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INTERACTIVE EXPERT PANEL

Women's economic empowerment in the context of the
global economic and financial crisis

**Policy responses at times of (global job) crisis:
Women's access to employment and decent work ***

Submitted by

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* The views expressed in this paper are those of the author and do not necessarily represent those of the United Nations.

I. INTRODUCTION

As the issues paper prepared by the Division for the Advancement of Women (DAW) for this expert panel meeting has highlighted, the international community has long recognized the importance of women's economic empowerment.¹ To eradicate gender-based inequalities, and following the explicit goals set within the Beijing Platform for Action in 1995,² Governments, international development agencies and donor countries have devoted time, effort and resources towards that end. Indeed research has shown that women's access to work opportunities, income and resources—besides being a development goal in and of itself—also goes hand-in-hand with improvements in the wellbeing of children, families and communities, as well as economic growth.

More recently, the inclusion of employment as an indicator of progress made in achieving the Millennium Development Goals (MDG) opened up some space for renewed policy emphasis. This is a welcome development. Keeping in mind that to secure a livelihood the vast majority of the world's population relies on their ability to work, *women's access to full employment and decent work opportunities when markets fail to create them*, the topic I have been tasked to discuss in this short note, deserves some attention.

II. BACKGROUND

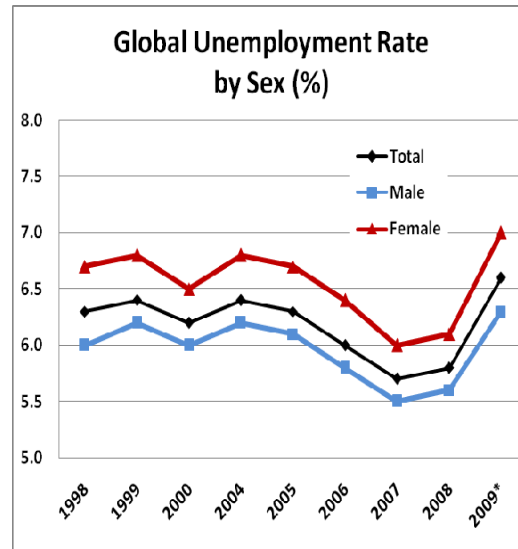
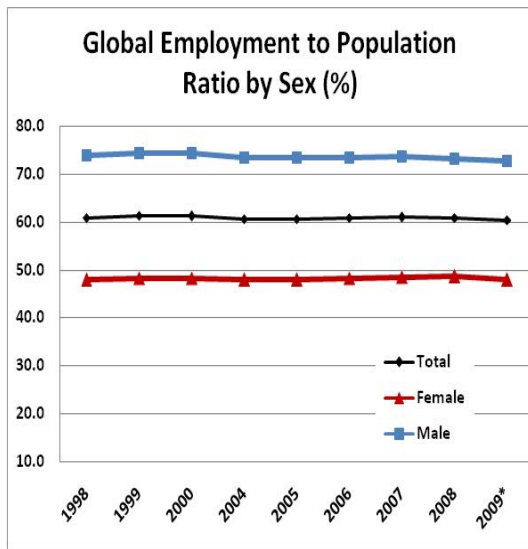
The world of women's work, in distinction to that of men's, encompasses paid activities, but also includes many unpaid tasks that are critical for the survival of the household. The latter includes subsistence production and unpaid family work, gathering of free goods from common lands for cooking and production of items for own use or even for sale, collecting and transporting water and fuel wood, daily cooking and sanitation, and taking care of the ill and children. Hence the world of women's work can only be understood when both paid and unpaid work are taken into account.

Despite measures and programmes that have been put in place to directly target the disadvantages women face in the world of work, outcomes show that much remains to be accomplished. Despite regional and local variations, on a world scale, the number of women of working age who participate in labour markets lags behind that of men. Unemployment rates among women at the global level are higher; vulnerable work (family work and self-employment—neither of which provides social protection or benefits) is more prevalent among women; in most cases, women are found in higher

¹ For example, see the Fourth World Conference on Women in 1995, the twenty-third special session of the General Assembly in 2000, the 2005 World Summit and the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus in 2008. In addition, see the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and the International Covenant on Economic, Social and Cultural Rights, which contain provisions promoting women's economic empowerment.

