted in gender, race, colonial and class

subordination, which are inherent in the "development" model used by the Reagan and Bush administrations, as well as the IMF and World Bank.

Structural Adjustment vs. Reaganomics

	<u>Structural Adjustment</u>	<u>Reaganomics</u>
Response to:	<ul style="list-style-type: none"> • severe inflation • stagnating/deteriorating output • prolonged trade deficit • un-managable budget deficit • inability to attract development funds • severe balance of payments problems • government inefficiency 	<ul style="list-style-type: none"> • severe inflation • stagnating output • prolonged trade deficit • perceived budget deficit • government inefficiency
Goals:	<ul style="list-style-type: none"> • eliminate or radically reduce government role in economy • "get prices right" • open economy 	<ul style="list-style-type: none"> • radically reduce government role in economy
Types of policies:	<p><i>(For Stabilization Loans)</i></p> <ul style="list-style-type: none"> • devalue currency • slash gov't budget deficit; reduce spending • raise or eliminate ceilings on interest rates • end or phase out price controls • (sometimes) wage restraints <p><i>(For Structural Adjustment Loans)</i></p> <ul style="list-style-type: none"> • devalue currency • unify currency • remove subsidies • alter tax system • eliminate public provisions of goods and services 	<ul style="list-style-type: none"> • devalue currency • slash social expenditures • drive down ability to keep wages high (i.e. through union bashing) • devalue currency • alter tax system • sell public bodies and contract out services to private firms

THE POLITICAL BACKGROUND

Ronald Reagan rode to presidential victory in 1980 by drawing on the growing discontent of certain segments of the U.S. citizenry. One of his campaign

questions set the agenda: "Are you better off today than you were four years ago (i.e., before the presidency of Jimmy Carter)?" Implicit in the question was the promise that under Reagan's leadership, people and the U.S. as a whole would be better off.

What was "wrong" with the U.S. in 1979? Many citizens perceived the country to be in political, social, moral and economic decline. Politically, the country seemed to be losing its clout around the world, as exemplified by the Iranian government parading U.S. hostages on the global media stage. Socially, the escalating divorce rate and number of female-headed households, the increasing number of women entering the work force, the growing visibility of gay and lesbian groups and the inroads made by affirmative action policies in the workplace and educational institutions all challenged long-cherished dominant notions of what is proper concerning the place of white males in U.S. society. The AIDS epidemic was increasingly demanding public recognition. The so-called "Moral Majority" and other religious fundamentalists became increasingly vocal. Growing random and brutal violence, drug use, family break-up, spouse and child abuse, the decline in church attendance and changing sexual mores spoke to those citizens of a deteriorating society, all of which, it was hoped, could be reversed by a strong leader.

Economically, the U.S. public was suffering the trauma of high interest rates, growing inflation, and dramatically increased oil prices. The country was experiencing "stagflation," a new phenomenon of inflation plus recession. Externally, international competition was increasing as other countries made inroads into foreign and domestic market niches long held by U.S. firms. Meanwhile, slow-to-stagnant growth in European and Latin American economies — the U.S.'s traditional export markets — was another factor dampening U.S. prospects. Internally, the U.S. was shifting from an industry-based to a service and information-based economy, the areas that businesses and the Commerce Department had identified as the U.S.'s "comparative advantage." Large U.S. companies were also investing in off-shore production as a means of cutting direct labor costs and of skirting federally-mandated health and safety regulations. Unemployment was on the rise; manufacturing productivity on the decline. The internal U.S. market was not growing as rapidly as in previous decades and inflation was growing.

Reagan promised to make the U.S. "Number 1" again. He played to the great U.S. dream of "a country where someone can always get rich" (Phillips

1990, 52). His program was simple: get government off the backs of the "average citizen," celebrate the entrepreneur, bring prosperity back, and reassert our military and economic ascendancy in the world. He touted a return to good old "American values."

THE NEXT DECADE

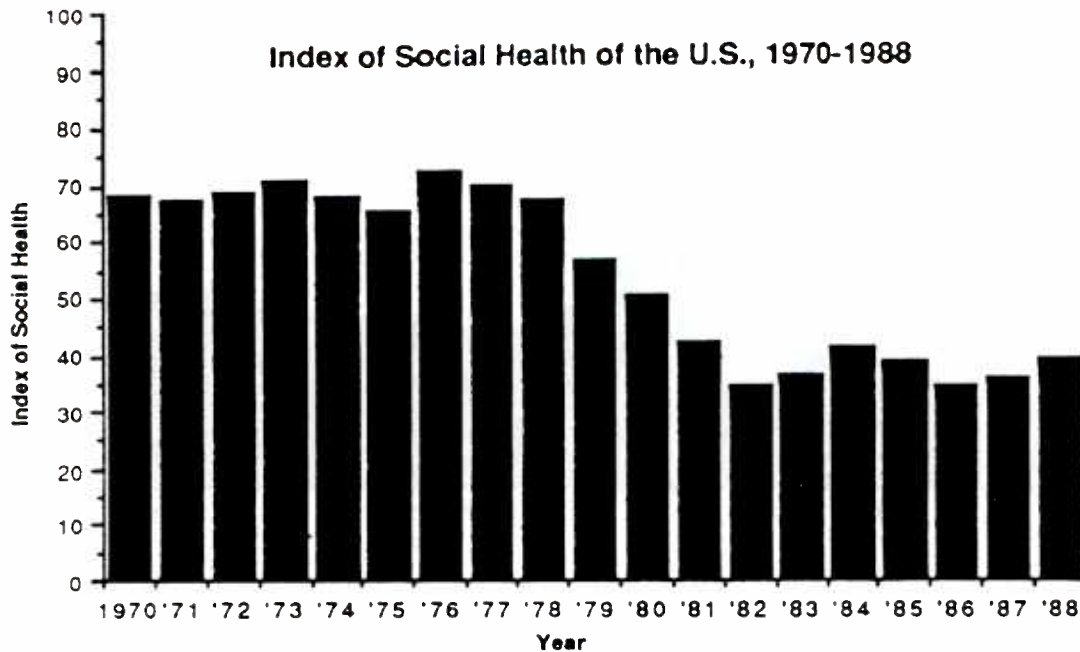
It is now more than ten years since Ronald Reagan took office. The results are in, but the reading of these results depends upon one's perspective. For some, the Reagan years were "the best of times." In that era, over 19 million new jobs were generated and after the recession of 1981-82, the country experienced the longest peacetime period of GNP growth in U.S. history. Between 1981 and 1990, "so many Americans had been making so much money that the term 'millionaire' became meaningless." Now the elite are counted among "decamillionaires" (Phillips 1990, 4). Growth was fueled by military spending, high consumption patterns financed largely by debt of individuals, corporations and the federal, state and local governments. The national debt rose from \$73.8 billion in 1980 to \$3 trillion dollars in 1991 (Simpson).

For most others, the decade of the 1980s brought a relative decline in income and economic hardship. The increasing number of homeless people in the U.S. during the Reagan and Bush years, for example, stands as a stark commentary on the growing division between the rich and poor that characterized the era.

POVERTY

The Fordham University Institute for Innovation in Social Policy developed an Index of Social Health of the U.S. for 1970-1988. The study identifies 17 indicators of society's well-being, including infant mortality, children in poverty, unemployment, health, housing and food stamp coverage. The picture is startling. The average rating of U.S. social health under Nixon-Ford was 69 points on a scale of 100; it slipped to 61 points during the Carter era; and averaged 38 points under the Reagan Administration. The decline in the quality of life which began during the Carter era was exacerbated by Reagan administration policies.

The 1990 index focused on the social health of women, looking at poverty, violence, health coverage and the income gap between women and men from 1974-1988. During the 15-year span of the study, the social and economic status of women in the United States declined dramatically. In 1988, the index indicates

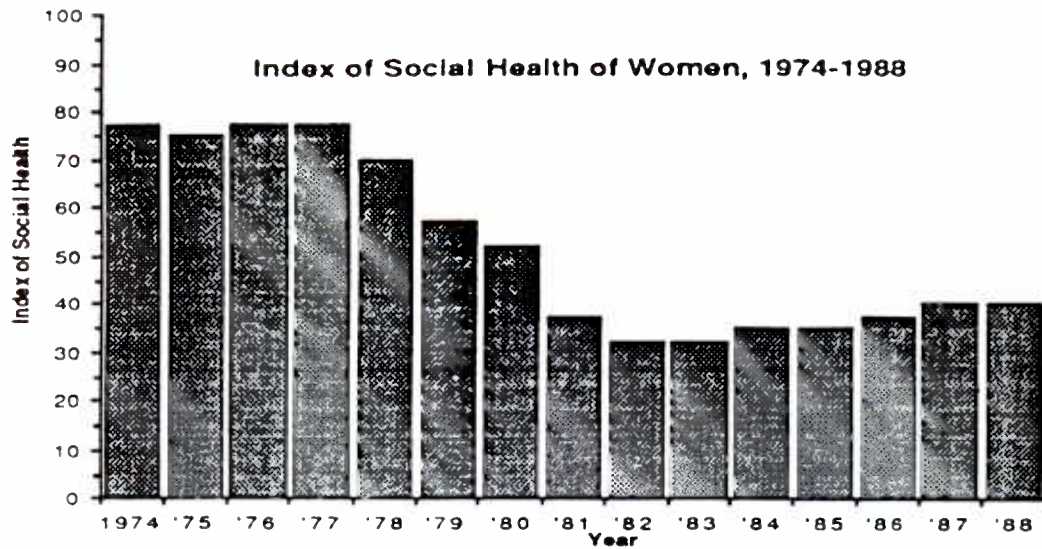


(Fordham Institute for Innovation in Social Policy)

that 1 in 7 women was poor, 1 in 6 was living without health coverage, and 1 in 3 of all female-headed families lived below the poverty level (Miringhoff 1990, 7-8). According to the index, Women's Social Health declined from 78 points in 1974 to 38 points in 1988. The researchers conclude, "Although, on the whole, women have made some gains, as a group they have borne the brunt of U.S.'s declining social health" (Miringhoff 1990, ii).

