Gender Equality and the Economic Crisis

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Context: current economic crisis

– keynesianism for rich, neoliberalism for poor?

– keynesianism for men, neoliberalism for women?
Financial crisis

From runs on banks to runs on countries.

• Banking crisis in USA and Western Europe
• Falling share prices around the world
• Contagion to ‘emerging’ countries
• Capital flight
• Falling commodity prices
Recession

- UN forecasts growth of world gross product to fall below 2 percent
- Recession in many countries
- Poorest countries will be hit by falls in export demand, migrants remittances, domestic private investment, private foreign aid and inward foreign investment
Previous crises and global governance

• 1982 debt crisis in developing countries
• Early 1990s transition to markets crisis
• Asian financial crisis 1996/7
• Global governance: IMF and World Bank
• Neoliberal policy conditionality
• Contrast to operation of IMF and World Bank in 1950s and 1960s
Response to crises

• Deflationary bias: cut public expenditure, reduce budget deficits, keep interest rates high, target inflation not employment
• Privatization bias: downsize the state, boost private sector
• Male breadwinner bias: protect male jobs if possible
• Rely on women to provide safety net through informal paid work and unpaid work
Male breadwinner bias

- South Korea 1997-1998
- Employment declined 3.8 per cent for men, 7.1 percent for women
- Government campaign directed to women: ‘Get your husband energized’
- Female labour force participation fell
- Women’s paid work informalized
Unpaid work to provide safety net

• Indonesia 1997- 1998
• Family Life Survey shows increase in unpaid work
• For men 1.3%
• For women 7%
Types of unpaid work

- Food production
- Food preparation
- Fuel and water collection
- Shopping around
- Homebased health care
- Problems of timely monitoring
Hidden costs of crises

- School drop out
- Malnutrition
- Ill-health
- Violence in home and community
- Premature death
- Problems of timely monitoring
Response to current crisis in developed countries

• Socialization (of banking losses), not privatization
• Fiscal policy rules ignored (eg UK ‘golden rules’)
• Inflation targeting downgraded, interest rates cut
• Fiscal stimulus prepared
• Call for new Bretton Woods
• Absence of deflationary bias and privatization bias
• Male breadwinner bias may persist: emphasis on spending on physical not social infrastructure
• Green New deal would be good, but also Care New Deal
Response to Crisis in ‘Emerging Economies’

- Fiscal stimulus in Mexico and China
- New IMF Short Term Liquidity Facility to provide ‘rapid financing for countries with strong fundamentals’
- Managing Director of IMF: ‘There is scope for fiscal expansion in many advanced and some emerging market economies; and with inflation declining, some central banks have scope for further monetary easing’
- ‘Emerging economies’ invited to meeting on new Bretton Woods
Poor countries: eg Sub-Saharan Africa

- IMF conditionality still strong
- Poverty Reduction and Growth Facility (PRGF).
- Independent Evaluation Office found that in Sub-Saharan Africa governments were required to hold reserves equivalent to at least two or three months of imports and to have inflation no higher than 5 to 7%, before they were allowed to spend any of the additional aid that they received. As a result, on average, only 27% of additional aid went to increase public expenditure. 37% went into foreign exchange reserves; and 37% went into reduction of domestic debt (IE0 2007).
Any change in conditionality?

- Speech by Director, Africa Department IMF, Nov 6, suggests 3 key principles for governments in SSA
  - Bring inflation down
  - Use fiscal space judiciously
  - Increase vigilance
- Translation: neo liberal governance still stands
Implications for gender equality

• Women still likely to bear disproportionate burden, especially in poor countries
• Urgent need to monitor hidden costs: fieldwork at sentinel sites
• Gender responsive budget initiatives should monitor policy response to crisis
• A gender-equitable new deal
  – Employment targets for women as well as men
  – Social infrastructure not just physical infrastructure
  – Social control over banking and finance: direction of credit, end to liberalization of international capital flows