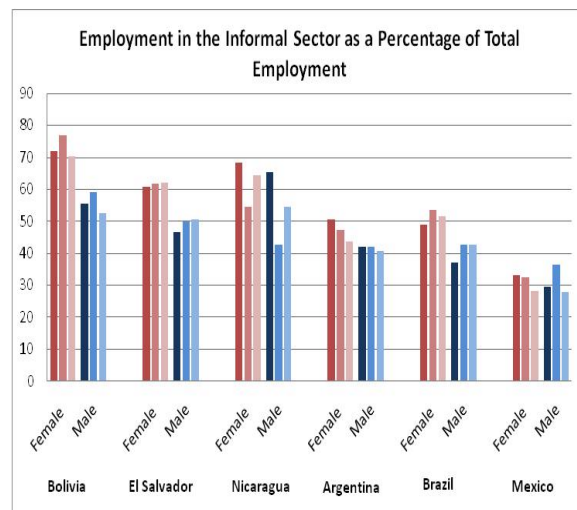
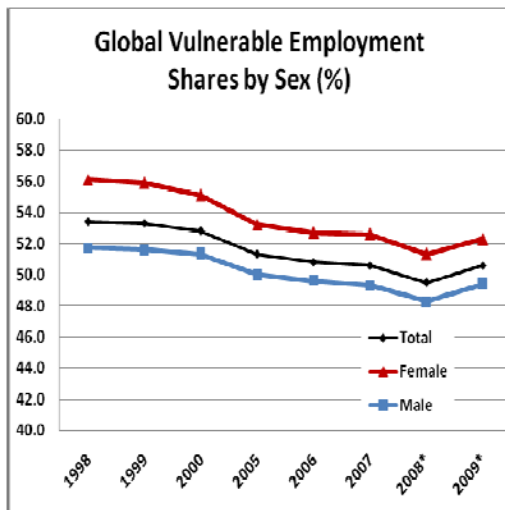
² Among others, it stipulates that there is need to promote women's economic independence, including employment, and eradicate the persistent and increasing burden of poverty on women by addressing the structural causes of poverty through changes in economic structures, ensuring equal access for all women, (including those in rural areas), as vital development agents, to productive resources, opportunities and public services.

numbers among informal workers; and, to add fuel to fire, when paid and unpaid work are accounted for, women work longer hours but receive lower pay than men. The following graphs indeed provide testimony to that effect.



Note: Author's calculations; * 2009 are preliminary calculations

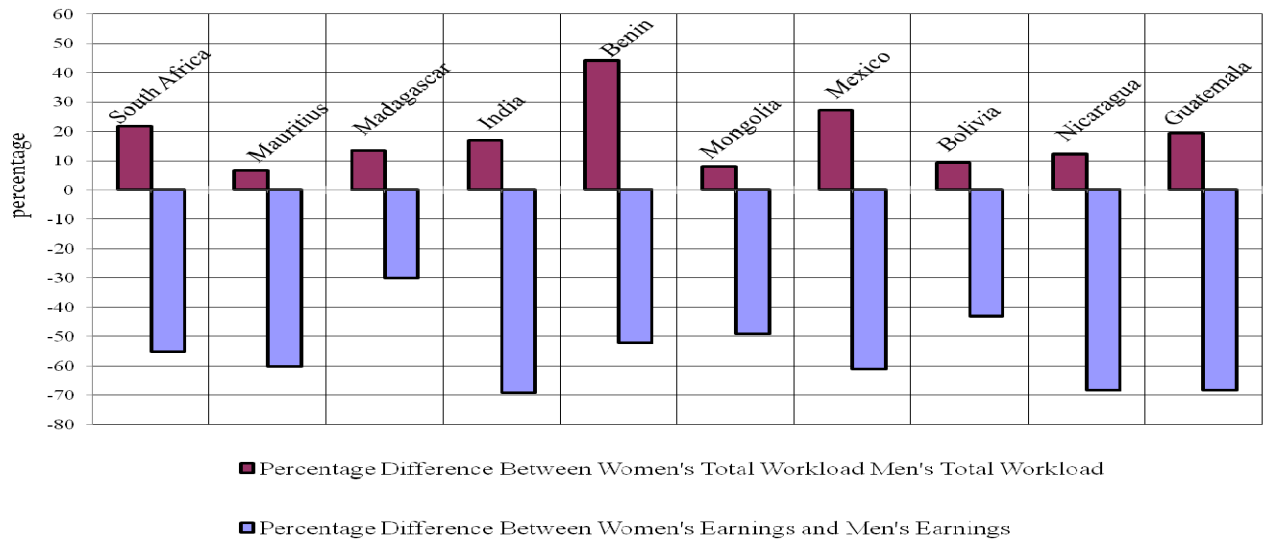
Source: ILO, Global Employment Trends, January 2010 and KILM indicators (KILM 8–13).