Furthermore, this burden has not been shared equally among women. African American women and their children proportionally constitute the single largest group of U.S. citizens living in poverty (King 1991). Nearly 25% of all African American and Latino/a children lived in families with incomes below the poverty line during the period of the study (Children's Defense Fund 1990, 7). African Americans and Latinos/as are much more likely to remain poor because they are disadvantaged in the labor market, have higher rates of unemployment and lower wages/salaries than their European American counterparts (Leslie and Swider 1986, 117).

If during the Reagan years, the economy was booming and 19 million new jobs were created, why did poverty among the poor deepen, the number of poor increase and the "vast majority of U.S. families experience either very modest income growth or an actual erosion in their standard of living" (Lawrence and Frankel 1990, 19)? Further, why does it appear that women, especially women of color, are bearing a heavy part of the burden of the U.S.'s economic changes?



(Fordham Institute for Innovation in Social Policy)

SHIFTING WORK ENVIRONMENT

During the 1980s, the process of shifting from a goods-producing economy to a service and information-based economy accelerated. According to the Bureau of Labor Statistics, by the mid-1980s about 72% of all jobs in the U.S. were in the service producing sector. Service sector jobs tend to be lower paying, often with few or no benefits and are predominantly held by women. Military spending fueled growth in certain sectors, while others such as agriculture, mining, the automobile industry, steel and many other manufacturing sectors suffered (Dollars and Sense 1986, 15). Heavy industry jobs characteristically had good wages and benefits, were unionized, and were predominantly held by men.

One of the most significant changes in the U.S. work environment over the past several decades has been an increasing number of women entering the workforce. During the 1980s the labor force participation rate of women rose from 51.5% in 1980 to 57.4% in 1989. Today women represent about 45% of the U.S. work force (Bureau of Labor Statistics 1989). But this increased participation in the workforce has not improved their economic or social status because "women continue to face pervasive economic and social discrimination" (AFL-CIO nd). African American and Latina women carry the "double burden of sexism and racism which is reflected by their disproportionate share of poverty and their low weekly median wage, as compared to white males. Black women made 62% and Hispanic women about 56% of white male median wages in 1989" (AFL-CIO nd).

Technology has also profoundly changed the work environment. With innovations in communications, financial markets, and manufacturing techniques, U.S.-based multinational corporations were able to move production offshore to countries with lower wages, leading to the "deindustrialization of the U.S." with a significant loss of manufacturing jobs (Bluestone 1982, 22). The "cheap" off-shore foreign labor was made up primarily of young women. At the same time, there was a rise in low-wage service sector jobs and part-time, casual, contract and temporary work — also usually female — in the U.S. As a result, there has been a decline in domestic purchasing power in the U.S. because with fewer well-paid jobs, people have less money to spend.

Labor in the U.S. has been forced to accept austerity measures and declining wages and benefits to compete with cheap labor markets overseas. The ability of unions to protect workers has diminished. President Reagan's success in breaking the Air Traffic Controllers' strike and union in the early 1980s set the stage for a decade of "union busting". The social contract forged between labor and management after World War II was gone. As Robert B. Reich, of Harvard's John F. Kennedy School of Government recently observed, ". . . U.S. business isn't really worried about the U.S. work force. Why? One reason is that U.S. corporations are finding the workers they need outside the country, often at a fraction of the price. Multinational American firms are not new...What's new is that a growing percentage of their employees are foreign and they export most of what they make back to the United States" (Department of International Affairs, AFL-CIO 1991, 2).

WAGES AND INCOMES

The shifting work environment has affected wages and salaries. The trend downward toward low-wage employment has occurred among both women and men and within each racial/ethnic group, especially Latino/as. "Minority" women are four times as likely as white men with comparable education and work experience to be low-wage workers (Spalter-Roth 1991). The inequities that already existed among these groups - with the African American and Latino/a population, particularly the women, bearing the heaviest burden of poverty - has been maintained or deepened (Mishel and Frankel 1990, 19).

However, the groups of workers who experienced the greatest loss of income include female and male blue-collar and service workers, younger workers and workers without a college education. In the mix of gains and losses,

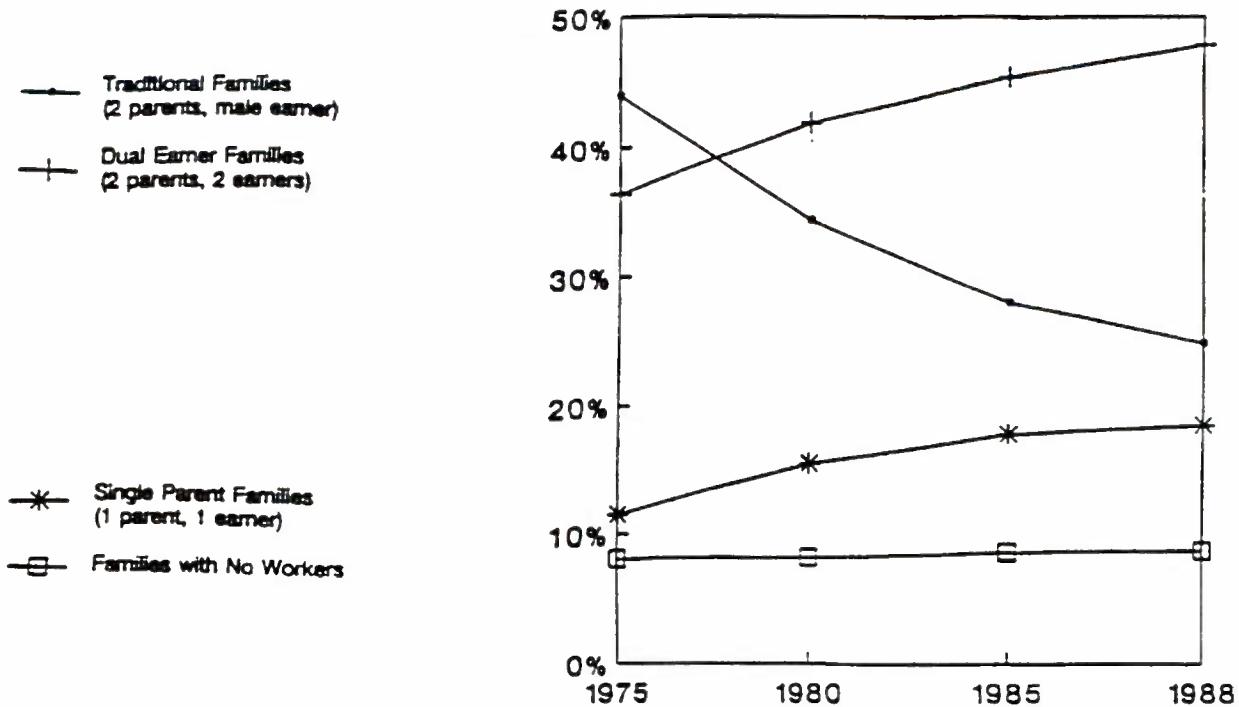
less-educated, blue-collar males suffered the most while white collar, college-educated males and females' earnings improved (Blackburn et al. 1991, 38). The gain women workers made in reducing the gender wage gap came as a result of men's declining income as well as from women's increasing income. Nevertheless, about 2/3 of all low-wage workers are women. About 40% of women earn low wages, while only 25% of men do (Spalter-Roth 1991). Between 1979 and 1988, the median hourly wage for men fell 5% and the median hourly wage for women rose 5.8% with women currently earning on average \$.66 for every \$1.00 a man earns (Mishel and Frankel 1990, 82).

The 1980s were not good years for working people. "In inflation adjusted terms, average hourly wages fell more than 9% between 1980 and 1989. Hourly benefits, such as pensions, health insurance and paid time off fell by 13.8%" (Mishel and Frankel 1990, 5-6). "During the same period, the top 1% of the population's income grew by 74% and the top 20% saw their income rise by 28.9%" (Mishel and Frankel 1990, 25). "While labor's income was shrinking, income realized from capital through investment, interest and capital gains was increasing" (Mishel and Frankel 1990, 29). The tax laws during this period were favorable to income-producing capital ventures as an incentive to re-invest in the U.S.

