

ECONOMIC CRISES AND WOMEN'S WORK

Exploring progressive strategies in a rapidly
changing global environment



United Nations Entity for Gender Equality
and the Empowerment of Women

JAYATI GHOSH

**ECONOMIC CRISES AND WOMEN'S WORK:
EXPLORING PROGRESSIVE STRATEGIES IN A
RAPIDLY CHANGING GLOBAL ENVIRONMENT**

UN WOMEN: This publication has been prepared under the overall guidance of Yassine Fall, Chief, Economic Empowerment Section. Lucia Hanmer, Jean D'Cunha and Melissa Mahoney of the Economic Empowerment Section were the key members of the core team that coordinated the project and assisted with substantive and editorial reviews, design and production.

EDITOR: Jeffrey Stern, Suazion Inc.

DESIGN: Suazion Inc.

PRODUCTION: GSB Inc.

COVER IMAGE: A teacher encourages children to sing at a Kyrgyzstan kindergarten.
(UN Women/David Snyder)



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January 2013
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Manufactured in the United States.
ISBN: 978-1-936291-72-4

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INTRODUCTION



UN PHOTO/ESKINDER DEBEBE

A seamstress sews a garment in a clothing factory at Sonapi Industrial Park, Port-au-Prince, Haiti.

This paper examines issues of women’s employment and decent work in the context of the ongoing global financial and economic crisis. Recognizing the significant role of informal work, it considers how informal work affects the self-employed, those employed by micro-enterprises, unpaid workers in family businesses and those who provide unpaid care activities. It focuses on the implications of the current crisis for women workers and how labour markets have responded, and it analyses crisis-response strategies that endeavour to ensure the stability and/or expansion of women’s employment and to improve its conditions. This examination leads to policy recommendations relevant to different contexts.

This introductory chapter addresses two issues as background. The first relates to why we should expect—or even look for—gender-differentiated employment effects of financial and economic crises. The second relates to the macroeconomic processes that are endemic to a typical crisis’ progression and how these processes affect labour market conditions.

Chapter 2 examines changing employment patterns and labour market conditions before and after the mid-2008 breakout of the crisis, particularly with a view towards examining the differential impacts on men's and women's employment. In the ongoing crisis, employment patterns have not always followed the gender-differentiated patterns that are widely predicted in the literature. The reasons for this may change as the nature of the crisis shifts from financial to fiscal spheres. The paper investigates some countries in more detail; the choice of case studies was dependent upon the availability of gender-disaggregated data (something that is unfortunately quite rare in most countries) that allow for meaningful analysis, and the policy responses that have either exacerbated or mitigated the adverse effects of the crisis on women's employment conditions. Thus the paper examines the gendered employment effects of the Eurozone crisis and the impact of the 1997–1998 East Asian financial crisis.

Chapter 3 provides examples of good practices from countries that have protected working conditions not only through isolated labour market interventions, but also through policies that are part of a broader macroeconomic strategy. These strategies tend to emphasize generating and preserving good quality jobs and reasonable living conditions, which is why the two examples of Sweden in the 1990s and Argentina in the 2000s have been highlighted.

Chapter 4 draws upon this analysis to develop policy recommendations for countries in different situations with an eye towards relevance in the current context. The paper emphasizes the necessity of a macroeconomic policy framework that makes generating decent work a major priority and draws out its implications. However, the aim is not to provide general, 'feel good' statements about broad macroeconomic policies, but to examine specific possibilities that could be effectively drawn upon by policy makers.

The general perception about economic crises' employment impacts is that women workers are disproportionately affected by job losses because of the nature of work contracts and women's concentration in certain sectors of activity.

1. Do crises affect women and men workers differently?

It is worth considering why gendered differences in patterns of work emerge in the course of an economic crisis. The general perception about economic crises' employment impacts is that women workers are disproportionately affected by job losses because of the nature of work contracts and women's concentration in certain sectors of activity. This reflects both analytical expectations and the experience of past financial crises. However, there are various approaches to understanding the impacts of an economic downturn on women in formal labour markets, which can be grouped into three broad areas (Rubery 1988).

The first approach is similar to the general perception of women workers as buffers in the labour market. Women workers tend to be disproportionately employed with fragile and/or flexible contracts and, as marginal employees, tend to have weaker bargaining positions. This makes them more prone to job loss, and thus in a downturn they tend to lose jobs first. Women are further disadvantaged by social attitudes and seniority rules favouring male workers. An extension of this relates to women's relatively greater employment in the export-oriented activities that are hit during a crisis—since women workers were generally preferred in such work (also because they were more willing to accept flexible contracts as discussed in Pearson, Danloy and Razavi 2004), they are more likely to lose their jobs when demand for these products falls.

The other two approaches suggest that women workers may not experience higher rates of job loss during a crisis, and may be better off than their male counterparts. The second approach notes the 'silver lining' of labour market segmentation, suggesting that the concentration of women workers in insulated industries and occupations (e.g. certain services), provides relative protection from job loss because such activities are not as quickly or significantly affected by cyclical changes in output (compared to manufacturing, for example). The third approach suggests that women workers' lower bargaining position and lower pay makes them attractive workers to substitute for men during times of hardship.