Note: Author's calculations; * 2008 and 2009 are preliminary estimates. The 2009 estimate corresponds to ILO's Scenario 2. See Annex 4 in Global Employment Trends (GET), Jan. 2010 for a detailed explanation on different scenarios.

Note: Years are 2000, 2002 and 2005 for Bolivia El Salvador and Nicaragua; 1991, 1995 2001 for Argentina; 1990, 1991 and 2001 for Brazil; 1991, 1995 and 2005 for Mexico
Source: ILO, KILM indicators (KILM 7)

Gender Gaps in Total Workload and Earnings



III. STATE POLICY RESPONSES

Despite the devastating impacts of the recent crisis, one of its redeeming features is that it is now recognized that state regulation and active government policy are necessary if the unstable economy is to be stabilized. Yet, the specifics of the “regulatory” consensus that will emerge is still in the making.

During the post-World War II period, most developed countries witnessed the emergence of a Keynesian consensus. With the experience of a massive market failure that had led to the Great Depression, its basic tenet was that of an activist State with a mandate to: (a) make use of fiscal and monetary policy so as to steer the economy clear of danger; and (b) put in place rights and obligation pacts between the State and its citizens, as well as between labour and the private sector. Concerned with the welfare of its citizens, and being cognizant of the differences and conflicts of interest among them, States assumed the responsibility to negotiate and reduce inequalities through redistribution policies. The pact that would bring peace and social cohesion included a *social security* system. Gradually, tax and spend policies allowed for entitlements to old age pensions, universal free-of-charge education and access to basic services.

Then came the Washington Consensus era; with a *laissez-faire* ideology it proposed instead that a smaller role and size of Government would make a country’s economy and its citizens better off. Cuts in government spending for provisioning and deregulation in production, trade and finance in the North came hand in hand with structural adjustment policies in the South that mandated the selling of public assets and a diminished role of Government. As time progressed, with free-market practices replacing the “managed capitalism” ideal of previous decades, privileges (in the form of national legislation and international institutional arrangements) to the financial sector led the way to “money-

manager capitalism”. For the past two decades, industrial policy and strategic development decisions (with a few notable exceptions) all but disappeared. All the while, it became clear that the vulnerability, social exclusion, marginalization and income inequality gaps were hardening. In most instances, *social protection* became the only viable antidote; the development agenda morphed into interventions that could ameliorate the stubborn gaps between those whose boats the tide lifted and those who were left behind and sinking.

Social protection came to signify policy interventions that aimed to ensure a minimum standard of living for the most vulnerable segments of the population with cash stipends becoming the primary and most popular delivery mechanism of protection. With cash at hand, the thinking goes, those incapable of fending for themselves can at least partially procure their basic needs on their own from markets. Subtle as the difference may be, we must highlight that a transition away from the ideal universal government-guaranteed set of entitlements took place, which was now replaced by a social protection system of cash transfers. This is not a semantic difference.

There is a big debate as to whether social security/social development in the context of developing countries is enhanced via *protection* or by *promoting* livelihood diversification. The argument has been made that formal social security systems address the circumstances of those who work in formal settings (government employees, workers in formal markets, etc.). Social assistance is appropriate for those in destitution (people with acute special needs, elderly grandparents caring for poor orphaned children, etc.). Then, there is a group of people that fall in between: they can only find unpredictable, informal, seasonal employment that pays very low wages. They have no land or the productivity of their small land holding is extremely low. Condemned to chronic poverty, they cannot meet basic needs for themselves and their families. For this group, it is proposed that social protection policies are fitting, via cash transfers.

The opposite view holds that cash transfers serve a good purpose in temporary unemployment benefits, old age and disability and ensuring that children go to school, but should not be used for this “missing” group: public funds should be allocated in ways that allow diversification of livelihoods. Two examples include subsidies for seeds and fertilizers, building of community storage facilities and provisioning of extension services to increase agricultural productivity and secure the “right to food”; and, when the market fails to generate sufficient jobs or when seasonal unemployment in rural areas is daunting, guaranteed public job creation, thus ensuring the “right to work”. Cash transfers, important and necessary as they are, allow programme participants to enlarge the space of commodities they have access to by entering the economic system as consumers. Livelihood promotion, in addition to expanding one’s access to basic needs, allows marginalized citizens to participate in another capacity as well, that of producers of socially needed goods and services that can be the outcome of solid social development planning. In this Great Recession/post-Washington Consensus period, it is unclear what system(s) of social policy will emerge.