Families and individuals have survived economically by increasing the number of family members in the labor force and by working longer hours. The percentage of mothers in dual-parent families in the workforce rose from 54.1% in 1980 to 65% in 1990 (Institute for Women's Policy Research nd). The median earnings of families headed by women was about one-half those for the dual-parent families (Department of International Affairs, AFL-CIO 1990). The figure below demonstrates the increasing responsibility of women workers to provide for overall family needs.

Because of the decline in real income and benefits among the working class, the decade also witnessed increases in a variety of involuntary work patterns, including part-time and contingent workers, multiple-job workers, self-employment and informal employment. Unemployment among "minority" workers has been consistently double that of white workers. And while more women are working, the majority continue to be in low status, low skilled jobs, with inferior benefits and pay and little chance of promotion. A recent review of women in the workforce revealed that "10 million women with reasonably permanent attachment to the workforce do not earn enough to support themselves

THE INCREASING RESPONSIBILITY OF WOMEN WORKERS FOR FAMILY FINANCIAL NEEDS
 (PERCENT OF ALL FAMILIES WITH CHILDREN IN EACH FAMILY TYPE)



(Spalter-Roth et al. 1991)

and their children at an adequate level. Almost half are the main breadwinner in their families" (Institute for Women's Policy Research nd). An analysis of sex segregation of employment in all industries shows that the 1990s will continue the trend of segregating the majority of women in certain sectors: 70% of female workers will be employed in only thirteen low-wage service industries (Gorham 1982, 2).

RURAL LIFE

In rural United States some 300,000 family farms (over 13% of the total) were foreclosed or sold between 1980 and 1988. Insurance companies, foreign and domestic investors and agribusiness bought up the foreclosed farms (Meurs 1989,7). The small farmer, increasingly unable to compete with large corporate agribusiness, folded under a heavy load of debt. As a result, land ownership and agricultural production became increasingly more concentrated in the hands of a few. By 1988, 4.9% of the farms were earning 54.6% of all farm profit (National Family Farm Coalition nd).

Many small farmers, women and men, work off-farm jobs in addition to struggling to maintain the family farm. Some farm women took on out-work and piece-work jobs as well as craft and co-op projects on the farm to supplement income. Farm poverty climbed from 17.7% in 1980 to 25% in 1985 (Muers 1989, 7). "Minority" farmers have witnessed dwindling access to assistance as federal government programs have shifted from granting direct public loans to guaranteeing private loans to farmers who must compete against larger and more prosperous farmers and agribusiness. Thus, the rate of land loss by African American farmers compared to that of white farmers increased from 2.5 times to 3.25 times during the 1980s (USDA 1987).

The social costs have been enormous: declining health and education, increases in substance abuse, domestic violence and suicides and the advent of rural homelessness. Women bear the brunt of these declining social conditions. The poverty rate of female-headed households in rural areas climbed to an astounding 44.8% by 1987 (Porter nd). Declining health care services are particularly evident for women. For example, in 1988 there were only 24.5 obstetricians available for every 100,000 women in rural U.S. compared to 61.4 per 100,000 in urban areas.

The trend continues. Today, rural communities are experiencing out-ward migration and small towns that have depended on the surrounding farm population are dying. For every farm closed, 3-5 jobs are lost in the neighboring towns (National Family Farm Coalition 1990, 1). Driven by the U.S. need to balance excess spending on imports compared to the amount earned on exports, the 1990 Food, Agriculture, Conservation and Trade Act (FACTA) continues the policy of supporting agriculture for export. The ramifications of the farm policy on U.S. society is continued concentration of land and food processing resulting in de facto monopolies by giant agribusiness firms. Meanwhile, rural communities and family farms continue to disappear, with the farm-to-city migration adding further stress to already strained urban social service delivery systems.

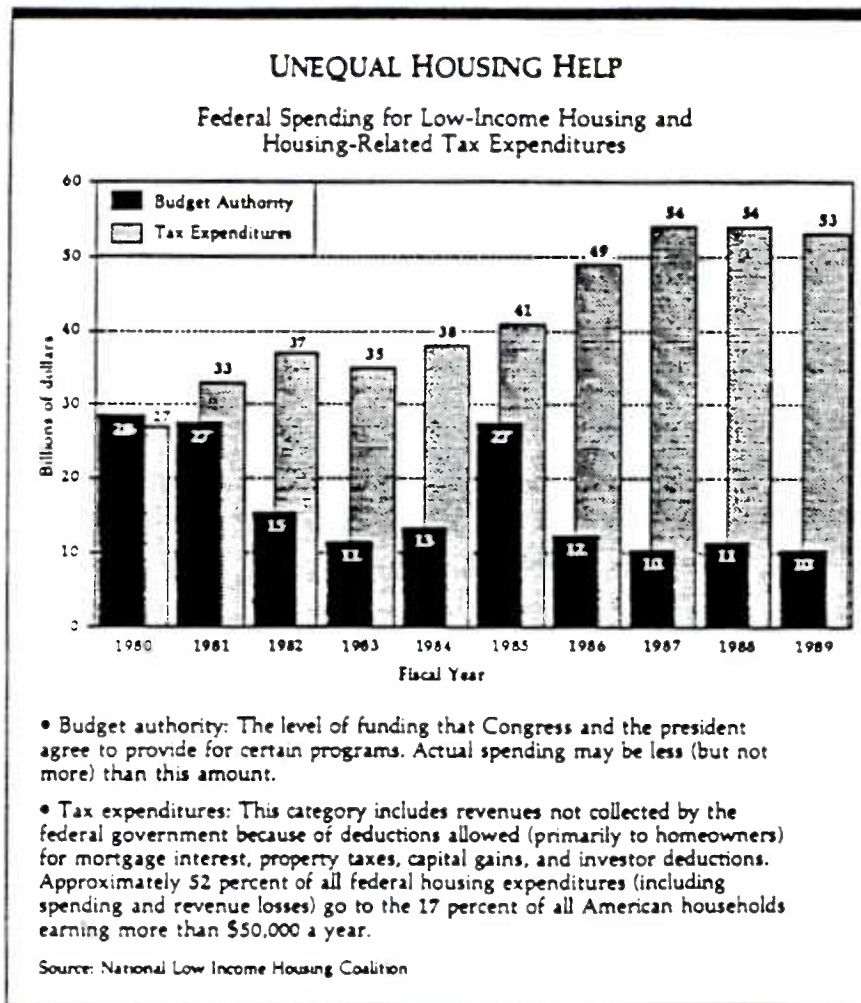
DECLINE IN SOCIAL SERVICES

The 1980s also witnessed a continuing decline in social services and a rise in the number of those who were unable to fulfill their basic human needs.

HOUSING: While median family incomes stagnated over the past decade and the median income of single heads of families—mostly women—has declined (Children's Defense Fund 1990, 28-29), housing costs have risen sharply—far

faster than inflation. In 1976, the median price of a house was \$43,340. In 1989, it reached \$129,800, or roughly a 300% increase (Downey 1990, E1). Low and medium income families, therefore, have a much harder, if not impossible, time finding affordable housing.

Skyrocketing rents have forced poor families to spend an ever greater percentage of their incomes on rent and proportionately less on heat, food, medical care, clothing and other necessities. The National Low Income Housing Coalition estimates that one out of four households, with incomes of less than



\$15,000, now pays more than 60% of its income for rent (Leonard 1989). Families that routinely live on the edge of economic crisis are at high risk of homelessness when faced with a period of unemployment, an unplanned rent increase or other unexpected expenses. Today's housed poor are tomorrow's homeless.

Furthermore, the 1980s saw a huge reduction in housing assistance as the federal budget reduced spending on housing by nearly 80% (Leonard et al. 1989, 28). This drastic budget cut has caused a major loss of public housing stock.

More than 70,000 units are uninhabitable, needing major repairs (Children's Defense Fund 1990, 33). During that same period of time, the tax laws continued to increase the deductions for homeowners on mortgage payments, property taxes, capital gains and investor deductions.

Most of those affected by the housing crisis are women and their children. About 2/3 of women-maintained households with children are renters and well over 1/2 of these are poor. In fact, more than 2/3 of all poor renter households with children are maintained by women (Wider Opportunities for Women 1990).

Elderly women are particularly vulnerable to the housing crisis because they often live in poverty. While only 58% of all elderly people are women, women account for a full 71% of all the poor over 65 years of age (National Low Income Housing Coalition nd, 12).

HOMELESSNESS: Homelessness continues to rise in the U.S. The 1990 census counted over 178,828 homeless in what is generally assessed as a gross underestimate (Bureau of Census 1991). Other estimates are as high as 3-4 million. When individuals or families become homeless, they become more vulnerable to mental and physical deterioration (Children's Defense Fund 1990, 27). The homeless experience a wide range of illness and injuries to a much greater extent than the population as a whole. Treatment of their health and mental problems, whether taking prescribed medication, controlling diet or getting needed bed-rest, are made difficult or impossible by their homelessness (Institute of Medicine 1988, 140).