When exports decline and women are particularly involved in export-oriented production, it follows that women will be disproportionately affected. However, impacts typically extend beyond this, since there are negative multiplier effects of the initial job losses that also affect women workers. Because more women than men tend to be employed on fragile, non-permanent contracts, they are more vulnerable to being laid off in conditions of declining demand or other difficulties faced by employers. Women workers were the first to be laid off and faced disproportionate job loss during the 1997–1998 Asian financial crisis as well as during the 2008–2009 crisis (Seguino 2009; Chhibber, Ghosh and Palanivel 2009). This occurred even in non-exporting sectors because of the job segregation that concentrated women in the low-paying and more flexible activities

The expansion of open unemployment also puts pressure on wages, such that real wages decline (and sometimes even nominal wages are affected), which may increase gender gaps in wages. In addition, wages can decline for a number of reasons. The pressure on employers to compete in an increasingly difficult external environment often results in attempts to reduce labour costs by driving down wages and forcing remaining employees to work for longer hours—often for less pay.

Other categories that deserve particular mention are women cultivators, women working in the informal sector and women working in home-based occupations. In the developing world, the majority of women workers are involved in farming, either as cultivators or as agricultural workers. The impact of the crisis on agriculture is often much more severe than is recognized, in part because the patterns of late capitalist development since the 1980s have been associated with more or less continuous agrarian crisis. Such crises were related to public policies from the early 1990s onwards that systematically reduced trade protections afforded to farmers and exposed them to import competition and market volatility. Trade liberalization resulted in farmers having to operate in a highly uncertain and volatile international environments. The associated increase in debt (often to private moneylenders) then became a major drag on the viability of cultivation.

These difficulties are heightened in the case of women farmers, because in many countries (particularly in the developing world) lack of land titles and other forms of property-rights recognition has tended to deprive them of the typically associated benefits, such as access to institutional credit, extension services and subsidized inputs. Therefore, women tend to have higher cultivation costs than their male counterparts and less state protection. In addition, in the absence of specific measures they are also more likely to be deprived of the benefits of crisis-relief packages.

Women in informal work and in home-based productive activities tend to be particularly badly affected in periods of crisis. As opportunities for paid employment dwindle, women workers often turn to home-based subcontracting activities or work in micro-enterprises. This work is often on a piece-rate basis, very poorly paid and lacking in non-wage benefits. This was evident in all the countries that suffered from the Asian crisis (Chandrasekhar and Ghosh 2009) and was repeated during the 2008–2009 global recession—the economic downswing tended to be directly reflected in both declining orders and falling rates of remuneration.

Solomon Islands women offer items for sale at the Honiara Central Market.



AUSAID/ROB MACCOLL

Further, self-employed women's access to credit typically declines as the meagre institutional credit that they could earlier access tends to dry up and as non-institutional sources of credit become more precarious, difficult and expensive. This increases costs even as producers are forced to reduce prices in order to compete in increasingly adverse market conditions (Floro and Dymksi 2000).

Women in informal work and in home-based productive activities tend to be particularly badly affected in periods of crisis. As opportunities for paid employment dwindle, women workers often turn to home-based subcontracting activities or work in micro-enterprises.

Women migrant workers have been growing in quantitative importance throughout the past half-century, both within and across borders and for both short- and long-term periods. Crises have less of a direct impact on female migrant workers than men because of the gendered nature of migration, especially cross-border migration. Male migrants are predominantly employed in the manufacturing and construction sectors, while women migrants are concentrated in the service sectors, such as the care economy (including activities such as nursing and domestic work) and entertainment. Job losses in the global North during the 2008–2009 crisis were concentrated in construction, financial services and manufacturing, all dominated by male workers. In contrast, female migrant workers' incomes were more stable over the cycle and did not immediately rise or fall to the same extent (Ghosh 2010). However, migrant workers are often targeted during periods of economic instability, when local residents feel that they are taking away jobs in a difficult labour market.

Women's unpaid labour is directly and indirectly affected by financial crisis. The extent and conditions of unpaid work are crucially affected by the state of physical infrastructure, access to natural resources (e.g. water and fuel) and to basic public services such as health and care services. This is why unpaid work typically tends to be more extensive and involve greater drudgery in developing countries where infrastructure is relatively underdeveloped and public services are limited or inadequate.

In times of crisis, the care economy (and social reproduction in general) often acts as a socio-economic buffer (Elson 1993). This occurs for several reasons. Declining household incomes force families into different survival strategies, including using women's labour to provide necessities sold in the market. Financial crises tend very quickly to become state fiscal crises, either because of the large bailouts that governments undertake to save major financial firms and other corporate entities, or because recessionary periods entail lower tax revenues. Quite often, particularly in the developing world, adjustment is then sought to be forced by measures such as fiscal austerity and public spending reductions. This typically involves raising charges for public health, sanitation and education services and on utilities providing energy and transportation. The withdrawal or reduction of access to such public services usually puts a greater burden on unpaid labour within the household, which is typically performed by women.

2. Macroeconomic patterns in financial crises

There is a broad commonality in the basic macroeconomic patterns of financial crises that have played out in many countries over the past three decades. This provides the context within which women's work conditions have evolved. It is now well known, particularly from the experience of developing countries since the 1980s, that currency and financial crises have devastating effects on the real economy. Even when crises are essentially financial in their origin and unfolding, their effects do not remain confined to the financial sector. The ensuing liquidity crunch and related wave of bankruptcies result in the collapse of financial and other asset prices, and therefore lead declines in economic activity with attendant consequences for employment and the standard of living. The post-crisis adoption of conventional stabilization and adjustment strategies that have been promoted by the International Monetary Fund, the World Bank and other institutions has tended to worsen the situation in many cases (Stiglitz 2002). Thereafter, governments become so sensitive to the possibility of future crises that they continue to adopt very restrictive macroeconomic policies and restrain public expenditures even in crucial social sectors (Chandrasekhar and Ghosh 2009).

