

Gender Dimensions of the Economic/Financial Crisis

Caren Grown

American University

July 2009

The views expressed in this paper are the views of the authors and do not necessarily reflect the views or policies of the Asian Development Bank (ADB), or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this paper and accepts no responsibility for any consequence of their use. The countries listed in this paper do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology. and its accuracy

Some context

- Financial crises in developing and emerging market economies not new!
 - Mexico, Chile, Latin America (early and mid-1980s), Asian financial crisis, Russia, Turkey (1997-98) , Argentina (2001)
- Financial crises turn into recessions ...

Current Projections

- IMF (July 2009) projects world growth to be about 2.5 percent in 2010; 2009 growth rate is lowest since World War II
- Growth projections in emerging Asia revised upward to 5.5 percent in 2009 and 7.0 percent in 2010 but revised downward in 2009 for LAC, Africa, Middle East, CIS
- Slowdown most severe in industrialized economies; acceleration in growth around the world will peter out without recovery in those economies.

Gender impacts of crisis

- Income declines:
 - Employment losses
 - Reduced access to credit
 - ↓ remittances
- Unpaid labor time increases
 - Higher prices (food, etc)
 - Reduced transfers/services provided by governments

Gender Norms During Crises

- **Male breadwinner bias:**
 - Protect male jobs (S. Korea , Argentina)
- **Women as providers of last resort:**
 - Rising prices of key commodities
 - Indonesia – women increased unpaid work by 7 percent, men by 1.3 percent

Current Crisis

- Job loss is variable across industries & depends on gender job segregation
- **US**: Employment loss for men > women
- **UK**: Employment loss for women > men

Current Crisis, cont.

- ***Middle and low income exporters:***
 - Women are 60-80% of workforce in export jobs: manufacturing (garments, electronics), services, tourism.
 - Sharp drop in exports to US and Europe:
 - China: 22.6 % ↓ in exports in April from a year earlier.
 - South Korea: 40% ↓ in exports over last year.
 - Strong job losses for women
- ***Poor agricultural economies:***
 - Job losses in agricultural exports
- ***Informal Economy (in low and middle income):***
 - increased employment (“savior” during the crisis)

Nature of Paid Employment Crisis

- **Wage Workers: formal and informal**
 - loss of jobs - increased unemployment: ILO predicts 7.4% unemployment for women, 7% for men
 - changes in contracts - increased insecurity + decreased earnings
- **Self-Employed: informal**
 - new entrants - increased competition
 - mixed effects - in some sectors, increased demand; in others decreased demand and falling prices
 - fluctuations and insecurity of earnings

Unpaid Work

- ↑ Women's care burden:
 - Higher food prices ↑ women's/girls unpaid work
 - Cuts for all govt services: ↑ women's/girls unpaid labor (and ↓ paid labor)
 - Declines in household income : ↑ women's time spent "making do"



Education and Health

- Poorest countries register ‘pro-cyclical’ effects - nutrition, health and education indicators worsen after crisis
- Middle-income countries ‘pro-cyclical’ in health, counter-cyclical on school attendance
 - Debate/mixed evidence whether effects are worse for girls than for boys

Common gender effects of crisis across countries

- Women already in the worst jobs, low wages, no benefits
- Have fewer assets or savings to rely on in economic crisis than men
- More quickly plunged into poverty with layoffs, especially female-headed households (25-40% of all households globally)
- Negative effect of women's un and underemployment transmitted to children.

Long run effects of crisis

- Wages take 3 years to return to pre-crisis levels, employment 7 years.
- Elites/higher income groups resist loss of power and greater equality if their income is falling;
- Male loss of self esteem, humiliation due to inability to fulfill gendered obligations (e.g, provide income to family) - ↑ intimate partner violence, child abuse
- All these can exacerbate the quest for greater equality for women in workplace and in home

National responses to the crisis: Fiscal stimulus

- NOT jobs for men and welfare for women!
- Fiscal stimulus packages should minimize gender costs and fund commitments to gender equality
 - Equal priority to female jobs and male jobs in public job creation
 - Physical infrastructure AND social infrastructure
 - Social infrastructure investments have long-term payoff
 - Education, public health, child care, community services (cash transfer programs)

National responses to the crisis: Taxation

- Tax cuts in times of crisis on business and high income households are misguided
- Implement financial transaction taxes
- Other tax reforms
 - Progressive personal income and wealth taxes (with individual filing)
 - VAT: reduce regressivity on goods that promote gender equality
 - Close tax loopholes

National policy responses: Regulating financial systems

- More active involvement by governments in allocation of credit within countries
 - Subsidized credit to key sectors, types of firms
- Greater regulations of financial markets to reduce volatility and increase transparency

More women at the finance tables

- Biology v. gender norms
 - Male testosterone - a cause of the credit crisis
 - Women perceived to be 'risk averse'
- Iceland appointed female heads of Central Bank and two nationalized banks
 - One Icelandic government official said, "It's typical: the men make the mess and the women come in to clean it up."

International responses: Mobilizing international resources

- Globalize the fiscal stimulus
 - Global currency transaction taxes
 - Maintain overseas development assistance
 - Rolling over sovereign debt (LAC, Eastern Europe, Asia)
 - Increase borrowing capacity of IMF: \$500 bn in special drawing rights; relax conditionalities; less EU/US voice in IMF governance

Concluding Comments

- Be vigilant:
 - Monitor gender distribution of costs
 - Monitor policy responses, especially public spending and taxation (gender budgets)
- Seize new opportunities:
 - to reorient key public institutions – Treasury, Central Banks
 - to advocate for a more gender-equitable fiscal, monetary, employment policies