

Power Point Slides

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Economic crises and women's work: Exploring progressive strategies in a rapidly changing global environment

Women and capitalist accumulation

- Women have been part of the working class since the beginning of capitalism, even when they have not been widely acknowledged as workers in their own right.
- Even when they are not paid workers, their often unacknowledged and unpaid contribution to social reproduction as well as to many economic activities has always been absolutely essential for the functioning of the system.
- All women are usually workers, whether or not they are defined or recognised as such.
- Issues of women's work are qualitatively different from those of male workers. (Double burden, etc.)

Female labour in the extraction of absolute and relative surplus value

- Gender division of work is flexible, changing over time according to the need to preserve male power over women and to ensure the greater economic exploitation of women to suit the needs of capital.
- Social construction of the sexual division of labour can alter the location, the returns and the mobility involved in women's work.
- Male monopoly over instruments of production can be used to relegate women to lower productivity tasks.
- Segmented labour markets then have major effects in depressing women's wages and allowing for even greater extraction of surplus value from their work.
- Feminisation of labour in export-oriented industries of Asia was dependent upon the relative inferiority of remuneration and working conditions.

Role of unpaid labour

- Changing macroeconomic policies affect the relative allocation of paid and unpaid work.
- Increase in unpaid labour within households as governments renege on basic social responsibilities for the provision of public goods and services, and more of the care economy is devolved onto the unpaid sector.
- So peculiar combination of increased unemployment and increased requirement of unpaid labour is now an attribute of labour markets globally.
- Given gender constructions of society, this means increase in unpaid labour of women and girls in particular.
- In some countries (like India) this has negatively affected even the possibilities for engaging in paid work, leading to declining work force participation of women.

Women workers and labour management techniques

- Difference between Fordist (or Taylorist) systems of mass production and Japanese system (or “Toyotism”), which has become more globally practised.
- In Toyotism, quality control circles of male and female labourers mentally subject them to the corporation’s rule, and subcontracting transfers production risk to the manufacturers of components and their workforce.
- Combination of internal decentralisation (in “labour groups”) with external centralisation, because of Just In Time delivery, etc.
- Vertical disintegration of global production into value chains is extension of this in both goods and services production, including in global care economy.
- Women workers are both essential and dominate the lower end of work processes in terms of pay and lack of control.