Finally, asset price deflation driven by financial market collapses and currency devaluation made all assets (e.g. firms and real estate) very cheap in foreign currency terms. This facilitated foreign capital inflows that financed the transfer of ownership of assets from domestic to foreign investors, thereby enabling international capital to take over important domestic assets and resources. Labour markets tend to get further deregulated in the aftermath of crisis, worsening work conditions, capacities for wage bargaining and generating more informal and precarious work, particularly for women. Initially, these seemed to be processes that were more common in the developing world, but the past decade has shown that similar patterns can affect developed countries as well.

When crises affect the countries at the core of the global capitalist system, the potential for contagion is very high, affecting even those countries that otherwise seemed to be insulated. The recent period of globalization has made the world economy more integrated than ever before; this has become particularly evident in the course of the current global economic crisis. Though the 2008 crisis was relatively novel in that it originated in the core of capitalism (the United States), its ramifications were rapidly felt across the world.

Both the boom that preceded the Great Recession of 2008 and the subsequent evolution of the global economy after that crisis have thus far been associated with significantly increased inequalities, both between and within countries.

This sharp and almost immediate transmission of recessionary tendencies is strongly related to the various forms of economic integration that have been generally induced by policy changes across the world, in both developed and developing countries. The crisis' main transmission mechanisms included: declines in exports, which affected export production and then domestic markets through negative multiplier effects; rapid shifts in capital flows, including both portfolio capital and external bank lending; exchange rate changes affecting domestic production and prices; the impact of extreme volatility in global food and fuel prices; and the fiscal constraints in many countries that led to cutbacks in important public expenditures affecting access to basic services and the quality of life.

The tepid recovery after the Great Recession of 2008, driven by large bailouts of the financial sector and coordinated stimulus policies in the G20 countries and elsewhere, created some essential breathing space but did not address the fundamental causes of the crisis. Instead, because financial bailouts were not accompanied by the requisite increase in regulations, they have generated significantly increased moral hazards that do not prevent financial activities that may become unsustainable in the future (such as excessive involvement in commodity futures markets and involvement in securitization in emerging markets). Further, the global response has shifted adjustment burdens to public-sector budgets.

As a result, public sector budgets have come under tremendous strain. This strain has been particularly evident in the stricken countries of the Eurozone periphery, and has generated new problems in terms of the sustainability and viability of sovereign debt. The overhang of public and private debt in much of the developed world is creating a situation where the recessionary effect of deleveraging is not being countered by systematic policies that would generate expansion, likely leading to stagnation or recession in these economies. As the crisis unfurls with a new epicentre, this time in Europe, it is clear that global transmission mechanisms are once again playing a significant role in driving macroeconomic instability in most parts of the world—global exports and foreign investment flows are slowing down, and even previously dynamic economies such as Brazil, China and India are experiencing deceleration in growth rates.

Both the boom that preceded the Great Recession of 2008 and the subsequent evolution of the global economy after that crisis have thus far been associated with significantly increased inequalities, both between and within countries. The pattern of debt-driven accumulation that characterized the boom in many developed countries reflected a pattern whereby wages did not increase with productivity and therefore additional consumption was largely debt-financed, thereby creating unsustainable bubbles in housing and several other sectors. This pattern was not confined to the United States—or indeed the crisis-ridden countries of the Eurozone—as debt-financed consumer expenditures were also part of the economic expansion of several developing countries.

Expanding on and revising the list provided by Massa, Keane and Kennan (2012), it can be argued that the following factors can determine the extent to which individual countries are likely to be affected by the unfolding global crisis. (This list is weighted towards external factors, because for most of the rest of the world it is the negative impetus from the ongoing crisis in the United States and Europe that is likely to be significant in the current period.) Factors include:



A woman earns a living in Solomon Islands' floriculture industry.

- The share of exports to crisis-affected countries in Europe and other economies with decelerating income growth;
- The extent of dependence on exports of products with high income elasticities;
- The nature of export/import dependence on exports of primary commodities with volatile prices (food and fuel);
- The extent of dependence on remittances from migrant workers and other invisible earnings (tourism, other services) as well as the gendered nature of the migration;
- The extent to which domestic employment and livelihood (rather than GDP) are directly or indirectly dependent upon external demand;
- The extent of dependence on foreign direct investment, portfolio flows and cross-border bank lending for balance of payments financing;
- The extent of dependence on foreign aid;
- Demographic structures; and
- 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 (this last element is particularly important because it determines the degree to which countries can engage in countercyclical macroeconomic policies that mitigate adverse externally driven impacts).

This broad macroeconomic background allows for an understanding of the wider context in which gender differences in the processes leading up to the crisis and the unfolding of the crisis occur, as well as the gendered impact of crises on employment and the labour market.

FINANCIAL CRISES AND THE EMPLOYMENT IMPACT: EMERGING TRENDS AND PAST EXPERIENCES



UN PHOTO/SHAREEF SARHAN

A Palestinian woman opens an umbrella over her vegetable stand at Beach Camp, or Shati refugee camp, on the fringes of Gaza City.

1. Changes in global labour markets in the current global crisis

Well before the 2008 financial implosion, the impact of financial instability was reflected in increased volatility of global commodity prices, which increased massively in the preceding two years to generate the world food crisis. The link between the food and financial crises is elaborated in Ghosh (2009a). While this was widely experienced, it had particularly adverse effects on the nutrition of women and girls in developing countries. When the crisis erupted, the real economy

impacts were felt not only in drastic falls in output in some countries, but also very quickly in employment (ILO 2009). Employment declined sharply in export-oriented sectors, creating negative multiplier effects across other sectors. In addition, there were marked effects on social sectors and on human development conditions in general (Chhibber, Ghosh and Palanivel 2009; Green, King and Miller-Dawkins 2010), largely due to the fiscal responses to the crisis, which in many countries included cutbacks in social spending (Ortiz, Chai and Cummings 2010). As economies slowed down, people faced open or disguised unemployment, loss of livelihood and deteriorating living conditions. In the recent recovery, even though output rebounded in most regions, employment expansion has remained sluggish and labour market conditions in most countries continue to remain adverse for workers.

