

Gender Equality and the Economic Crisis

Diane Elson

IDRC/SID-OG meeting

Ottawa 27 November 2008

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 (IEO 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