Poverty and infant mortality are linked. Thirty per cent of homeless women receive no prenatal care. Infant mortality among the homeless is 25 deaths per 1,000 births, compared to 17 deaths per 1,000 for other poor women. Poverty, race and infant mortality are also linked: for white infants the mortality rate in 1987 was 8.6 deaths per 1,000, compared to 17.9 among African American infants (Children's Defense Fund nd, 5).

The fastest growing segment of the homeless population is families with children. There are 100,000 homeless children on any given night in the U.S (Children's Defense Fund 1990, 27). Homeless children are twice as likely to have chronic health problems. Only 1/3 of homeless preschoolers are immunized. These preschoolers are twice as likely to have raised levels of lead in their blood (Children's Defense Fund, nd, 5).

HEALTH CARE: The problem of deteriorating health is not only a problem of the homeless, it is a serious problem among all the poor and low-to-middle

income groups. In the U.S. access to health care depends on obtaining health insurance through employment or through federally funded programs. Currently, 37 million people in the U.S. are without basic health care coverage, an increase of 25% since 1980 (Babcock 1990, 101). Of the 37 million uninsured, 2/3s are working and have families (Connors 1990, 149). The absence of health insurance coverage is concentrated among persons least able to afford medical care. In 1984, 31% of women and 39% of men ages 18 to 64 with incomes below the federal poverty level were uninsured by any program, public or private (Davis 1988, 183). In addition, according to the U.S. Department of Health and Human Services, approximately 60 million people have health insurance which is inadequate in the event of serious illness (Nexon 1990, 110).

In the U.S., as in other parts of the world, the poor die earlier, have less health care, and are sick with preventable diseases. This tendency has worsened during the last decade as fewer government funds have been allocated to the needs of the poor, even while the numbers of poor have grown.

The 1980s saw a trend toward the privatization of health care delivery with the growth of for-profit hospitals. This increased the cost of health care and limited the number of hospitals available for those without health insurance. More and more the care of the poor and indigent is the responsibility of public and church-sponsored hospitals. The increase in the number of non-paying patients is creating a financial crisis in the not-for-profit health delivery systems requiring a cut back in services available.

Poverty and near-poverty correlate highly with problems of access to care and outcomes of health care (Hewitt 1990, 167). According to the National Research Council, "For people of the lowest economic status, overall mortality was 80% greater than for those at the highest socioeconomic level" (Jaynes and Williams 1989, 6). Increasingly health care in the U.S. is becoming a necessity that only the wealthy can afford.

According to recent survey, at least 15 million U.S. citizens every year go without needed health care for economic reasons (Nexon 1990, 110). As of 1987, 17% of all women ages 15 to 44 were without private health insurance and 1/4 of all women of color were without health insurance (Children's Defense Fund nd, 3). Only 60% of children under 4 years old have received the basic series of immunizations (Sweeney 1990, 110). Furthermore, approximately 20 million people in the U.S. are malnourished (King 1991).

This decline in health care coverage is related to the shifting labor market, skyrocketing insurance rates and several key government policies. While employment in unionized manufacturing industries, which have traditionally provided the most generous insurance benefits, has fallen, the fast-growing service industries have never offered the same benefits. Many companies forced union concessions on health care and other employers started putting more of the cost burden on employees as well. Furthermore, the tremendous growth in temporary, part-time and contingent work patterns in part reflect employers' search to reduce costly health-benefit commitments. Cuts in funding for several key government programs, such as WIC (Women, Infants and Children), Rural Health Services and Medicare and Medicaid benefits have also limited people's access to health care.

Even while the numbers and needs of the poor have grown and the cost of health care has escalated, the government has allocated fewer funds for health care. The Medicaid program, designed to provide health care for the poor, covers less than 1/2 of those in need. It is estimated that in 1976, 65% of the poor were covered by Medicaid; by 1984, this number had declined to 38% (Brown 1988, 5).

Because of discrimination, women, particularly low-income and "minority" women, suffer disproportionately in terms of access to health care. The United States Public Health Service Task Force on Women's Health identified the increasing number of women living in poverty as one of the most important factors currently affecting the health status of women (Leslie and Swider 1986, 117). "Statistics show that black women have poorer health than white women and are less likely to receive health care on a regular and timely basis," demonstrating the collusion between poverty and racism (Davis 1988, 167).

VIOLENCE: The issue of violence has increasingly been recognized as a major health issue for women which is linked to economic conditions and which has largely been ignored. According to the Senate Judiciary Committee in June 1990, the rape rate is increasing four times as fast as the overall crime rate. One in five adult women has been raped. Between 3 million and 4 million women are beaten each year, 1 million so severely that they seek medical help. More than half of all homeless women are fleeing domestic violence (Pollitt 1990, 24).

"Minority" women are more likely to be victims of crime, as are poor women. African American women experience violent crime at a higher rate, 35.3 victims per 1,000 women, compared to that of white women, 23.5 victims per 1,000 (Harlow 1991, 21). Crimes against women include rape, assault, robbery,

incest, sexual and physical abuse and battering. Yet a recent survey by the Centers for Disease Control found that 53% of the medical schools have no instruction on family violence (Prothow-Smith 1990, 176).

HUNGER: One of the major indicators of the deterioration of health in the U.S. has been the increasing incidence of hunger. A recent study declared, "In 1990 between 18 and 20 million Americans are hungry year around--that is chronically short of nutrients necessary for growth and good health. Of these hungry people, 7 to 8 million are children under the age of 18, and 11 to 12 million are adults, about 2 million of whom are more than 65 years of age. At least 32 million people have incomes below the official poverty level, making them vulnerable to hunger" (Bread for the World 1990). Even though hunger during the decade was increasing, food stamps were cut by 12% and now serve only three out of five of the country's poor.

SOCIAL SERVICES: The decline in available health care and the increase in hunger mirrors the over-all decline in social services that characterized the Reagan years. Though one of the wealthiest countries in the world, the U.S. ranks near the bottom of the international scale in terms of social services. Social policy is skewed, in particular, against women and families. Specific policy measures aimed at the social service sector have continued to erode the so-called safety net that might have been available to the country's growing number of low-income families. During the Reagan Administration, discretionary domestic programs were cut by almost 50%. Today, low-income programs are still trying to climb back to their 1981 pre-cut levels. Important children's programs have not been adequately funded: WIC (Women, Infants and Children) currently funds only about half those eligible, while Head Start, a successful early childhood education program which prevents later learning difficulties, can only accommodate about 25% of eligible children (Bread for the World 1988).

Because women-heads-of-household are among those most dependent on social services for survival, they have been particularly hard hit by cutbacks. During the 1980s many were dropped from entitlement programs such as food stamps and AFDC (Aid to Families with Dependent Children) because eligibility requirements were tightened.

Entitlements have not kept pace with inflation, decreasing the purchasing power of women on welfare. According to the Social Health of Women Index, "The value of the AFDC grant, the primary source of income for poor families headed by women, has declined dramatically since the 1970s in relation to the

poverty level set by the federal government. In 1970, the median AFDC grant was \$1,300 below the poverty line; in 1975, it was \$2,000 below. By 1980, the gap had widened to \$4,000. By 1985, the gap between the poverty line and welfare payments had reached \$6,000 and in 1988, the grant was \$7,000 below the poverty line. In all, the gap between the AFDC grant and the poverty line grew by 43% between 1970 and 1988" (Miringoff 1990, 5).

The following chart illustrates the changes in disposable income that have occurred since 1972. The figures are for a female-headed household with two

Average Disposable Income at Various Wage Levels for a Mother and Two Children (with no child care expenses)

	1972	1980	1990
(in 1990 dollars)			
Wages equal 50% of poverty			
Wages	\$5,210	\$5,210	\$5,210
AFDC	6,140	3,490	1,475
Food stamps	1,335	1,530	2,187
EITC	0	521	729
Federal taxes	-217	-319	-599
Total disposable income	12,414	10,432	9,202
Wages equal 75% of poverty			
Wages	7,814	7,814	7,814
AFDC	4,895	2,335	284
Food stamps	1,189	1,253	1,895
EITC	0	781	953
Federal taxes	-406	-479	-598
Total disposable income	13,492	11,704	10,348
Wages equal 100% of poverty			
Wages	10,419	10,419	10,419
AFDC	3,563	1,449	0
Food stamps	1,043	883	1,341
EITC	0	681	953
Federal taxes	-543	-919	-797
Total disposable income	14,482	12,513	11,916

Source: House Ways and Means Committee staff; published in *Green Book*, p. 1079.