Over the standard business cycle, as well as in past financial crises, employment tends to recover more slowly and to a lesser degree than output. To that extent, the delayed recovery of employment would seem to be normal and not cause for excessive concern. But the current crisis has followed a boom in which, despite rapid increases in economic activity, employment—particularly in the formal sector—had not kept pace with either output expansion or the requirements of the expanding labour force in most countries. Therefore, labour markets were increasingly characterized by casual, non-formal contracts and the growth of precarious forms of self-employment rather than ‘decent’ work. That is, not only did the boom not generate enough decent work, but the crisis has severely reduced even those inadequate levels of employment.

While the effects of crisis on paid employment tend to be more noticed, the impact of the crisis on unpaid work remains under-recognized in national and international discussions. Such work, which still tends to be predominantly performed by women in most societies, is a critical part of the economic activity undertaken in countries. It is very common for crisis adjustment measures to involve adding to such burdens as a means of ensuring some economic stabilization, even at lower levels of household income. This is particularly evident through the effects of fiscal policies that reduce the public provision of amenities and social services.

The recent crisis has differed somewhat from standard predictions in terms of overall employment results (see Table 1). Open unemployment rates increased globally and in all the regions described in the table. For the world as a whole, female open unemployment rates were generally higher than male rates, although not significantly more so. However, there are some significant regional and other variations in this regard—open unemployment rates did not increase for women in the Middle East, and showed relatively minor increases in East Asia and Latin America. It is also important to see these patterns in the broader and more long-term context of much greater involvement of women in what the International Labour Organization has termed “vulnerable employment” in casual contracts or fragile self-employment—an overwhelming proportion of women workers in developing countries as well as the majority in much of the developed world are involved in such work (ILO 2011a).

For developed countries as a whole (including all of the European Union), female unemployment rates were higher than male rates until 2008. However, male rates rose faster during the crisis such that they ultimately became—and have remained—higher. The difference was particularly marked in 2010: the male unemployment rate increased significantly, whereas the female rate actually declined

A mentor to eight self-help groups in the Bobonaro region and proud owner of livestock in Memo village, Timor-Leste.



UN WOMEN/BETSY DAVIS-COSME

TABLE 1: UNEMPLOYMENT RATES BY REGION AND SEX

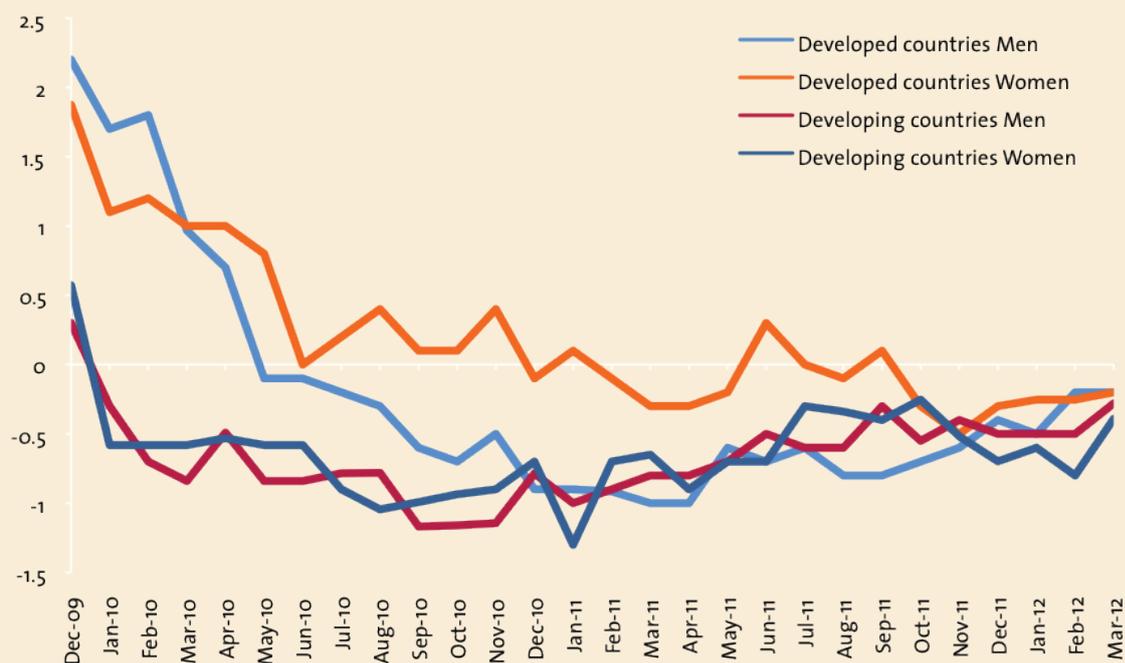
		2000	2005	2006	2007	2008	2009	2010
WORLD	Males	6.1	5.8	5.6	5.2	5.4	6.0	5.8
	Females	6.6	6.6	6.2	5.8	5.9	6.4	6.5
DEVELOPED ECONOMIES AND THE EUROPEAN UNION	Males	6.3	6.6	6.1	5.5	6.0	8.7	9.1
	Females	7.3	6.7	6.1	6.2	7.9	8.4	7.9
CENTRAL AND SOUTH-EAST EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES	Males	10.6	9.4	9.2	8.6	8.6	10.6	9.8
	Females	9.0	8.8	8.0	8.1	9.7	9.2	8.2
EAST ASIA	Males	4.9	4.6	4.5	4.3	4.8	4.9	4.7
	Females	3.8	3.4	3.3	3.1	3.6	3.6	3.5
SOUTH-EAST ASIA AND THE PACIFIC	Males	5.1	6.0	5.7	5.3	5.2	5.2	4.5
	Females	4.9	7.0	6.6	5.8	5.5	5.2	5.2
SOUTH ASIA	Males	4.4	4.2	4.1	3.6	3.5	3.7	3.5
	Females	4.6	5.7	4.4	4.3	4.2	4.4	5.0
LATIN AMERICA AND THE CARIBBEAN	Males	7.3	6.4	6.1	5.6	5.3	6.4	5.9
	Females	10.8	10.1	9.8	9.0	8.6	9.6	9.1
MIDDLE EAST	Males	8.8	9.3	9.0	8.4	8.6	8.2	8.1
	Females	18.9	19.3	19.3	18.6	18.9	18.7	18.5
NORTH AFRICA	Males	11.5	9.0	8.2	8.1	7.5	7.3	7.4
	Females	20.8	19.6	18.0	16.1	16.0	16.5	16.4
SUB-SAHARAN AFRICA	Males	8.5	7.8	7.7	7.6	7.6	7.7	7.7
	Females	10.0	9.0	8.9	8.8	8.8	8.7	8.7