Women and the reserve army of labour

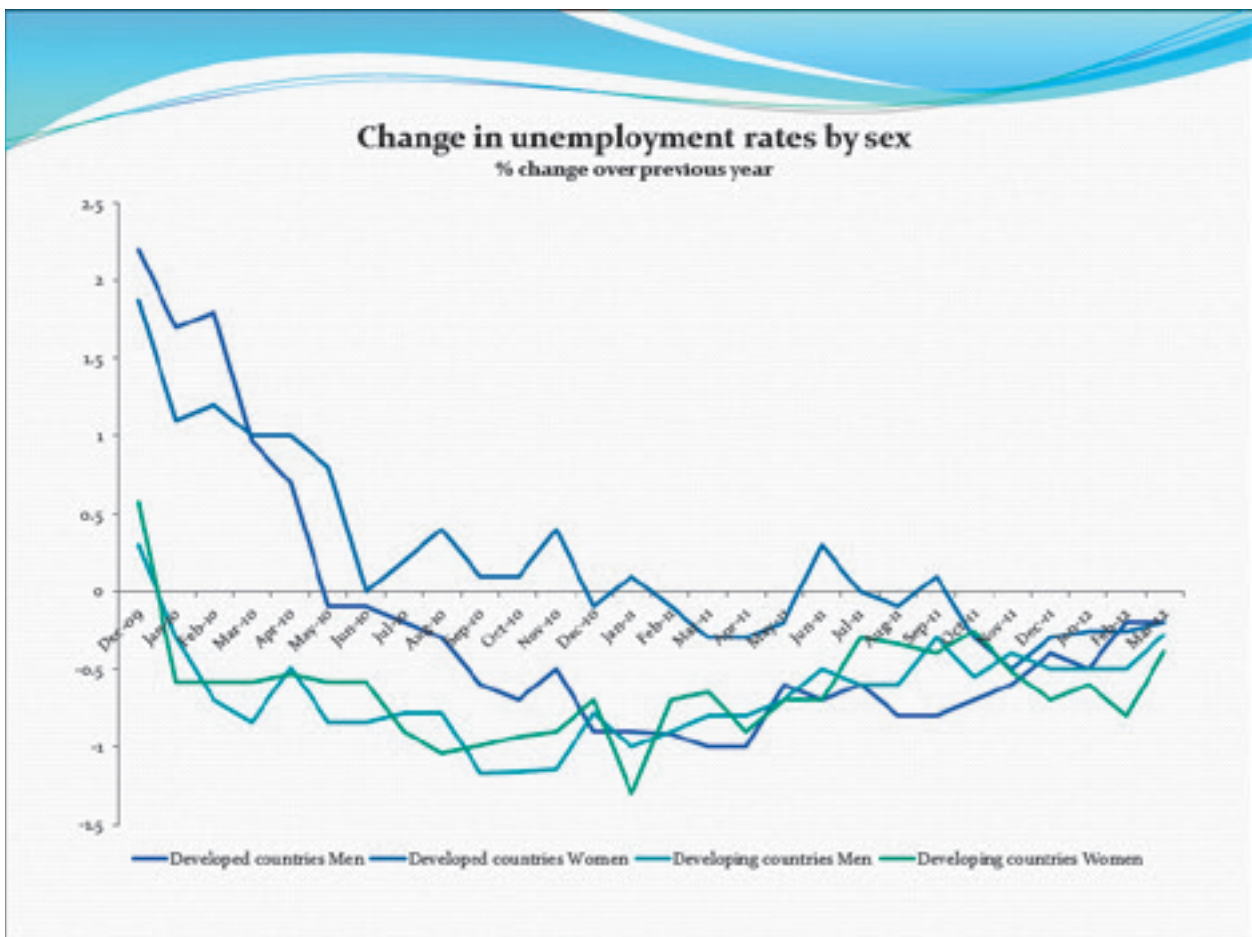
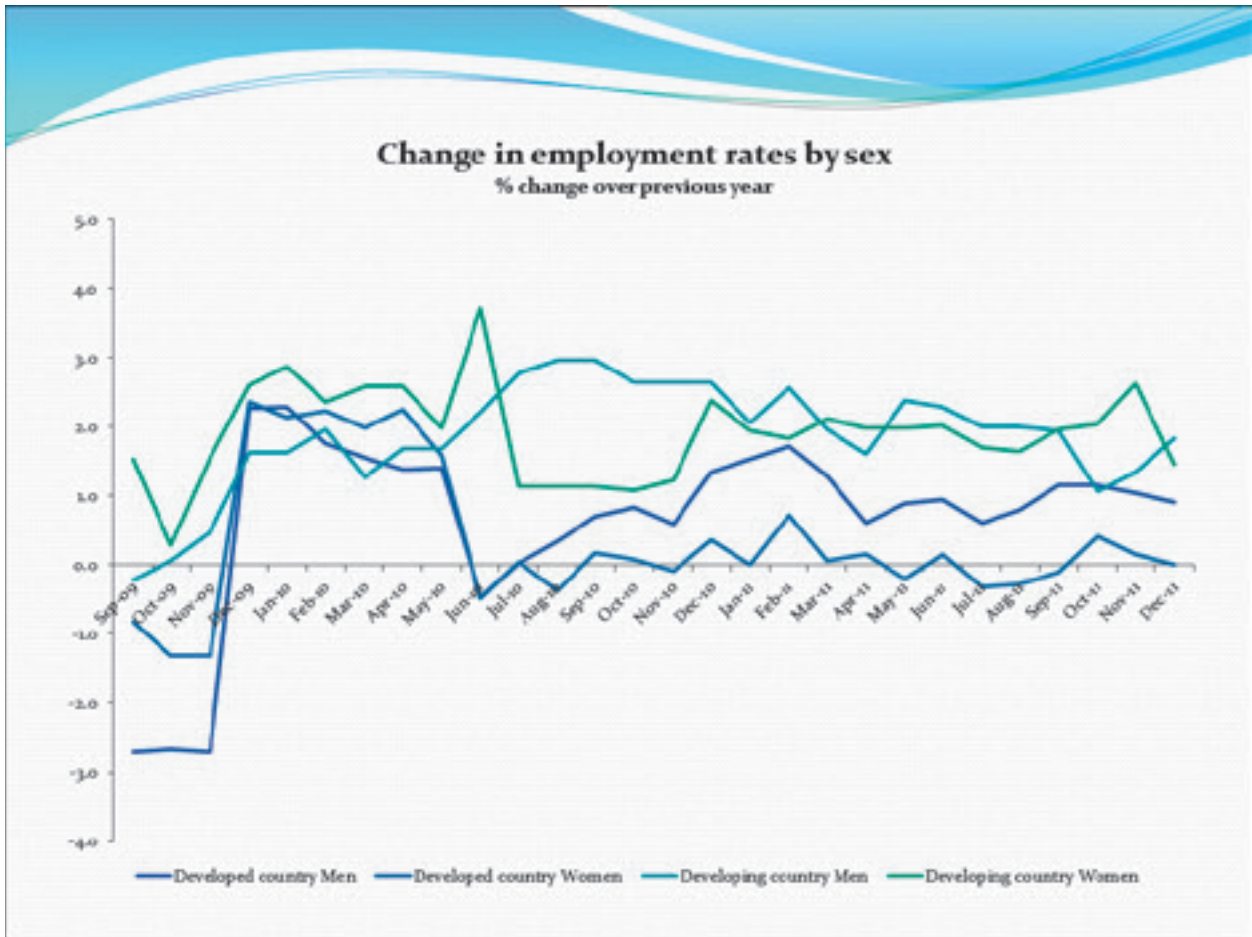
- Women have always borne the characteristics that Marx described for the major categories of the industrial reserve army: the latent, the stagnant and the floating.
- Availability of such women workers is conditioned by the broader economic conditions, so that greater poverty or misery of families tends to send out greater numbers of women (often younger women) in search of paid work.
- This is also affected by life cycle social pressures, e.g. married, middle-aged women employed as part time workers.
- Forced absence from the labour market for child bearing and child rearing reinforced by inadequate public/social provision.
- Patriarchal relations underlying this cement their role as insecure, subordinate and low paid workers who can be brought into or expelled from jobs whenever employers require.