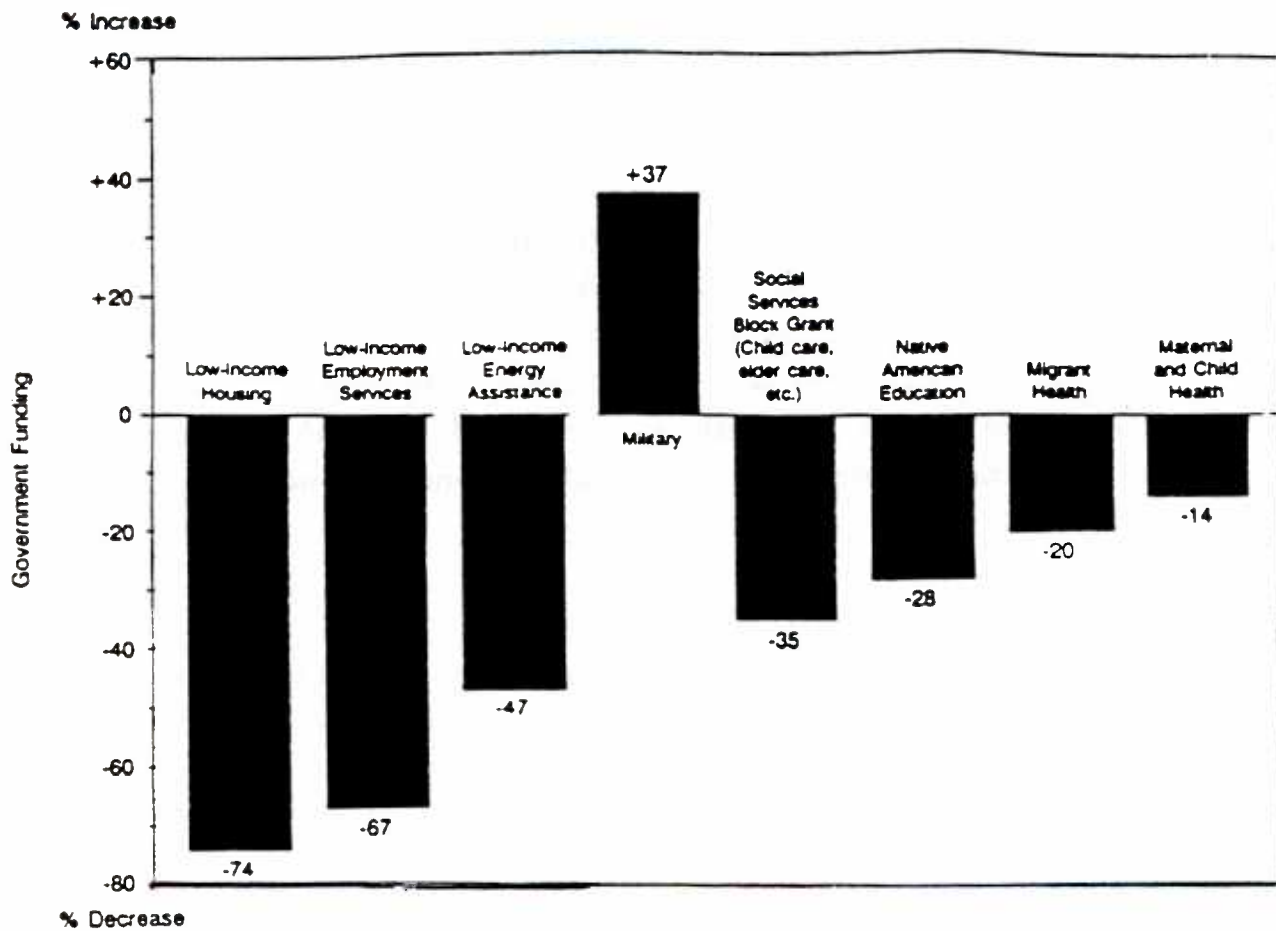
children. The three packages of income vary according to the amount of earned income as a percentage of the federally designated "level of poverty" (Shapiro and Greestein 1991, 25).

Although government rhetoric claimed that employment training was the appropriate antidote to unemployment, training and employment programs were slashed by almost 70%. In addition to enormous budget cuts in employment training, women are particularly disadvantaged since most government-funded

employment training centers do not offer child care, nor is there subsidy for it. Once again, women are caught in the double-bind of childcare and work or training demands.

For women, the cumulative effect of the social services policies pursued by the government throughout the 1980s has triggered an erosion of their economic

WINNERS AND LOSERS IN THE LAST 10 YEARS



All figures adjusted for inflation. Military figures are from 1980-90; low-income figures from fiscal years 1981-90. Sources: Center on Budget and Policy Priorities and the Defense Budget Project.

power while, simultaneously, increasing the time and economic demands upon them. By 1985, for example, 68% of single mothers, with an average annual income of \$10,076, worked outside the home. Child care was among their primary needs. Domestic policy failed to reflect this reality. The U.S. remained, along with South Africa, the only western industrial nation without a national parental leave policy.

Among the elderly, the sectors most severely affected by the low premium placed on social services are women and people of color. Poor and economically vulnerable elderly people in the U.S. derive over 3/4 of their income from social security benefits. The way the programs are designed, many of the elderly must impoverish themselves in order to qualify for social security and Medicare benefits.

The cumulative effect of the Reagan years is the widened gap between the rich and the poor, between men and women, and between the majority white community and racial and ethnic minorities. By the end of the decade, after years of economic recovery, both the nation's poverty rate and the income of the typical U.S. household showed no significant improvement. Among African Americans and Latinos/as, median income actually declined. In addition, the income gaps between the rich and the poor and the rich and the middle class were the widest since the end of World War II (Center of Budget and Policy Priorities 1989, 1). This growing inequity was not an accident. According to conservative political analyst, Kevin Phillips, "Accelerating economic inequality under the Republicans was more often a policy objective than a coincidence. But greed was rarely the motive; it was more a matter of investment theory and free-market philosophy — a case that made the new economics more salable" (Center of Budget and Policy Priorities 1989, 52).

WHAT HAPPENED - REAGANOMICS

Promising that the U.S. "could be number one and stand tall again," Reagan took over the presidency with a pro-military, pro-business agenda. He proceeded to personify the Soviet Union as the embodiment of all evil, referring to it as the "Evil Empire," thereby justifying the escalating military expenditures with his "peace through strength" doctrine. Likewise, he promised to support a more efficient economy by "getting government off our backs" and in the process fundamentally restructured the role of the federal government in the U.S. economy (Center for Popular Economics 1986, 140).

Reagan conducted an arms build-up unprecedented in peace time. In the name of peace, his administration financed and subsidized Research and Development (R&D) by high technology companies and universities. He propped up the sagging profits of some large military and aircraft suppliers through funding for his "Star Wars" program. Military spending went from \$143 billion in fiscal year 1979-80 to over \$300 billion by fiscal year 1989-90.

To insure his second goal of establishing a more efficient economy, Reagan embraced "supply side economics," a set of theories based on a "trickle down" approach. To do so, he proposed to liberate businesses from over-regulation and over-taxation; encourage privatization and the free play of the market; increase export production and decrease the federal budget deficit. Also under the Reagan Administration, there was a general relaxation in the interpretation of anti-trust and monopoly laws in part with the rationalization that fewer and bigger companies and inter-firm collaboration and alliances were crucial to improve the U.S.'s international competitiveness. This promoted the consolidation of capital ownership.

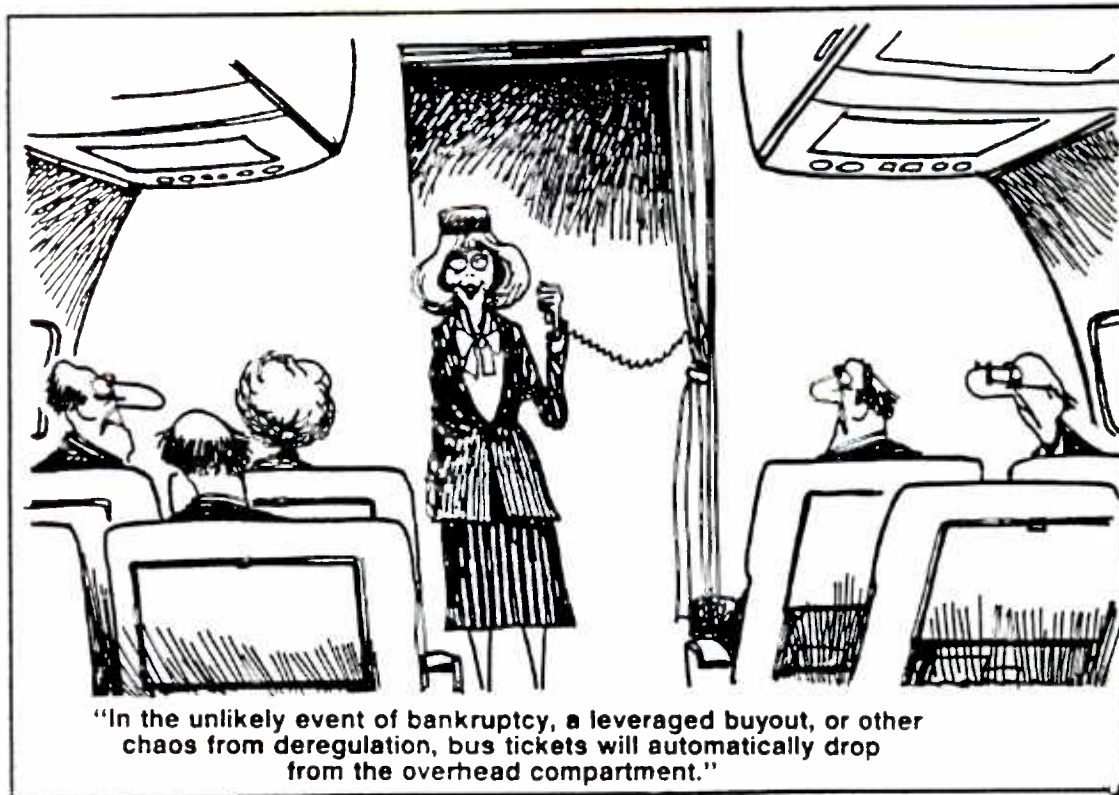
DEREGULATION: Embracing the free play of the market as an antidote to stagnation, Reagan aggressively de-regulated the financial and industrial sectors. De-regulation of financial institutions began to break down some of the protective barriers between the banking industry and the securities market. This led to the consolidation of financial services and allowed for a freer flow of money, but also created greater financial instability in the U.S. The easing of certain restrictions also opened the way for interstate banking. Traditional government oversight of banks' balance sheets was also weakened.