We must highlight one more point. National choices at this juncture depend on at least two issues: (a) degree of fiscal space different countries have; and (b) the ability to

integrate social protection measures within a social development framework. Based on their position in the world economy prior to the crisis, nations are now facing diverse pressures in terms of growth, employment, food security, fiscal space and policy space. International lending organizations and donor countries have often dictated policy, and the fear is that they will continue to do so. But in addition to economic pressures, some countries have been dealt severe blows to human development and socioeconomic stability. In today's world, national boundaries do not make the rest of the world immune to the consequences this engenders. While advanced countries and several emerging economies had some room to maneuver, many developing countries found themselves under the double bind of government and current account deficits. Consequently, their policy and fiscal space is shrinking. At a time when targeted countercyclical policies should be put in place in all affected less and least developed countries, at the very moment when government spending on social sector interventions should be expanding, they are forced to take the exact opposite path.

Indeed there is something particularly unfair that is taking place. Developed countries and some emerging economies coordinated and infused a large amount of liquidity that saved financial sectors and companies "too big to fail" with extraordinary speed. Vulnerable countries must introduce countercyclical policies, with the help of international institutions, in order to reverse the trends of insufficient demand and growing unemployment. It is imperative that special lending facilities disperse (under favorable conditions) funds earmarked for this purpose. Recent IMF and World Bank research papers, policy notes and documents seem to recognize the lessons learned from previous crises and structural adjustment policies on the merits of capital controls and the limitations of inflation targeting policies. Yet, the claim is being heard again that "prudent" macroeconomic policies must remain in place. This is highly problematic, as it immediately suggests budget cuts for social spending and selling of public assets, especially in view of increasing borrowing needs vulnerable countries are facing due to the external shock the crisis has delivered. Most countercyclical measures, although in the right direction, have primarily privileged the financial sector (again) and companies that were too big to fail. In a somewhat parallel fashion, in those cases that policies and measures are put in place to reduce the impact of unemployment, the benefits accrue to workers holding formal contracts. What becomes of those who were poor, working under informal conditions or those without job opportunities to begin with? This is the time for fresh ideas to enter the policy dialogue and reverting to measures that exacerbate inequality and poverty in the hope of medium-term stability and growth should be eliminated.

IV. THE GLOBAL JOB CRISIS: EN-"GENDERING" POLICY RESPONSES

It is quite clear by now that no country, developed or developing, will easily manage to escape the impact of the widening economic crisis. As the turbulence hits home, reductions in exports, remittances and tourism are threatening the ability of many developing countries to meet their external obligations and putting immense pressure on fiscal space. Country after country is reporting severe increases in unemployment rates,

unseen in the past thirty years or so. Countries better positioned to weather the storm are also reporting trouble and therefore the urgent goal is the same worldwide: contain the immediate (if differentiated) impact of the financial crisis and put in place policies that lead to a speedy economic recovery. For developing countries, especially, the second point is of critical importance and presents special challenges as they operate under domestic and internationally imposed constraints (economic and institutional) that make it harder to finance the massive economic stimulus and “bailout” packages needed along the lines of those announced by the United States, European countries, Canada, China and India.

Mild or severe recessions and crises environments require *countercyclical policies*—fiscal expansion, as well as accommodating monetary and exchange rate policy. Having noted the constraints some countries face due to the lack of freedom to implement any of the above policies and several gender concerns in times of crisis, one may begin by asking the following: What would be the criteria if gender specificities were to be considered in a countercyclical policy agenda? In our view, there are four criteria meriting consideration:

- Preventing job losses through expansionary policies and, instead, promoting access to remunerative work opportunities for all, including women;
- Reinforcing access to productive resources for women and men so as to enable them to secure their livelihood through less-visible activities: own-account work, gathering of food sources from common lands and subsistence production;
- Recognizing existing gender inequalities in unpaid work and committing to prevent a crisis in the “invisible” burdens women and children are about to face; and
- Providing access to minimum social safety nets for everyone, especially for women and their children, independent of social class, family status and type of work women are engaged in.

With these in mind, we now proceed to consider policy issues and responses to the crisis from a gender-aware perspective.