Do crises affect men and women workers differently?

- Different perspectives:
 - Women more prone to job loss because of informal/casual /flexible contracts and involvement in export activity.
 - Women less affected than men because service activities less hit at least at first.
 - Women workers preferred because of lower reservation wages and willingness to accept informal contracts.
- In addition to paid workers, need to note
 - Self employed, especially in agriculture
 - Home-based activities
 - Migrant women workers
 - Unpaid labour

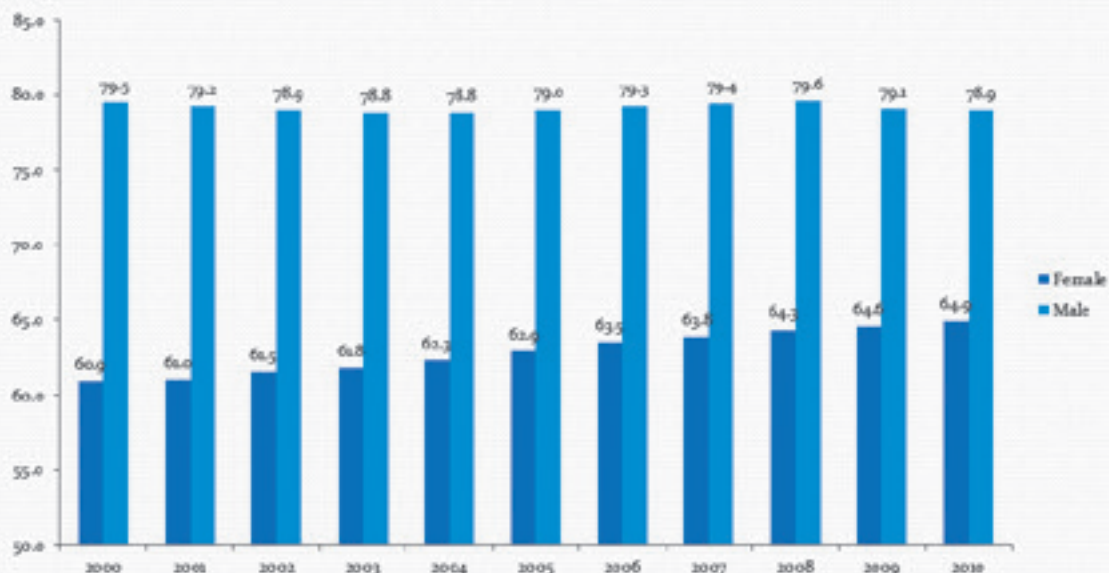
Factors affecting transmission of crisis