These changes were particularly significant in relation to the savings and loans institutions (S&Ls). In 1980 and again in 1982, the Reagan administration obtained legislation that increased FDIC (Federal Depositors Insurance Cooperation) insurance for individual bank accounts from \$40,000 to \$100,000. He further deregulated the scope of interest of the S&Ls, allowing them to offer loans to just about anyone instead of being restricted to lending for home mortgages. In the high interest market of the late 1970s and early 1980s, the S&Ls were losing depositors because of these restrictive lending guidelines. When Congress lifted these restrictions and allowed all types of loans, S&Ls were competing for depositors by offering very high interest rates.

Rather than encouraging reinvestment in productive assets and infrastructure in the U.S., the relaxed regulatory environment and capital accumulation were used more for short term gain and speculation. These risky speculations earned the high interest rates that the S&Ls were using to lure depositors. By 1986, starting with the Southwestern region of the U.S., many investors and S&Ls went bankrupt for failed commercial real estate ventures and poor or corrupt banking practices. Many S&Ls declared insolvency, forcing the government to bail them out. The Congressional Budget Office now predicts that

the S&L bailout will cost the average taxpayer \$10,500 with a total of \$1 trillion over time.

In the industrial sector, Reagan's policies shifted incentives and stopped government intervention in a variety of ways. For example, in the energy industry, he eliminated incentives for conservation and research and development on alternative and/or renewable forms of energy. Reagan also deregulated natural gas. In communications, broadcasting standards for obtaining licenses were lowered. Nor did the administration discourage mega-mergers which occurred in the newspaper, radio and television industries where previously anti-trust laws had prevented the monopolization of local media



Reprinted with permission of
Bruce Beattie
Copley News Service ©

markets. Deregulation in trucking and airlines led to fare wars, a series of mergers and acquisitions and questionable maintenance of air-craft. Furthermore, the era has witnessed the collapse of airlines, both small and large.

Reagan's team also tried to privatize public services where possible. The 1980s saw the development of for-profit hospitals, prisons, and parks. Railroads were sold, concessions in public parks were given to private companies and

services in government agencies were increasingly contracted out. Even the Weather Service was targeted for potential sale. President Bush is now encouraging a new form of privatized education to supplement public education. The rationale is that profit-oriented businesses are better able to serve citizens' needs than government.

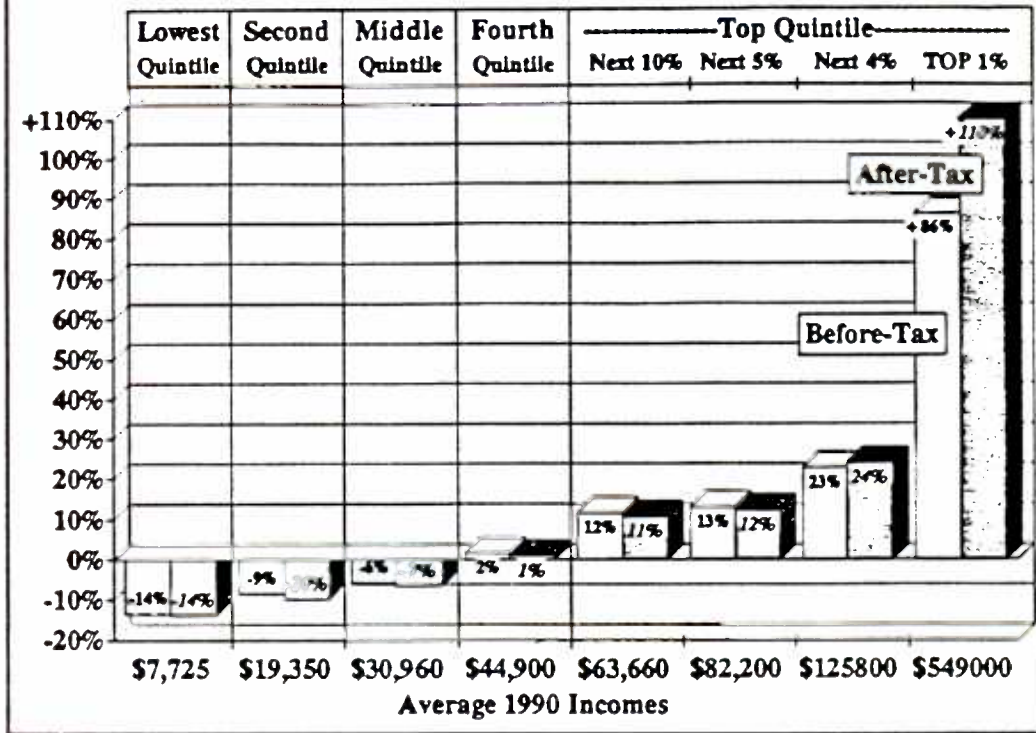
By the mid-1980s, the effects of deregulation and lax enforcement of health, safety and environmental laws were receiving mixed reviews from the business community as well as from state and urban governments, labor and non-profit groups. There were clearly winners and losers. Kevin Phillips makes the following assessment: "Balancing the books isn't easy. Judgment of deregulation will probably always be in dispute because they involve so many dimensions—the overall benefit of restructuring to the national economy, social and regional fairness, consumer costs, and even physical and financial safety. But by 1989 deregulation's effect on the distribution of income—maximum profits to those well-off and frequent pain or dislocation for low-income and rural Americans—was of a piece with other Reagan-era economic policies" (Phillips 1990, 100).

TAXATION: Throughout the 1980s with congressional agreement, the Reagan Administration enacted a tax policy that cut taxes for upper-income individuals and for corporations but did not reduce taxes for most U.S. citizens, despite the rhetoric of across-the-board tax relief. The 1990 Congressional Budget Office report found that nine out of ten U.S. families are paying a higher share of their incomes in overall federal taxes than they were in the 1970s. Only the richest 10% of the population have realized a cut in taxes since 1977, with the richest 1% enjoying the most tax cuts (Congressional Budget Office 1987). From 1977 to 1985, the share of federal taxes paid by the richest 1% actually fell.

As the following graph illustrates, "the government's policy of cutting taxes on the rich even as their incomes skyrocketed has made the shift in after-tax income particularly dramatic. For middle- and lower-income families in the first three income quintiles, which represent 80% of the tax payers, real after-tax income has actually declined since 1977" (Citizens for Tax Justice 1990, 6).

Although the Tax Reform Act of 1986 succeeded in adding many formerly tax-exempt corporations to the tax rolls, its over-all effect was to reduce corporate taxes as a percentage of the GNP from 2.7% in the 1970s to 1.4% in the mid-1980s (Citizens for Tax Justice, 1990, 7). The declared purpose of this reduction in taxation was to fuel the economy through re-investment in business. In reality, the newly available corporate funds financed sharply higher salaries and benefits

Changes in Family Incomes, Before & After Taxes From 1977 to 1990 (in constant dollars)



(Citizens for Tax Justice 1990)

for corporate executives as well as corporate mergers and acquisitions. For individuals, it encouraged greater luxury consumption and financial speculation which helped fuel the mergers and acquisitions and stock market boom that characterized U.S. business in the second half of the 1980s.

The actual effect of de-regulation and tax reform was the concentration and consolidation of capital in the control of fewer and fewer individuals and corporations and a diminished tax base that contributed to the growing federal deficit. The decade was characterized by conspicuous consumption among the wealthy elite and the military during an era of escalating federal, corporate and individual debt and declining quality of life for many U.S. citizens. Donald Trump and Ivan Boesky, two of the U.S.'s richest men famous for their mentality of 'profit above all else,' became the icons of the era.

