

Gender and the Financial Crisis

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Some Post Crisis Economic Trends

- ❖ Financial crisis erupted 5 years ago, followed by global downturn in economic growth
- ❖ Growth recovered in much of developing world by 2010, especially Brazil, China ,India and South Africa
- ❖ Impact continues in Europe, made worse by fiscal austerity
- ❖ Monetary policy in US has been expansive – quantitative easing- and US economy has been recovering
- ❖ Much of the new money was lent by international banks to so-called emerging markets- such as Brazil, India, and Turkey
- ❖ Indications that QE will be brought to an end
- ❖ Money is starting to leave Brazil, India and Turkey, leading to fall in value of currency and talk of potential for crisis in those countries

Why is the Financial Crisis Still Relevant?

- ❖ Financial reforms are inadequate
- ❖ Financial power still dominates: big banks, ratings agencies etc
- ❖ Austerity is becoming entrenched, and not just in Europe, as debt repayment gets priority, and big business avoids taxes
- ❖ Gender inequality is being reinforced
 - Cuts to investment in services that reduce women's unpaid work
 - Entrenchment of inequality in labour markets
 - Cuts to universal social security
 - Entrenchment of narrow targeting of social security
 - Increases in conditions attached to social security

Austerity is Global

- ❖ Austerity – cuts to government expenditure relative to GDP-is underway in 119 countries and will reach 132 countries by 2015
- ❖ One quarter are cutting back expenditure to below pre-crisis levels
- ❖ 80% of the global population is affected, rising to 90% by 2015
- ❖ 68 developing countries are projected to cut public spending by 3.7% of GDP, on average, in 2013-15
- ❖ 26 high-income countries are expected to contract by 2.2% of GDP, on average

Austerity Measures

- ❖ Elimination or reduction of subsidies, including on fuel, agriculture and food products (in 100 countries)
 - ❖ Wage bill cuts/caps, including the salaries of education, health and other public sector workers (in 98 countries)
 - ❖ Rationalization and further targeting of social security safety nets (in 80 countries)
 - ❖ Pension reform (in 86 countries)
 - ❖ Healthcare reform (in 37 countries)
 - ❖ Labour flexibilization (in 32 countries)
 - ❖ Increasing consumption taxes, such as value added taxes (VATs), on basic products that are disproportionately consumed by poor households (in 94 countries)
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- Source : I.Ortiz and M.Cummins, *The Age of Austerity*, Initiative for Policy Dialogue and the South Centre , Working Paper, March 2013

Women Challenging Austerity

- ❖ Austerity policies are going to make it harder to realize Post-2015 Women's Development Goals
- ❖ But women are challenging austerity policies :
 - European Women's Lobby
 - International Working Group on Gender and Macroeconomics
 - European Gender Budgeting Network
 - Development Alternatives with Women for a New Era (DAWN)
 - Association for Women's Rights in Development
 - Other examples ?

Example of UK Women's Budget Group

- ❖ Network of about 200 academics, members of NGOs and trade unions, mainly women but also some men
- ❖ Analysing gender dimensions of public expenditure, taxation and social security since 1989
- ❖ Sharing results with politicians, journalists, women's organizations, poverty organizations
- ❖ Critique and dialogue with government
- ❖ Analyzing and challenging austerity since 2010
- ❖ UK government plan for deficit reduction: 20% from increases in tax revenue ; 80% from reductions in public expenditure
- ❖ Voluntary work, except for part-time co-ordinator
- ❖ www.wbg.org.uk

Gender Impacts of Austerity in UK

- ❖ Parliamentary researchers have estimated that, as a result of changes to direct taxes and welfare benefits introduced since June 2010, women will pay £5.8bn and men will pay £2.2bn towards reducing the budget deficit by 2014/15
 - i.e. Women pay 74% Men pay 26%
- ❖ WBG analysis of cuts to spending on public services shows that the hardest hit will be
 - Lone parents (who are mainly women) and single women pensioners
 - Couples with children are next hardest hit
 - Single women without children are hit harder than single men

Need to Challenge Arguments for Austerity

- ❖ Case for austerity superficially plausible- 'national credit card maxed out'
- ❖ But when you cut your spending, it doesn't reduce your income
- ❖ When government cuts spending in a recession, or when economy is now growing very fast, it reduces government income (tax revenue)
- ❖ Cuts reduce output and employment , not deficits

- ❖ IMF economists have recently increased estimates of the negative impact of public spending cuts on output: Blanchard, O. and Leigh, D. (2013) 'Growth Forecast Errors and Fiscal Multipliers ', *IMF Working Paper* , WP/13/1, Washington DC: IMF.
- ❖ But technical analysis may not change public opinion
- ❖ How can we change the 'commonsense' understandings?
- ❖ What could you do in your country?

Need to Develop Gender Equitable Alternatives

- ❖ In UK, Women's Budget Group is developing Plan F, a Feminist Alternative, which would:
 - Raise more tax revenue from rich people and big business
 - Stop cuts in spending on public services and social security
 - Introduce reforms to ensure banks lend for investment and jobs , not speculation
 - Introduce Financial Transactions Tax ("Robin Hood Tax" ')
 - And earmark portion for gender equality ("Maid Marion tax")
 - Invest in social infrastructure not just physical infrastructure- care services
 - Ensure care workers get better pay and conditions
 - Invest in affordable housing
 - Create a caring economy
- ❖ What alternatives could you develop in your country?