- Significance of exports to economies with decelerating income growth
- Dependence on exports of products with high income elasticities
- Export/import dependence on exports of primary commodities with volatile prices (food and fuel)
- Dependence on remittances from migrant workers and other invisible earnings (tourism, other services) as well as the gendered nature of the migration
- Significance of foreign direct investment, portfolio flows and cross-border bank lending (along with foreign aid) for balance of payments financing
- Demographic structures
- Constraints on domestic space for countercyclical policies, such as high current account deficit, high share of essential imports, high government deficit or low level of external reserves
- Perceptions of government debt sustainability that affect countercyclical policies.



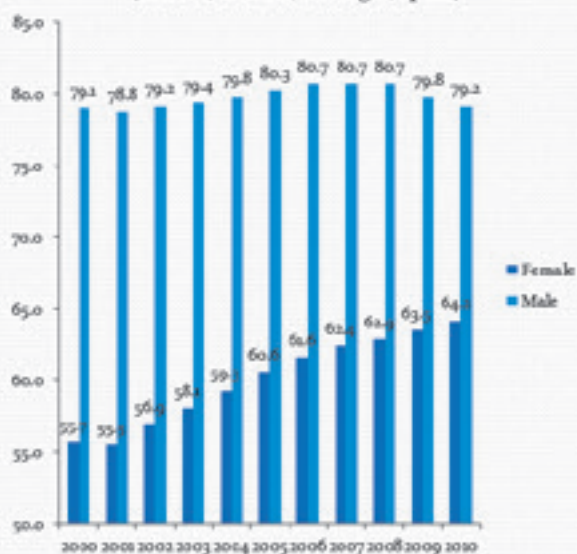
OECD labour markets in current crisis

Labour force participation rates
 (OECD average)

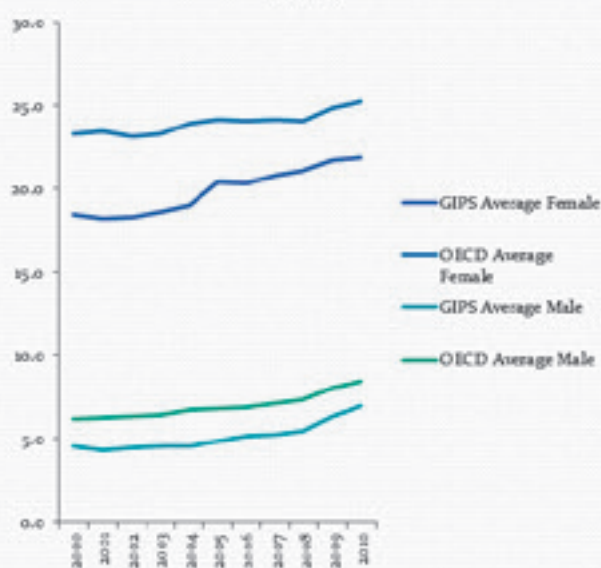


Gendered crisis response in the eurozone crisis

Average of labour force participation rates
 (Greece, Ireland, Portugal, Spain)



Part time work as per cent of all work



Gender wage gaps in eurozone

	2004	2005	2006	2007	2008	2009
Greece	14.2	16.5	12.2	12.2	9.6	9.6
Ireland	18.2	13.8	14.4	18	15	10.4
Portugal	13.3	16	14	15.5	15.6	15.6
Spain	12.7	12.5	10.4	8.8	11.8	11.8
Germany	25.4	23.1	23.9	22.8	24	21.6
Austria	22.4	22	21.9	21.6	20.9	19.4
France	9.7	12.1	11.9	12	13.1	13.1
Sweden	15.3	14.4	14.6	16.4	15.4	14.9
OECD average	17.1	16.7	15.8	16.3	16.4	15.9