MONETARY POLICY: Reagan introduced a tight monetary policy to curb inflation which was approaching 20% in 1980. The Federal Reserve dramatically raised interest rates — a policy which had several effects. Domestically, it precipitated the most serious recession since World War II with high unemployment, increasing poverty and a declining market for manufactured

goods. It also helped trigger the official onset of the "Third World Debt Crisis." The largest debtors were Latin American nations which owed most of their debt to commercial banks payable in U.S. dollars. Since they were floating rate loans, when interest rates increased, the cost of servicing the debt became unmanageable. Ironically, the U.S., with its growing federal deficit, found itself caught in the same cycle. Higher interest rates meant higher costs for Washington to borrow money.

FOREIGN INVESTMENT: The 1980s also saw an unprecedented increase in direct foreign investment in the U.S. In fact, foreign investment in the U.S. was increasing faster than U.S. investment overseas. The U.S. is known for having one of the more liberal foreign investment policies in the world. There are few restrictions on the purchase of land, natural resource rights, or companies, and the Reagan Administration took a hands off policy even when investments were made in sensitive areas. It also did not use what little authority it had to monitor this trend and assess its impact. The reality was that the U.S. needed foreign investment to ease balance of payments problems and to help rejuvenate sagging manufacturing productivity.

Various states, grappling with high unemployment, plant closures and their own escalating budget deficits in the face of growing demand for social services, aggressively began to seek foreign investment. State after state set up offices in Europe and Asia to woo potential investors. Using the same incentives as the so-called "Third World" countries, they furiously competed to offer tax breaks, investment credits and infrastructure to support foreign economic ventures.

TRADE AND BALANCE OF PAYMENTS: By the mid-decade, the U.S. economy was in trouble with a rising federal deficit and a persistent and troubling trade deficit. A new and potentially problematic reality was the fact that more and more of the U.S. federal deficit was being financed by foreign bond holders. In fact, the rise in foreign investment in the U.S. both in terms of indirect holdings (U.S. government securities) and direct holdings (land, manufacturing plants, etc.) helped to ease the country's deteriorating situation.

Under pressure from the G-7 partners (Great Britain, France, Germany, Japan, Italy and Canada), Reagan agreed to let the U.S. dollar devalue over time in order to correct the growing macroeconomic imbalance created by U.S. debt, high interest rates and the foreign trade deficit.

The U.S., once a net exporter of financial resources to the rest of the world, has become a net importer since 1983, absorbing global financial resources that could have been available to the so-called "developing countries" (Citizens for Tax Justice 1990). In this period there was a shift in the flow of funds between North and South. More money was flowing out of the South into the North than the other direction. By 1988, the amount of money moving from the South to the North in debt repayments had reached \$32.5 billion (UN Department of Public Information 1989, 2).

By the 1990s, and the advent of the Bush Administration, the U.S., owing some \$3 trillion, was the largest debtor nation in the world with 25% of the U.S. national budget targeted for debt servicing (Bread for the World 1990). Newspapers carry daily accounts of cities and states on the verge of bankruptcy, with deteriorating infrastructure and declining quality of life among the general population.

STRUCTURAL ADJUSTMENT — U.S. STYLE

The thesis of this case study is that the economic restructuring prompted by supply-side economics that has gone on in the U.S. over the past decade is built upon the same package of laissez-faire economic policies that the World Bank and the IMF impose on debtor nations, and now on Russia and other central European nations, when they seek to renegotiate a loan - stabilization and structural adjustment packages. The economic and social dislocation caused by these policy initiatives cause long term harm. They hold little promise of economic recovery in the near future, belying the rationale of "no pain, no gain" in justification of painful measures.

Many of the outcomes of these policies both in the U.S. and abroad are shared: greater poverty and hunger, increasing homelessness, depression of wages and real income, declining social spending, widening disparities between the rich and the poor, increased reliance on export production to produce foreign exchange to finance debts, greater destruction of the environment, deteriorating infrastructures, increased reliance on the informal sector and "black market" by the poor, increasing illiteracy, disease, and violence with a tightening of internal security - law, order and more prisons to contain social unrest. The prison population in the U.S., for example, rose 134% in the 1980s (National Public Radio 1991). In the U.S. and in other countries, the pre-existing race, class and gender

inequities have been perpetuated and deepened by the economic and social effect of debt and structural adjustment policies (United Nations 1990, 21).

There are, however, significant differences. The most obvious is that the U.S. government and policy makers have freely initiated these policies, whereas these policies most Southern debtor countries adopt them in a political and economic context where there is less choice. Furthermore, these differences are related to the control U.S. and other affluent Northern nations are able to exert over multilateral financial agencies such as the IMF and World Bank. For the U.S., this political control is related to the strength and size of its economy and to its military power. Moreover the relative affluence, economic infrastructure and size of the middle class in the U.S. ameliorate the impact of these policies on the U.S. population.

Despite its enormous debt and deteriorating economic and social life, the U.S. has more control over its own destiny than "Southern" debtors. For example, it is not required to institute adjustment policies to get new loans or investments or to reschedule its debts as many other nations are. The U.S. is not required to reduce its budget deficit which continues to grow, as recent figures from the Office of Management and Budget indicate. Furthermore, in the GATT (Generalized Agreements on Trade and Tariff) debates, the U.S. is pressuring "Third World" countries and Europe to reduce or eliminate farm subsidies while keeping many of its own subsidies and protectionist barriers in place. The U.S. economy is further protected by the diversity of its economic and export base, the size of its market and the fact that the dollar remains a key international currency. However, as this study has illustrated, these differences which "protect" the U.S. are not shared universally by all people living in the U.S..

WOMEN AND CHILDREN FIRST

Cumulative evidence, both within the U.S. and in other debtor countries, shows women and children bear a disproportionate burden of the costs of structural adjustment. This increasing poverty and suffering of women and their families stand in judgment on these policies.

As the economic situation of families deteriorates and the social services traditionally available to the poor and working class disappear, women carry more and more of the burden of family survival. Identifying women's dual role in economic production and social reproduction, which is economically invisible, reveals the hidden costs of adjustment. In a recent UNICEF study, "The

Invisible Adjustment: Poor Women and the Economic Crisis," Teresa Albanex Barnola makes the following observation: "It would seem, in fact, that poor women represent the principal variable for the policies of adjustment to the present crisis, in the sense that through women it is possible to ensure the survival of at least that third of the population with the lowest incomes, by extracting huge amounts of labor which is not socially recognized" (UNICEF, nd).

Peggy Antrobus, executive director of DAWN (Development by Women for a New Era), identified the central issue: "The problem with structural adjustment policies is not that they assume women are outside of development and need to be brought in (via accompanying compensatory programs) but that they are actually grounded in a gender ideology which is deeply, and fundamentally exploitative of women's time/work and sexuality" (INSTRAW 1990). Evidence abounds throughout this case study that the methods of structural adjustment employed by the Reagan and Bush administrations consistently discriminate against those on the lower rungs of the economic ladder. And those at the bottom are women, especially African American and Latina women.

In every arena, the "trickle down" theory of structural adjustment has diminished women's opportunity for economic, social and political gain. Economic restructuring has drastically cut healthcare, childcare, education and training, food and housing support, making lower income women's ability to function almost impossible. For these women, many without adequate education, the horizontal economic segregation of the labor force keeps them in jobs that are most likely to be cut, "de-benefited," moved overseas or altered into part-time or temporary work.

Moreover, because women in the lower and middle income strata do not have the capital to invest, they are excluded from the so-called benefits and advantages to be gained from deregulation and the successive tax incentives for the wealthy made throughout the 1980s. In fact, lower and middle income women will suffer the most from the abuse of these policies as the S&L debacle illustrates: repaying the escalating costs of the S&L failures drains resources away from more productive use of tax payers' money.

Given these realities, current approaches to women and development overseas and economic development projects for women in the U.S. are inadequate. They emphasize the immediate needs of women on the micro level, albeit an important task, but fail to address the structural causes of the continuing and deepening poverty of women worldwide. There is clearly a need

for an alternative approach to understanding the problems of women in poverty and to developing new approaches that address the macro level as well as the micro level causes and solutions. In addition to gender, race, colonial and class subordination, the very nature of the development process, domestically as well as internationally, must be analyzed, challenged, and changed.

Alt-WID
JANUARY 1992
WASHINGTON, DC

Selected Bibliography

AFL-CIO. "Women in the Workforce," (AFL-CIO Publication #98-P0690-15, nd).

AFL-CIO. *The Bulletin*. The Department of International Affairs, AFL-CIO, VI:4, (April 1991).

Babcock, C. Patrick. "Health Care: A Universal Right," *Henry Ford Hospital Medical Journal*. 38:2 & 3 (1990).

Blackburn, McKinley L., David E. Bloom, Richard Freeman, B. "An Era of Falling Earnings and Rising Inequality?" *The Brookings Review*. Washington, DC, Winter 1990-91.