A. Fiscal policies and gender equality issues

Fiscal expansionary policy at this point must be boldly countercyclical. Coordination among international financial institutions must remove, not impose, barriers, even if it means revisiting and even temporarily suspending conditionalities (since the present fear is deflation). Cost-push price increases cannot and should not be handled via austerity programmes, as they are not the right instrument to address them. Furthermore, any renewed privatization of public enterprises and social sectors will result in highly undesirable outcomes, including: (i) loss of future revenues and added pressure in limiting fiscal spending; and (ii) imposition of user fees on the public, especially to those that can least afford them. From a gender perspective, and assuming wisdom prevails, *fiscal stimulus packages* can be designed in ways that benefit the disadvantaged, including women and children. Public spending on social sector infrastructure and service

delivery should be maintained at previous levels, preventing cuts, especially in nutrition delivery programmes, health, sanitation and education. This is more important and more efficient for improving the overall conditions of women's empowerment than simply increasing expenditure on women-targeted programmes. We must also note that the public sector is an important source of regular and formal employment for women in many countries. If Governments react to the impacts of economic crisis by enacting budget cuts, the unemployment rate for women will increase at a faster pace compared to men, as women are disproportionately employed in education, health and social services.

B. Direct job creation: Engendering fiscal stimulus packages

One of the unintended, but welcome, outcomes of the current crisis is a renewed confirmation of the indispensable role of the State. In all cases across the world it is Governments that have now become the *lender of last resort* to the financial sector, the *investor of last resort* in recapitalizing private companies and banks; they now need to become also the *employer of last resort* in providing jobs wherever markets fail to do so. In view of the severe job crisis, direct employment creation through public works is emerging as a key policy instrument.

During times of economic crisis, the idea of Government acting as the *employer of last resort* and guaranteeing employment has a very long history. Over the years many countries³ have undertaken what has variably been known as “employment guarantee schemes,” “public service employment programmes,” “food for work,” “public works programmes” and “employment of last resort” programmes.⁴ Among them, India stands out as a special case. Besides having much experience in this area, a few years ago (in 2005) the country voted into their constitution the *National Rural Employment Guarantee Act* (NREGA).⁵ In addition, many other countries—ranging from South Africa to Chile—were making use of this policy instrument even prior to the onset of this crisis and the International Labour Organization (ILO) has long been providing support in the field of employment-intensive infrastructure programme development, maximizing (from an engineering point of view) the use of labour in construction of public works.⁶

Many arguments have been made for employment guarantee programmes from an economic standpoint, as unemployment entails economic, social and psychological costs.⁷ It has been also convincingly argued that distress migration, ethnic antagonism, susceptibility to dangerous ideologies and anti-democratic political movements are linked to economic deprivation. The argument for full employment is indeed based on the idea that the right to work is important in and of itself at times of crisis and times of prosperity alike. This “right” can be found in a number of United Nations documents, including the

³ Several links and an archive can be found on this topic at <http://www.economistsforfullemployment.org>

⁴ Antonopoulos, Rania (2009). “Promoting Gender Equality through Stimulus Packages and Public Job Creation.” Public Policy Brief No. 101. Annandale-on-Hudson, NY: The Levy Economics Institute. May.

⁵ NREGA was implemented gradually and in three phases; by now it covers all rural districts of the country, providing one hundred days of work to anyone asking for work, usually during the low agricultural season. Further information on this can be found at <http://www.nrega.ap.gov.in>.

⁶ For further information, see <http://www.ilo.org/public/english/employment/recon/eiip/index.htm>.

⁷ See Sen (2000).

Universal Declaration of Human Rights. However, such employment has been documented to be primarily benefiting men. Construction jobs are 80–90 per cent held by men.⁸ Similarly the “environmental programme” and the “green recovery” packages in the United States and the Republic of Korea are also male-dominant; while important in that they will build a foundation for an eco-efficient society, women will not be receiving much of their intended employment impact.

Two key issues from a gender perspective stand out. The first is that jobs are made available to women as well. Either appropriate training must be made part and parcel of such initiatives (whose enactment is doubtful at times of severe crisis, but not impossible) or project design must include sectors of the economy that are primarily female-intensive to counterbalance the employment generation in infrastructure. In addition, crèche facilities must be put in place to facilitate a strong labour response from women. Otherwise it is a hard and unfair choice women are invited to make between caring for young children and being gainfully employed.

Second, there are specific work projects in physical infrastructure, rural development and many in social sector delivery benefiting women by reducing unpaid work burdens. A cadre of workers can build structures that allow easier and faster access to water and better sanitation (such as ecological latrines, feeder roads and small bridges), as well as deliver services for early-childhood development and home-based care that can literally transform the life experience of women and girls.