Source: ILO, Global Employment Trends 2012, Annex Table A2.

slightly compared to the previous year, although it was still much higher than before. In two regions (Central and South-East Europe and East Asia), male unemployment rates were higher than female rates throughout, while in some other regions (South-East and South Asia as well as sub-Saharan Africa), the rates were broadly similar. However, Latin America and the Caribbean, the Middle East and North Africa all exhibited much higher rates of open unemployment for women than for men—and these regions show a slight decrease (*not* the expected increase) after the global crisis.

The previous analysis suggests that recent monthly trends in unemployment rates (as exhibited in Figure 1, which shows the change in the unemployment rate in that month compared to the same month in the previous year), should be treated with some caution: first because they only refer to the sample of countries for which such data are available, and second because the rates incorporate large regional and national variations within each group. Nonetheless, the rates point to slightly different patterns from those indicated by the annual trends described in Table 1. In the more recent period, while male unemployment rates were higher to start with in developed countries, they have come down faster than female rates have. Further, the rates of change have stayed negative in all months, suggesting an improvement in employment conditions. However, for women in developed countries, the rates of

FIGURE 1: RECENT MONTHLY CHANGES IN UNEMPLOYMENT RATES BY SEX



Source: ILO, Global short term trends in labour markets, various issues.

change have remained positive or near zero for much of the recent period so that unemployment conditions have continued to deteriorate well into the middle of 2011. For developing countries as a group, unemployment rates have continued to improve for both women and men from January 2010.

This reflects the fact that the negative consequences of recessions in developed countries may have greater overall impacts on male than on female employment levels, especially in cyclically dependent sectors such as manufacturing and construction. In developed countries, men are often employed in cyclically unstable industries or industries in long-term decline, while women tend to be employed in more stable service industries (Singh and Zammit 2000).

This confirms some arguments about the possible gender-differentiated impacts of a crisis on employment, as noted in the first section of this paper. The particular nature of the recent crisis in advanced economies has primarily affected financial activities, and then manufacturing and construction: all economic activities in which male workers are dominantly employed. The crisis has only more recently been transmitted to service activities in which most women in the developed world are employed. Now that fiscal austerity has become the most evident manifestation of policy response to crisis in many developed and some developing countries, it is likely that public employment will be adversely affected. This will also likely have direct implications for female jobs.

Ortiz and Cummins (2012) have noted that thus far in different parts of the world there have been broadly two phases of response to the crisis: an initial reaction to the crisis in 2008–2009, during which the focus was on “promoting employment,”

and the subsequent phase from 2010 to the present, which they describe as “abandoning labour.” This has been particularly evident in terms of fiscal strategy, with fiscal expansion dominating in the first phase and contraction in the second.

