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Critical Perspectives on Financial and Economic Crises: Heterodox Macroeconomics Meets Feminist Economics

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Periodic economic crises that lead to widespread unemployment and sharp declines in living standards are a common feature of unregulated capitalist economies. Such crises weigh more heavily on economically and socially subordinate groups and widen income inequalities. The Great Recession that unfurled in 2008 is no exception. But increased inequality is not only an effect of crises – it can also contribute to the kind of fragility that leads to crises. The current, extended recession follows on the heels of over 100 financial and economic crises throughout the world since the 1970s, and underscores the need to deepen our understanding of the relationship between inequality and economic instability.

Sakiko Fukuda-Parr, James Heintz, and Stephanie Seguino take up this task, exploring the interplay between the economics of stratification and theories of macroeconomic crisis. Taking the 2008 global recession as an example, they outline the connections between inequality and crisis, noting first that growing income inequality led to greater indebtedness, as households tried to "keep up with the Joneses" – in this case, those at the higher end of income distribution. This consumption was unsustainable, given stagnating wages and incomes. In addition, predatory lending practices aimed at groups that had been excluded from credit markets in the past – people of color and single mothers, among others – made these groups vulnerable to default. Financialization, or the growing dominance of financial institutions and interests in the global economy, was another factor that worsened inequalities while contributing to economic fragility. The growing power of the financial sector also fueled deregulation of the sector itself and contributed to the failure to adequately regulate new financial products and arrangements – including the risky mortgages that found willing buyers in US financial markets, as international investors flush with investible funds went after US financial assets. All of these developments increased the vulnerability of economies to shocks that could precipitate a crisis.

Within this context, Fukuda-Parr, Heintz, and Seguino consider whether there is a unique contribution that feminist economics makes to our understanding of economic and financial crises. They note that the primary contribution of gender analysis has been on gender effects of economic crises on wages, consumption, health outcomes, and the burden of unpaid work. In contrast, scant feminist attention has been paid to the macro-structural causes of the crisis or to the role played by other forms of stratification.

The authors suggest that feminist analyses of economic crises could benefit from critical work on the economics of stratification and identity formation along the lines of race, class, ethnicity, and nationality. These stratifications interact and, at various times, some forms of stratification may be more salient than others, as in the Great Recession of 2008 in the US and Europe. Job and wealth losses caused by the recession have disproportionately been borne by people of color, particularly African Americans in the US and the foreign-born in Europe, as well as by lone mothers. An exclusive emphasis on the single category of gender misses these effects. The authors caution that gender analysis also needs to consider the formation and dynamics of masculinities, particularly in understanding how economic crises emerge and play themselves out. We know very little, for example, about how norms of masculinities have adapted or responded to economic changes in developed countries that were at the epicenter of the crisis.

The authors find that the framework for a unified theory of the causes and consequences of economic crisis requires scholars to link and integrate several areas of research in macroeconomics and stratification theory. These should be coupled with an expanded gender focus to include the effects of masculinities and a broader framework for evaluating well-being that includes the nonmarket dimensions of the economy.

Read the article in full at
www.tandfonline.com/doi/full/10.1080/13545701.2013.806990#.Uq8GRfRdX_M