We have examples that can provide information on best practices in gender-informed design of public works. These include India’s *National Rural Employment Guarantee Act* (NREGA), where conditions are in place to allow women to undertake jobs in construction by providing water, crèche and shade for children, as well as mandating that jobs should be within a certain distance from the women’s dwellings. Argentina’s *Jefes e Jefas de Hogar*, initiated following the 2001 financial crisis, provided jobs (mostly to women) in community upgrading projects, many of which were designed and demanded by programme beneficiaries themselves. South Africa’s social sector projects, which are part and parcel of the *Expanded Public Works Programme*, are another example.

Many voices are calling for gender-aware design in policies. Petition letters and civil-society organizations are putting the issue on the map in many countries around the world. The idea is quite straight forward. “Since the stimulus packages are still at early design stages in many countries, there is room to incorporate gender dimensions. Social services, such as health, education and agricultural extension services that would open equal opportunities for women need to be incorporated into public works programmes”.⁹

⁸ International Labour Organization (2009). *Global Employment Trends for Women*. Geneva.

⁹ Buvinic, Mayra. 2009. “The Global Financial Crisis: Assessing Vulnerability for Women and Children, Identifying Policy Responses.” Prepared written statement prepared for the interactive expert panel on “Gender perspectives of the financial crisis”, 5 March 2009. United Nations Commission on the Status of Women, Fifty-third Session, New York.

The case for gender-aware design of public works can also be made from an efficiency standpoint. An extensive research project on South Africa's direct job creation programme (UNDP Gender Team/Levy Institute Project 2008)¹⁰ has shown that the employment, income and pro-poor growth impacts in early-childhood development and home-based care projects are stronger than those in infrastructure. The U.S. Treasury Secretary, Timothy Geithner, reported similar findings for the case of Japan in the 1990s and, as he aptly put it, "social sector jobs simply deliver more bang for the buck".¹¹ A recent study on the U.S. stimulus package for job creation has indeed reconfirmed this to be the case. Job creation for early-childhood services and healthcare for the homebound delivers double the number of jobs than infrastructure does.¹²

Finally, it is also well documented that when women have access and control over income, the welfare of poor households—and of children in particular—increases. Among other countries, case studies for Bangladesh, Brazil, Kenya and South Africa have clearly documented that nutritional status, schooling attendance, etc. for children in poor households improves more when income is in women's hands rather than in men's.

V. CONCLUSION

Both women and men are affected by the crisis albeit in different ways, depending on their geographic location, socioeconomic position and primary source of securing a livelihood. The importance of recognizing the differential impact between women and men, as well as *among* women, for policy responses has been presented at length by several contributions in recent months, including in a recent paper by this author written on the request of the Gender Team of UNDP.¹³ In the limited space of this short note we will did not attempt to summarize these arguments. Instead we focused on one of the most severe problems of the crisis—protracted unemployment even in the face of recovery. If past events can be of some guidance, the pace of recovery of employment opportunities lags far behind GDP growth. Joblessness will stay with us for some years to come; the 1997 Asian crisis is a dreadful reminder of this stylized fact. Hence, given that one of the key challenges of this crisis is increased insecurity and vulnerability due to joblessness, we presented one policy intervention that is quite promising: public service job creation. It has been proposed and implemented by several Governments in the past and, therefore, there are lessons learned and best practices; it is an intervention that can combine job creation with enhancements in livelihood options and social service delivery. If designed with women's needs in mind, such a "social protection" policy can be pro-poor, pro-development, pro-gender equality—by reducing unpaid work burdens and promoting equal wages for men and women—while at the same time the jobs created also contribute towards reaching the MDGs.

¹⁰ <http://www.levy.org/vdoc.aspx?docid=1145> and <http://www.levy.org/pubs/UNDP-Levy/EGS.html>

¹¹ Fackler, Martin (2009). "Japan's Big-Works Stimulus is Lesson." *NY Times*, February 6.

¹² Antonopoulos et al. (2010). "Why President Obama Should Care about 'Care'" Public Policy Brief No. 108. Annandale-on-Hudson, N.Y.: Levy Economics Institute of Bard College. Available at <http://www.levy.org/vdoc.aspx?docid=1227>

¹³ Antonopoulos, Rania. (2009). "The Current Economic and Financial Crisis: A Gender Perspective" Working Paper No. 562. Annandale-on-Hudson, N.Y.: Levy Economics Institute of Bard College. Available at <http://www.levy.org/vdoc.aspx?docid=1145>