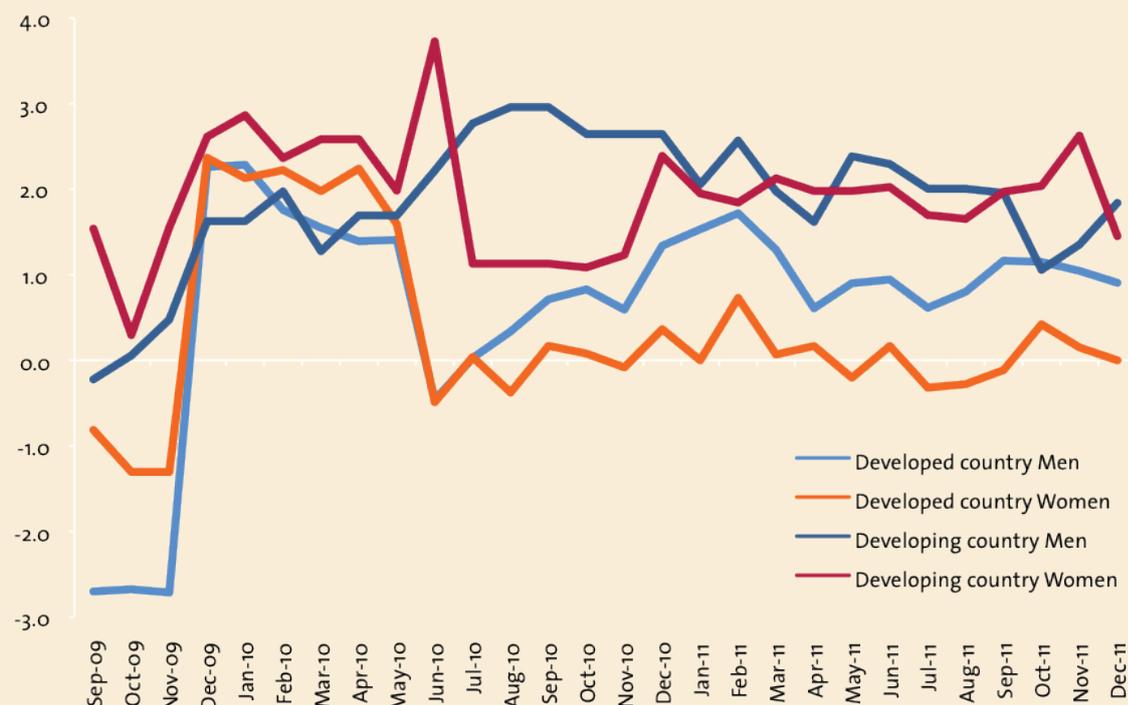
The evidence does not necessarily indicate that labour market conditions for women have been better than those for men, or that women workers have not been affected as much in the recent global crisis. Table 2 describes the movement of employment rates (or the ratio of workers to total population of working age) by region and sex. It is evident that in the world as a whole and in every region women have lower recorded employment rates than men (and, as noted earlier, even this is more likely to be in vulnerable forms of employment). This does not reflect actual lack of involvement in economic activity, since most women are engaged in some and usually substantial amounts of unpaid labour, particularly in social reproduction and the care economy, but also in other productive activities. However, it does give some indication of the fact that smaller proportions of women are actually recognized as working. Furthermore, in most regions (with the exception of the Middle East and North Africa, which had extremely low female employment rates) women’s already low employment rates have been falling further—though it is not clear the extent to which this can be attributed to the impact of the global crisis. Indeed, the response to the crisis in terms of labour market participation of women and men can be quite complex, as will be evident from some of the case studies of particular countries.

TABLE 2: EMPLOYMENT RATES (WORKER TO POPULATION RATIOS) BY REGION AND SEX

		2000	2005	2006	2007	2008	2009	2010
WORLD	Males	73.8	73.4	73.4	73.6	73.4	72.6	72.6
	Females	48.6	48.9	48.9	48.9	48.6	48.1	47.8
DEVELOPED ECONOMIES AND THE EUROPEAN UNION	Males	73.8	73.4	73.4	73.6	73.4	72.6	72.6
	Females	48.0	48.4	49.0	49.5	49.7	48.9	48.6
CENTRAL AND SOUTH-EAST EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES	Males	62.1	61.8	62.0	63.0	63.6	62.3	63.1
	Females	44.0	44.1	44.5	45.1	45.3	44.7	45.1
EAST ASIA	Males	78.1	76.9	76.9	76.9	76.2	75.9	75.9
	Females	67.1	65.7	65.6	65.6	64.8	64.6	64.6
SOUTH-EAST ASIA AND THE PACIFIC	Males	78.6	77.7	77.7	77.7	77.6	77.6	78.2
	Females	55.6	54.3	54.4	55.1	55.5	55.5	55.5
SOUTH ASIA	Males	79.6	79.9	79.7	79.7	79.3	78.7	78.5
	Females	33.4	35.2	34.7	33.6	32.5	31.4	30.1
LATIN AMERICA AND THE CARIBBEAN	Males	74.8	75.1	75.2	75.4	75.7	74.6	75.1
	Females	42.9	46.1	46.5	47.2	47.7	47.5	48.4
MIDDLE EAST	Males	67.4	67.1	67.0	67.3	66.6	67.1	67.6
	Females	13.2	15.3	15.1	15.1	14.3	14.5	14.8
NORTH AFRICA	Males	66.3	68.4	68.1	68.1	68.6	68.7	68.6
	Females	17.5	18.2	18.6	19.8	19.9	19.8	20.0
SUB-SAHARAN AFRICA	Males	70.4	70.0	70.1	70.3	70.4	70.3	70.2
	Females	56.4	58.3	58.5	58.6	58.8	58.8	58.7

Source: ILO, Global Employment Trends 2012, Annex Table A2.

FIGURE 2: RECENT MONTHLY CHANGES IN EMPLOYMENT RATES BY SEX (PER CENT CHANGE OVER PREVIOUS YEAR)



Source: ILO, Global short term trends in labour markets, various issues.

Figure 2 presents recent monthly changes in employment rates, which show some improvement in the recent past—except for women in developed countries, for whom it has remained the same or continued to increase in some months. This tends to confirm the earlier argument that as crisis sets in and fiscal austerity takes hold, women’s employment in a range of public and other social services will decline. This need not always be reflected in higher open unemployment figures, especially as the ‘discouraged worker’ effect, whereby people simply leave the labour market rather than continuing to search for jobs, is known to be particularly strong for women (Seguino 2009). The decision to exit the labour market in bad times is often not a purely individual decision for women: it can reflect gender norms that encourage women to leave the productive space to husbands, brothers or other males.