Lessons from current and past crises

- Initial impact of crisis is only the start – thereafter some policy responses may make matters worse, both in macroeconomic terms and for women workers.
- Combination of fiscal austerity, deleveraging of private debtors and pressure on wages can create or perpetuate economic slump
- So recovery need not occur even when “competitiveness” improves through lower real wages.
- Public spending and employment programmes, active labour market and social protection are not just welfare measures: they are important countercyclical buffers that reduce or prevent downturns and enable faster recovery

Two phases of fiscal responses after 2008 crisis

- Expansion phase 2009:
 - Increasing spending on infrastructure
 - Offering subsidies and tax reductions to stimulate labour demand;
 - Expanding public employment, training programmes and active labour market policies;
 - Increasing benefits for unemployed persons and elderly and social assistance programmes to provide income support.
- Contraction phase 2010-14:
 - Reducing public expenditure
 - Cutting or capping public sector wage bill
 - Reducing or removing food and fuel subsidies
 - Targeting or rationalising social safety nets
 - Reducing pensions

Gender perspective often missing in both phases

- Focus on some types of infrastructure spending (e.g. China) rather than on public spending that affects social reproduction, unpaid labour and conditions of women.
- Male breadwinner models implicit in much public spending, including on social protection
- Cash transfers with conditions that impose unpaid labour requirements on women
- Inadequate sensitivity to women's concerns in labour markets
- Little attention to informal work, including in agriculture and special problems of women workers in such work
- Gendered behaviour of credit markets not addressed
- Inadequate attention to women migrant workers
- Reduction in public spending on nutrition, sanitation, health and education that affect women and girls disproportionately.

Can crisis response be gender-sensitive?

- Gender-specific initiatives will not work if they are afterthoughts or “additional” targeted measures that even run counter to the broader economic policy paradigm.
- Gender-based measures need to be interwoven with and crucially integrated within a broader macroeconomic strategy for economic recovery.
- Some positive examples: Sweden in the 1990s, Argentina in the 2000s.

Sweden in the early 1990s

- Financial deregulation in the 1980s generated significant capital inflows and sparked a lending boom
- This led to higher consumption/ investment and asset price bubbles in domestic non-tradable sector (real estate and construction).
- In 1990, the bubble burst with capital outflows, widespread bankruptcies, falling employment, declining investment, negative GDP growth, banking crises, currency crises and depression.
- GDP fell by 5 per cent, employment rates fell by nearly 10 per cent and unemployment increased almost 500 per cent.
- Policy response was swift and positive, addressing financial imbalances and real economy, including impact on the labour market and women workers .

Sweden crisis response

- Financial policies: bank consolidation, government guarantee for depositors and counterparties, bailouts only to viable banks (enabled by full disclosure and transparency requirements), no protection of bank shareholders – thus limiting moral hazard and public costs.
- Devaluation of exchange rate to promote exports.
- Countercyclical fiscal policies - fiscal deficits increased during the crisis.
- Welfare system – that simultaneously provided direct public employment for women and helped to reduced unpaid work in the care economy and household reproduction was *not allowed to deteriorate*.
- Instead, it was actually expanded because of renewed emphasis on employment programmes and active labour market policies

Specific interventions in Sweden

- Personalized youth employment guarantee programme, with high female participation (half).
- Cornerstones of Swedish family policy—paid parental leave and subsidies to day care for children –were maintained during the crisis and even expanded.
- Continued maintenance of social dialogue particularly in wage bargaining though developed tripartite institutional structure.
- Relatively quick recovery from the financial crisis, in terms of both output and employment, achieved at small cost to public exchequer (only 3 per cent of GDP).

