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Summary of “The Current Economic and Financial Crisis: A Gender Perspective” by Rania Antonopoulos, March 20, 2009

I. INTRODUCTION

What began as a subprime mortgage debacle in the United States has by now affected every single country. Historically, financial crises have been distinctly harsh on women and the poor. Not only because they have little to cushion them when the crisis hits, but also, because when normal times return, they are left behind. According to estimates of the World Bank, UNDP and the ILO this crisis is already reversing gains made over the last decade in poverty reduction and gender equality. One of the critical issues this crisis has highlighted is that markets cannot deliver everything in and of themselves. A “hands off” approach is not always the best way to go, and should problems be left unattended, human development and socioeconomic stability may be dealt severe blows, with long lasting consequences. Policymakers ought to take coordinated steps to fuel economic growth without neglecting this time around the vulnerable and socially excluded groups

II. THE CURRENT ECONOMIC CRISIS: ISSUES AND RESPONSES

Based on their economic standing before the crisis, nations are facing diverse pressures in the fields of growth, employment, food security and fiscal space positions. Worldwide, the challenge is to contain both the financial sector crisis and the meltdown of production and employment. The latter concern will require able governments to enact countercyclical policies and in some cases introduce massive stimulus packages to prevent the crisis from unfolding further, particularly in developing countries.

Many concerns specific to gender also exist, including in the field of work, paid and unpaid. Previous crises have shown that women respond by increasing their labor supply in low pay, precarious and at times dangerous occupations. In short, they accept any and all income generating activities. In addition, whenever household incomes decline and/or public service provisioning suffers, it is women that fill in gaps with even longer hours of unpaid work. So as to make ends meet, often times, girls are withdrawn from school to reduce user-fee payments and to contribute to family’s unpaid and paid work needs.

At the moment, developing countries find themselves under the double bind of government and current account deficits and consequently policy and fiscal space is guaranteed to shrink. At a time that IMF and the World Bank must recognize and make good use of the lessons learned from previous crises and structural adjustment policies, the claim is being made again that “prudent” macroeconomic policies must remain in place. This is highly problematic especially in view of increasing borrowing needs countries are facing at the moment due to the external shock the crisis has delivered. This is the time for fresh ideas to enter the policy dialogue and reverting to measures what exacerbate inequality and poverty in the hope of medium term stability and growth, should be eliminated.

A. Real (Macro)Economy Issues

Macroeconomic policies of recent decades were intended to attract foreign direct investment (FDI) reduce poverty and create jobs by targeting balanced government budgets and inflation; but ultimately excluded the majority of the world's population from the democratic ideal of economic, political and social equality. Worldwide productivity and output increased, but in a way that underutilized labor. Fewer funds were allocated to wages and were instead designated to profit, which further skewed the distribution of income and ultimately, wealth. To make the necessary adjustments, governments must prioritize direct job targets, pro-poor growth and increased agricultural productivity.

B. Financial Sector Issues

The “privileging” of financial sectors and real estate markets only provided temporary respite from slow demand growth trends. When commercial bank earnings decreased in the 1980s, the response was to relax existing regulatory systems. Banks created trading desk entities and “bank-holding” companies that carried out nearly all types of financial activities. Internationally, banks adhering to Basel minimum capital standards securitized lending and increased their fee and commission income.

Securitization allowed banks to make loans, which would otherwise be liabilities, without holding them in the loan book. These assets were sold to institutional investors by credit rating agencies without the means to evaluate the credit risk of these newly structured securities instruments. This deregulation of financial markets is a likely origin of the subprime mortgage collapse.

C. Policy Responses So Far

In response to the financial crisis, developed countries have coordinated and infused a large amount of liquidity, lowered interest rates, and, as a long-term goal, resolved to re-regulate financial markets. These programs, although in the right direction, serve only those within a nation's borders and ignore the global crisis. In addition, they refuse to acknowledge the economic vulnerability of women and the poor. All countries must have immediate access to fiscal stimulus packages with the help of international intervention in order to reverse the trends of insufficient demand and growing unemployment. It is imperative that special lending facilities become available for this purpose.

III. WHY A FRAMEWORK OF ANALYSIS FROM A GENDER PERSPECTIVE IS NEEDED

The Beijing Platform for Action was enacted in 1995 stipulating that governments take measures to promote gender equality. Other efforts have been made worldwide to promote women's empowerment and encourage “gender-sensitive” analysis of economic policy. Researchers found that improving women's access to work opportunities, income and resources in turn improves the wellbeing of children, families, communities, and the national economy. However, the success of these efforts is minimal when a county's broader macroeconomic policies undermine it.

Researchers conducting gender-based economic studies have also insisted that in developing countries people secure their livelihoods -to a large degree- through unpaid work and informal work activities. Women are overrepresented in both of these. To ignore these types of work activities renders the impact of the crisis on women's lives invisible. A gender aware framework must include, besides market-based production, an analysis of subsistence production and petty trade both of which use unpaid family work, and taking care of daily maintenance of the house which includes in many cases collection of water and fuel wood, taking care of the chronically sick and elderly people etc.

To trace the impact of a crisis on formal markets only, without paying any attention on the rest of the economy, will blind us from understanding how poor people and women more so than men, are affected by the crisis. But also, an argument can and should be made that as global economic connections deepen, attracting FDI and commercial viability has dictated that national policies move away from "provisioning" of basic needs. The call for putting people and a 'caring economy' at the center of the development agenda, is particularly important if the burdens of fulfilling much of families' survival and basic needs is to become lighter for women.