Bluestone, Barry. *The Deindustrialization of America*. New York: Basic Books, 1982.

Bread for the World. *Hunger 1990: A Report on the State of the World Hunger*. Washington, DC: Bread for the World Institute on Hunger and Development, 1990.

Bread for the World. Background Paper, No. 105, Washington DC, 1988.

Brown, Sarah, ed. *Prenatal Care: Reaching Mothers, Reaching Infants*. Washington, DC: Institute of Medicine, National Academy Press, 1988.

Bureau of Census, Homeless Hotline. Phone Interview; # 301-763-7883. Washington, DC, June 1991.

Bureau of Labor Statistics. 1989.

Center on Budget and Policy Priorities. *Poverty Rate and Household Income Stagnate as Rich-Poor Gap Hits Post-War High*. Washington, DC: Center on Budget and Policy Priorities, October 10, 1989.

Center for Popular Economics. *Economic Report of the People*. Boston: South End Press, 1986.

Children's Defense Fund. *Child Poverty in America*. Washington, DC: 1990.

Children's Defense Fund. *Maternal and Infant Health: Key Data*. Special Report One, Washington, DC, nd.

Children's Defense Fund. *Children - 1990: A Report Card, Briefing Book, and Action Primer*. Washington, DC, 1990.

Children's Defense Fund. *A Vision for America's Future: An Agenda for the 1990s - A Children's Defense Budget*. Washington, DC, 1990.

Connors, Edward. "The Challenges of Urban Health Care Delivery," *Henry Ford Hospital Medical Journal*. Vol. 38, No. 2&3 (1990).

Citizens for Tax Justice. "Inequality and the Federal Budget Deficit." March 1990.

Congressional Budget Office. *The Changing Distribution of Federal Taxes 1977-1990*. House Ways and Means Committee, February, 1987.

Davis, Karen. "Women and Health Care." In Sarah Rix, ed. *The American Woman 1988 - 1989: A Status Report*. New York: W. W. Norton and Company, 1988.

Dollars and Sense. "The New Service Economy: Where the Jobs Are and Why," *Dollars and Sense*. October, 1986.

Downey, Kristin. "Typical Buyer: A Vanishing Breed," *The Wasington Post*. February 10, 1990 p. E1.

Gorham, Lucy. "The Growth of Low Wage Industry: Harbinger of Vanishing Opportunity?" *The Entreprenuerial Economy*. Washington, DC, August 1984.

Harlow Wolf, Caroline. *Female Victims of Violent Crime*. U.S. Department of Justice, 1991.

Hayghe, Howard. Department of Labor Statistics. Telephone interview, 1991.

Hewitt, Warren. "Minority Health and Public Policy: Developing an Agenda Toward the Year 2000," *Henry Ford Hospital Medical Journal*. Vol. 38 No. 2&3 (1990).

Institute for Women's Policy Research. "Mothers, Children and Low-Wage Work: The Ability to Earn a Family Wage." *Research in Brief*. Washington, DC, Institute for Women's Policy Research, nd

INSTRAW. "The Impact of Structural Adjustment Policies on Women: The Experience of Caribbean Countries." Paper delivered by Peggy Antrobus for the UNDP/UNFPSA Training Program on Women in Development. Santo Domingo, Dominican Republic, 1990.

Institute of Medecine. *Homelessness, Health, and Human Needs*. Washington DC: National Academy Press, 1988.

- Jaynes, G.D. and R.M. Williams. *A Common Destiny: Blacks and American Society*. Washington, DC: National Academy Press, 1989.
- King, Coretta Scott. "A Deadline and a Birthday," *Washington Post*, Jan. 15, 1991.
- Leslie, Linda Adams and Susan Swider. "Changing Factors and Changing Health Needs in Women's Health Care," *Nursing Clinics of North America*, 21:1 (March, 1986).
- Leonard, Paul A., Cushing N. Dolbeare, Edward B. Lazere, *A Place to Call Home: The Crisis in Housing for the Poor*. Washington, DC, Center on Budget and Policy Priority and Low Income Housing Information Service, 1989.
- Meurs, Mike. "Economy in Review: Uncertain Harvest - The Making of the Next Farm Crisis." *Dollars and Sense*. June 1989.
- Michael Simpson. Congressional Budget Office. Telephone interview, 1991.
- Miringhoff, Marc L. *The Index of Social Health 1990: Measuring the Social Well-Being of the Nation*. Tarrytown, New York: Fordham Institute for Innovation in Social Policy, Fordham University, 1990.
- Mishel, Lawrence and David M. Frankel. *The State of Working America: 1990-1991*. Washington, DC: Economic Policy Institute, 1990.
- National Family Farm Coalition. "Towards a Family Farm Future." *National Family Farm Coalition Briefing Paper*. Washington, DC, nd.
- National Family Farm Coalition. "Report Predicts Farm Economy Decline If Current Policies Continue," Washington, DC, National Family Farm Coalition Briefing Paper, May 17, 1990.
- National Low Income Housing Coalition. "Women and the Housing Crisis." Washington, DC, nd.
- National Public Radio. *The Morning Edition*. May 6, 1991.
- Nexon, David. "Senator Kennedy's Proposal to Guarantee Basic Health Benefits for all Americans." *Henry Ford Hospital Medical Journal*. 38:2&3 (1990).
- Phillips, Kevin. *The Politics of Rich and Poor: Wealth and the American Electorate in the Reagan Aftermath*. New York: Random House, 1990.
- Pollitt, Katha. "Georgie Porgie is a Bully." *Time Magazine*. Fall 1990.

Porter, Kathryn. "Poverty in Rural America." Washington, DC: Center for Budget and Policy Priorities, nd.

Prothow-Stith, Deborah. "The Epidemic of Violence and Its Impact on the Health Care System." *Henry Ford Hospital Medical Journal*. 38:2&3 (1990).

Shapiro, Isaac and Robert Greenstein. *Selective Prosperity: Increasing Income Disparities Since 1977*. Washington, DC: Center on Budget and Policy Priorities, 1991.

Spalter-Roth, Roberta, "Women, Discrimination, and Low-Wage Employment", Coalition on Human Needs Seminar, November 4, 1991.

_____, et. al. "Combining Work and Welfare, An Alternative Anti-Poverty Strategy: A Report to the Ford Foundation." Institute for Women's Policy Research, 1991.

Sweeney, Robert. "Children: Their Future is Now." *Henry Ford Hospital Medical Journal*. 38:2&3 (1990).

The United Nations. 1989 World Survey on the Role of Women in Development. New York: The United Nations, 1990.

United Nations Department of Public Information. "The Lost Decade," *The Debt Crisis*. 1989.

UNICEF. Regional Office for Latin America and the Caribbean, nd.

USDA. Agriculture Census, 1987.

Wider Opportunities for Women. "Women and Housing Fact Sheet" Washington, DC, Oct. 1990.

For additional copies, contact: Alt-WID C/O Center of Concern
3700 13th St., NE
Washington, DC 20017

Additional copies are \$3.50 apiece (Please include an additional \$1.00 per book for shipping; for 10 or more copies add an additional 15%.

-Checks in US \$ may be made to Alt-WID/Center of Concern.

Alt-WID presents:

***Reaganomics and Women:
Structural Adjustment U.S. Style - 1980-1992***

A case study on women and poverty in the U.S.

The case study is co-authored by members of Alt-WID (Alternative Women in Development), a coalition of Washington, D.C.-based women researchers and policy advocates focusing on alternative policy directions to empower women, particularly women in poverty, both within the United States and in so-called "Third World" countries.

The case study includes:

- *REAL STORIES OF WOMEN FACING POVERTY*
- *HOUSING*
- *GENDER, RACE AND CLASS ANALYSIS*
- *POVERTY*
- *SHIFTING WORK ENVIRONMENT*
- *WAGES AND INCOMES*
- *RURAL LIFE*
- *DECLINE IN SOCIAL SERVICES*
- *VIOLENCE*
- *HOMELESSNESS*
- *HEALTH CARE*
- *HUNGER*
- *SOCIAL SERVICES*
- *REAGANOMICS*
- *DEREGULATION*
- *TAXATION*
- *MONETARY POLICY*
- *FOREIGN INVESTMENT*
- *TRADE AND BALANCE OF PAYMENTS*
- *STRUCTURAL ADJUSTMENT — U.S. STYLE*

For copies send completed form to: **Alt-WID c/o Center of Concern**
3700 13th St., NE
Washington, DC 20017
Tel: (202) 635-2757 FAX: (202) 832-9494

Please send me _____ copies of *Reaganomics and Women: Structural Adjustment U.S. Style, 1980-1992* at \$3.50 apiece. (Please include an additional \$1.00 per book for shipping; for 10 or more copies add an additional 15%.)

Name _____ Organization _____

Address _____

City _____ State _____ Zip _____

Country _____

Checks in US \$ may be made to Alt-WID/Center of Concern. UPS and International orders, slightly extra.