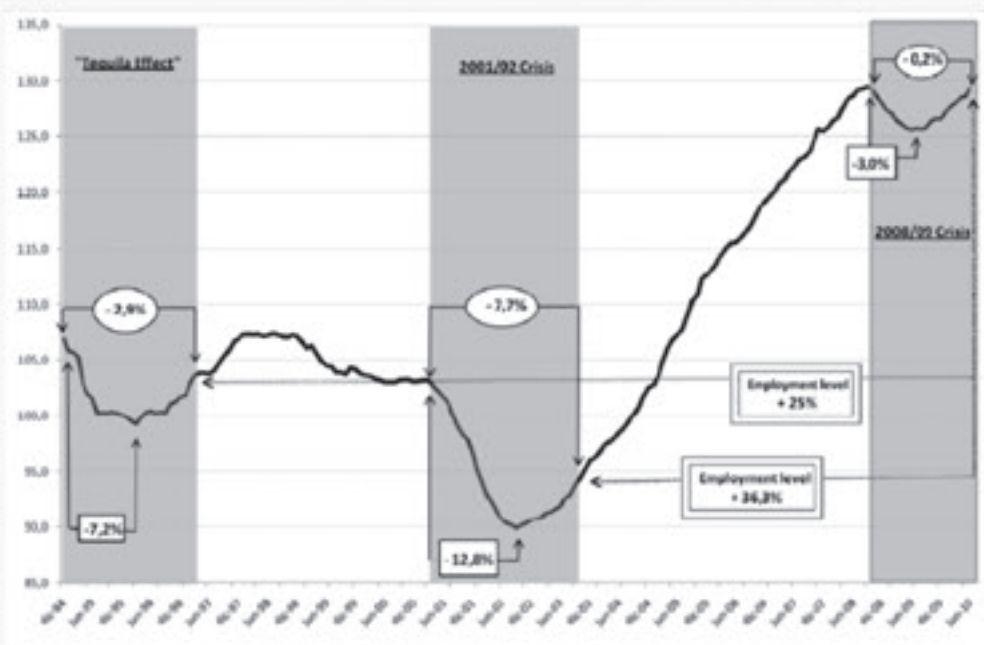
Argentina in the 2000s

- Severe financial crisis in 2001-02, after it was finally forced to abandon the peso currency peg to the US dollar. Output dropped by nearly 20 per cent, employment collapsed and poverty doubled.
- Thereafter, remarkable recovery.
- Real GDP grew by 9 per cent annually, sustained by increasing exports fed by the global commodity boom AND (sustained expansion of the domestic market, including investment that powered substantial labour productivity improvements.
- Domestic market was led by labour market dynamics (more “decent work”) and the expansion of social protection.
- Debt restructuring was important factor in freeing government from continued external constraints on countercyclical spending.

Argentina labour market changes

- Total employment and working population ratios increased.
- Formal employment increased by 70 per cent between 2002 and 2009.
- Unemployment fell from 21.5 per cent in 2002 to 7.9 per cent in 2010.
- The unemployment rate did not change post 2008 and real wages did not decline (though there are problems in measuring inflation).

Registered employment in organised activities in Argentina



Legal changes affecting labour markets in Argentina

- In 2004 Law for Labour Regulation was passed.
- Reactivation of National Council to decide upon and enforce minimum wage and salary rules.
- National Plan for Work Regularization set in motion, to expand the government's ability to inspect and control compliance with labour laws and social security contributions of employers.
- Collective bargaining brought back to centre stage, with a big increase in agreements and negotiations approved each year.
- Negotiation activity at the branch level was re-introduced.
- Wage share of national income increased from 34.3 per cent in 2002 to 43.6 per cent in 2008.
- Particularly beneficial to women workers who were earlier more likely to be excluded from the benefits of collective bargaining processes.
- Since more women workers received wages at the lower end of the wage spectrum, they have also benefited from increases in minimum wages.

Role of social protection

- Increase in value of pensions and extension in coverage, including introduction of social pensions for some categories. Today pension system covers 84 per cent of the elderly.
- Social protection for children and adolescents was extended, from 37 per cent coverage in 1997 to 86 per cent in 2009.
- New non-contributory system: Universal per Child Allowance for Social Protection currently reaching about 3.5 million children
- Social spending expenditures of the government increased significantly to amount to nearly a quarter of GDP in 2008.
- Improvement in income distribution: Gini coefficient improved by 16 per cent between 2002 and 2009.
- In current crisis, these measures have been maintained and even expanded.
- Also countercyclical policies (public works, housing plans, incentives for stimulation of productive sectors, exports pre-financing loans, loans for small enterprises) along with employment preservation clause.