Crises also alter the conditions of labour markets by increasing the importance of non-regular work arrangements. These include a variety of different types of contract, including part-time work, temporary agency work and piece-rate work. Women tend to be disproportionately associated with such labour contracts. Of course, employers’ increasing reliance on such contracts cannot be attributed

solely or even majorly to the global crisis, but rather reflects the overall and more medium-term process of globalization, which generated a premium on labour market flexibility for employers. Thus the growing significance of non-regular work, especially for women, has been an important feature of the past two decades in both advanced and developing economies; this process was quite far advanced well before the crisis broke.

In Japan, for example, the proportion of regular workers decreased from 83 per cent in 1986 to 66 per cent in 2008, while the share of non-regular workers (i.e. part-time workers, temporary agency workers, contract workers) increased from 17 per cent in 1986 to 34 per cent in 2008. Women dominated among non-regular workers, accounting for 63 per cent of this category, and nearly three quarters of part time workers were female (Futagami 2010). Moreover, the majority of women workers (57 per cent) were found to be non-regular workers.

The growing incidence of non-regular work has been evident even in very dynamic emerging markets. In India, for example, the lack of adequate paid employment generation—despite more than a decade of rapid growth—has meant that the proportion of informal workers remains very high (around 95 per cent), while the share of self-employed workers in small- and micro-enterprises now accounts for more than half of the work force even in non-agricultural activities (Chandrasekhar and Ghosh 2011). In China, non-regular work is now estimated to account for anywhere between one-quarter to one-third of the work force. However, is difficult to devise accurate estimates due to the prevalence of migrant workers without urban residence permits. In both countries, non-regular work is much higher for women.

Given the wide regional and national variations in labour market structures and processes, proceeding with an analysis in such general terms is likely to be relatively less illuminating. Accordingly, it is worth considering the nature of changes in particular countries and regions—some that were particularly badly hit by the crisis and others that have withstood some of the worse effects and preserved both the level and working conditions of women's paid employment.

The growing significance of non-regular work, especially for women, has been an important feature of the past two decades in both advanced and developing economies; this process was quite far advanced well before the crisis broke.

2. Gendered employment patterns in the Eurozone crisis

By the end of 2012, the Eurozone crisis had not yet reached its climax. Because the process is still unfolding, it may be premature to discuss its employment impacts. It is, however, clear that things are likely to get much worse before beginning to improve. The financial stress is obviously part of the problem. Yields on government bonds for Greece as well as other economies under stress (e.g. Italy and Spain) remain at unsustainable levels despite all the declarations of further government austerity measures, as would-be investors fear that future repayments will either be incomplete or perhaps even in another currency altogether.

Bank deposits are being run down in all the European periphery countries, even as they rise sharply in Austria, Germany, Switzerland and other purported 'safe havens'. Investors in productive activities are cutting back on expanding capacity and even increasing production—partly because of the uncertainty and depressed expectations about the future, but also (particularly in the case of small and medium enterprises), because they cannot access credit for investment or even for working capital. In most European countries, banks have not resumed their normal role of providing loans to the real economy. In 2011, private investment as a percentage of gross domestic product (GDP) fell in nearly all Eurozone countries, despite low interest rates and the ample liquid assets held by large firms. This tendency has been especially problematic for small firms, which account for over two-thirds of employment in the Eurozone (ILO 2012).

Thus far, the policy response has been in the direction of reinforcing these negative trends. The fiscal austerity measures that are being imposed on these countries make matters that much worse, compounding the problem by reducing current economic activity and effective demand, and creating a deflationary spiral. Monetary easing has not been sufficient to counter this and generate positive changes in the real economy. The resulting income and employment reductions will not only reduce living standards and welfare, but will also have strong, negative multiplier effects that will lead to further declines in economic activities. This will create a

A staff nurse at a Bokonbaevo, Kyrgyzstan-based centre for the elderly provides basic medical services to patients who visit daily for meals and recreational activities.



UN WOMEN/DAVID SNYDER

feedback loop with the financial system, since the set of indicators that financial markets look at (e.g. the fiscal deficit to GDP ratio or the public debt to GDP ratio) become worse as the denominator shrinks. This, in turn, makes banks' investment portfolios appear even more fragile.

The process is now so far advanced that that it is no longer confined to those European countries that are seen to have unsustainable public debt positions. Even some of the strongest surplus countries in the Eurozone, including Germany, are now coming under the scrutiny of credit rating agencies and bond markets that question the viability of the debt held by German banks in assets of periphery countries. The only way to end this cycle is by reversing the strategy to focus on economic expansion, including through more public spending to break this negative spiral. However, the prospects of this are currently dim.

These unfavourable financial and real economic variables are already being reflected in labour markets in the crisis countries. While the worst may be yet to come, the evidence already collected on European countries (Vaughan-Whitehead 2012) shows that since 2008, certain categories of workers have been hit more than others, particularly: temporary workers (for example, 90 per cent of employment losses in Spain); low-skilled workers, especially in manufacturing and construction; and younger people, who typically have experienced double the rate of unemployment of other age categories.

This sectoral impact is important to understanding why male workers in Europe have thus far been worse affected by job cuts and layoffs, such that the unemployment rates for men increased more than for women. This has been particularly evident in three Baltic countries, Estonia, Latvia and Lithuania, as well as in Ireland and Spain. In Iceland, women's unemployment rate was higher than men's throughout the 1990s. However, during the 2008–2009 crisis and the resulting increases in the overall unemployment rate, men's unemployment rate rose much faster, such that it became higher than women's.

Women workers have also been affected adversely. Within male-dominated sectors, women workers are often the first to be dismissed. Evidence from the Baltic countries (even within success stories like Estonia) indicates that women workers have experienced more wage cuts than men, and there is evidence that gender gaps have stopped declining or have even increased in some countries (Vaughn-Whitehead 2012). There is evidence of both real and nominal wage cuts in Estonia, Latvia, Lithuania and other new European Union Member States. Some of these cuts were facilitated by labour market deregulation that allowed employers to unilaterally re-categorize jobs as part-time (and thereby reduce working hours), resulting in reduced nominal wages.