V. The Current Economic Crisis: Visible and Invisible Gendered Paths of Transmission in the World of Work

Even when measures are taken to address economic crisis, employment is hard-hit and slow to recover. However, both nations and individuals experience the crisis differently based on their economic circumstance preceding the crisis and their financial vulnerability. Typically, men occupy better-paid positions in the workforce, while women do high volumes of lower paid and unpaid work, making them more vulnerable to economic upset. Women respond to such upset by engaging in trade and increasing their labor supply contribution, while men hoard potentially valuable resources and engage in self-destructive behavior.

A. Paid Work in Export Sectors: Textiles, Agriculture and Tourism

Trade liberalization expanded employment possibilities for women, particularly in services that earn a country its foreign reserve, such as textile exports and tourism. In many regions, however, agriculture is the most dominant sector of women's employment. Despite the immense contributions of female agricultural workers, they face complex challenges, including limited access to assets like equipment, land and training, and little decision-making power. The HIV/AIDS epidemic has burdened women with household responsibilities, forcing them into informal work as street vendors or migrant laborers to sustain their families. Evidence suggests that women's access to credit can help reduce poverty, but inequality in access to productive assets inhibits this.

Export-oriented trade is a highly elastic entity. When world output grows, trade-related employment grows more, but during economic slowdowns, trade tends to shrink at a greater pace relative to output growth. Both developed and developing countries are experiencing the consequences of this elasticity, as exports have declined steeply and unemployment has risen

worldwide. Not only are workers leaving traditionally dynamic and highly productive export sectors, but they are migrating back into rural areas. In a rural setting, these laborers will be even more vulnerable to poverty.

B. Informal Work and Vulnerable Workers

Technically jobless, these workers turn to informal employment. Although informal work may contribute to high growth rates, it is characterized by lack of protection, lower earnings and poor working conditions. Due to lack of bargaining power, women occupy particularly precarious positions as home-based workers or street vendors with low and unreliable earnings. Globally, more women than men work as own-account laborers and unpaid family workers, a circumstance termed as *vulnerable employment* by the ILO. The term describes people in unstable working conditions with no access to benefits or social protection programs. Without protection, vulnerable workers are more harshly affected by economic slowdown.

When private sector jobs were eliminated during the Asian crisis, the demand for street food vendors actually increased, gainfully engaging over 80 percent of female workers. However, the vendors faced a credit constraint when liquidity affected microcredit institutions. This demonstrates why policy responses must be mindful of gender-specific employment patterns, as well as women's particularly limited access to credit and assets during times of financial hardship.

C. Unpaid Work and “Invisible” Vulnerabilities

In disproportionate numbers, women and girls perform unpaid household labor, including caring for small children and the elderly, retrieving supplies for cooking, preparing food and cleaning. Public infrastructures also rely on women's unpaid labor in healthcare industries when there are staff shortages, and if fiscal policy space continues to tighten, the fields that will lose funding are those of least resistance—healthcare, early childhood development and sanitation. Women and girls will bear the burden of providing these services, relinquishing the opportunity to engage in political activities, school and medical appointments, skill-upgrading services, self-care and sleep. When a government cuts costs during economic crises, poor women face prohibitive amounts of unpaid work whose cost remains invisible and undervalued. The government must actually increase its budget, allowing women time to pursue profitable endeavors and manage their responsibilities at home.

D. Remittances

In search of job opportunities abroad, many people immigrate and then send a portion of their earnings to their relatives at home. Millions of women move across borders to fill low paying jobs doing domestic work, care work, nursing or sex work. Disadvantaged ethnic groups become overrepresented in low-paying careers, enabling middle and upper class women to participate in more lucrative careers. Remittance money is a primary income source for many families in developing countries, and helps fund housing and community development projects. However, remittances are declining, impairing development and straining local job markets. The

government must step in to offset remittance declines by focusing spending on job creation or social cash transfers to help local economies recover.

E. Food Security

In times of crisis, men and boys are likely to be fed first and kept in school. In most developing countries, women produce 60 to 80 percent of the food but receive less than 10 percent of the credit provided to farmers. Many women have neither legal titles nor land rights, so the government targets men with resources like agricultural seeds, tools, machinery, education and credit. However, studies document that women are more productive than men using the same resources.

The food security crisis emerged as a major concern in 2008 when the prices of food staples skyrocketed. Urban areas that depend exclusively on the market to meet food needs were especially impacted. Droughts and high costs inflamed the situation, but recent national and international policy decisions also contributed to the crisis. Although the political causes are complex, they involve the loosening of government controls, the shift to export crops, the dedication of land to a single export crop, and the use of increasingly marginal land for staples, all of which make agricultural industries vulnerable to economic trends. To correct the structural problems in the agricultural system, government must direct attention to public investment in rural areas by revisiting trade policies and seriously considering gender issues.

Large-scale agribusinesses eliminate competition from developing countries and turn poorer nations into importers of food. International trade policies end up favoring the rights of corporations by pressuring local governments to reduce funding for local agricultural production. Spending in rural development becomes urgent so that national governments have the political will as well as the means to resist outside pressure.