Wrong policies can worsen crises and their impacts

- Current obsession with reducing public debt and fiscal deficits, even though worsening fiscal imbalances were mostly *results* of 2008 financial crisis, not causes.
- Fiscal tightening in stressed economies is self-defeating – it reduces GDP growth and thereby fiscal revenues, so makes economic recovery improving fiscal indicators more difficult.
- Inadequate re-regulation of financial markets in post-crisis world has led to massive moral hazard continued financial fragility and volatility in important markets including food and fuel.
- Controls have to be tighter on the “too-big-to-fail” institutions; cover the “shadow banking” institutions so to avoid regulatory arbitrage; and incorporate a macro-prudential dimension, with anti-cyclical capital requirements and capital controls.
- Restructuring of the financial system is necessary: giant institutions must be downsized; the activities of commercial and investment banking should be clearly separated, in order to reduce the risk of contagion; and the aim should be more diverse financial systems, with a bigger role for public and cooperative institutions.

Shift to wage- and employment-led growth 1

- Make the economic growth process more inclusive and employment intensive: direct resources to the sectors in which the poor work (such as agriculture and informal activities), areas in which they live (relatively backward regions), resources that they possess (unskilled labour) and outputs that they consume (such as food).
- Ensure the greater viability of informal production, through better access to institutional credit to farmers and other small producers, greater integration into supply chains and marketing that improves their returns, and technology improvements that increase labour productivity in such activities.
- Increase public employment that sets the floor for wages , improves bargaining power of workers and improves opportunities for advancing gender equality.

Shift to wage- and employment-led growth 2

- Provide much better social protection, with more funding, wider coverage and consolidation, more health spending and more robust and extensive social insurance programmes including pensions and unemployment insurance.
- Increase and focus on the public delivery of wage goods and services (nutrition, housing, other infrastructure, health, education, even nutrition) financed by taxing surpluses.
- This is important also because several of these goods and services have significant implications in terms of reducing the unpaid labour performed dominantly by women.

Gender-sensitive labour market policies

- Labour market services (job-search assistance programmes, job centres and labour exchanges), counselling and monitoring, assistance with interview skills. Concerns for women relate to timing, location and gender sensitivity of personnel.
- Training, often particularly effective for women re-entering the labour market – but difficulties in assessing required skills in recessions.
- Employment incentives to private agents, such as wage subsidies - usually targeted to long-term unemployed or to those from disadvantaged groups, and rarely targeted specifically to women workers.
- Direct public employment programmes – these need to be better designed to meet specific needs of women workers.
- Specific measures for youth.

Social protection as part of economic recovery strategy

- Social protection floor: Integrated set of social policies designed to guarantee income security and access to essential social services for all, with attention to vulnerable groups and protecting/empowering people over the life cycle.
 - Basic income security through social transfers such as pensions for the elderly and persons with disabilities, child benefits, income support benefits and/or employment guarantees and services for the unemployed and working poor; and
 - Universal access to essential affordable social services in health, water and sanitation, education, food security, housing, etc.
- Social protection benefits can improve access to labour markets
- Direct benefits to women, including those who otherwise would be excluded from only paid worker-based measures.
- Conditions should not impose additional burdens of time and work on women who are responsible for fulfilling the conditions.
- Can be important countercyclical buffers.

Self employment and unpaid labour

- Small producers in agriculture and non-agriculture and household-based enterprises require particular attention, to ensure access to better technology and to expanding markets as well as institutional credit on reasonable terms. This is particularly important for women.
- Access to institutional credit *cannot* be simply substituted by microfinance. It may require subsidies to ensure universal provision.
- Crisis recovery policies need to take effects on increased unpaid labour explicitly into account. This means avoiding fiscal cutbacks that directly increase unpaid labour burdens (particularly in essential social services), and expanding public spending that provides basic amenities and social services.

Gender sensitive policy responses to crisis are more successful and more sustainable

- These should not be seen as charitable crumbs from the overall policy table that are provided to women workers.
- Rather, strategies that take into account the concerns and needs of women workers are immediately countercyclical, provide stronger basis for sustained economic growth, ensure more equitable development and reduce social tensions.
- Macroeconomic policies must be oriented to improving the conditions of workers and women in general, which will generate positive multiplier effects that create further expansion in economic activity.
- This necessarily requires more control and public direction of finance.