A third impact has been on unpaid labour. Austerity measures and employers' attempts to reduce costs have led to the reduction or removal of arrangements to reconcile work and family life, which typically has the maximum negative impact on female workers. Since more men have lost their jobs thus far in Europe than women, it is plausible that there may be more women than men in paid jobs. However, societies' gender constructions still place the burden of household responsibilities and the care economy on women, whether or not they are employed elsewhere. This construction exacerbates the "double burden" of paid and unpaid work (Elson 1993).

UN PHOTO/KIBAE PARK



Women of the Flower
H'mong Hill tribe plant
rice in Bac Ha, Viet Nam.

These trends are strongly related to policy measures. As noted in Vaughan-Whitehead (2012):

The policy shift that occurred in the second half of 2009—from anti-crisis expansionary packages to restrictive budgetary policies—may also change the outcome in terms of inequalities. Employment cuts have generally been higher in the private sector, but have extended recently to public sector employees. While men have been hardest hit in the first phase, employment and wage cuts in the public sector and in services, which are female-dominated, will mainly impact upon women, thus reversing the narrowing gender pay gap and unemployment gap generated by the crisis so far. Other categories of employees—more skilled and older, but also disabled, and lone parents—are also likely to be directly affected by the cuts in budgetary expenditure. Employees from ethnic minority groups will also be hit because of their concentration in certain segments of the public sector.



UN PHOTO/TOBIN JONES

A new training programme for 160 female recruits launches at the General Kaahiye Police Academy in Mogadishu, Somalia.

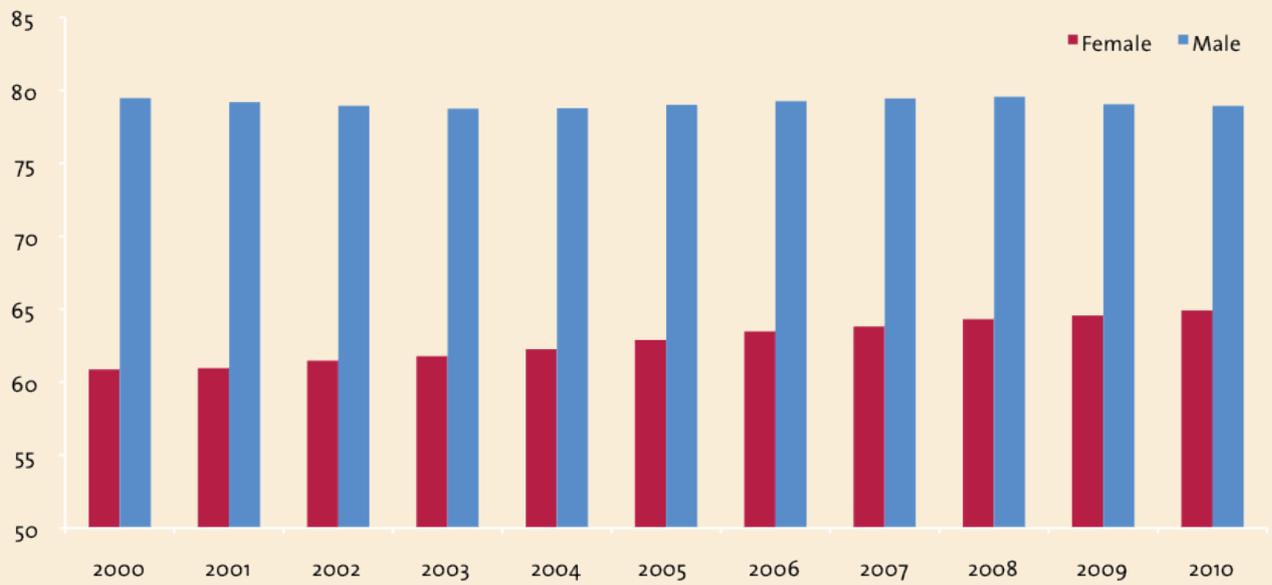
The trends in some of the more crisis-hit countries of the Eurozone warrant a more detailed examination. To this end, some gender-disaggregated data for Greece, Ireland, Portugal and Spain ('the GIPS countries') are analysed and compared to other countries that have been less affected by the crisis so far. These four countries were chosen because they have already experienced significant recession in output and employment (in the case of Greece, substantially negative GDP growth for nearly five years), and because the process of fiscal tightening has been underway for some time.

Consider labour-force participation rates, as shown in Figures 3 and 4. An interesting feature of the past decade has been the gradual increase in female participation rates, even as male rates have remained stagnant or declined slightly. This is true for the Organisation for Economic Co-operation and Development countries (OECD) as a whole (Figure 3) as well as for the GIPS countries. Further, the shift clearly began well before the 2007–2008 crisis, so though it may have been affected by the crisis, its root causes cannot be attributed solely to the crisis. During the preceding boom, the increase in female labour-force participation was attributed to economic expansion processes that were drawing women into paid economic activities.

These processes were much more marked in the GIPS countries (Figure 4), where female labour-force participation rates increased by 8.5 percentage points over the decade as a whole. What is more interesting is that these rates continued to increase even after GDP started declining—and they continued to rise throughout the recession, even as male rates declined. In Greece, for example, female labour-force participation rates increased by 2.6 percentage points between 2007 and 2010, while male rates fell slightly by 0.2 of a percentage point. Only in Ireland did both female and male rates decrease.

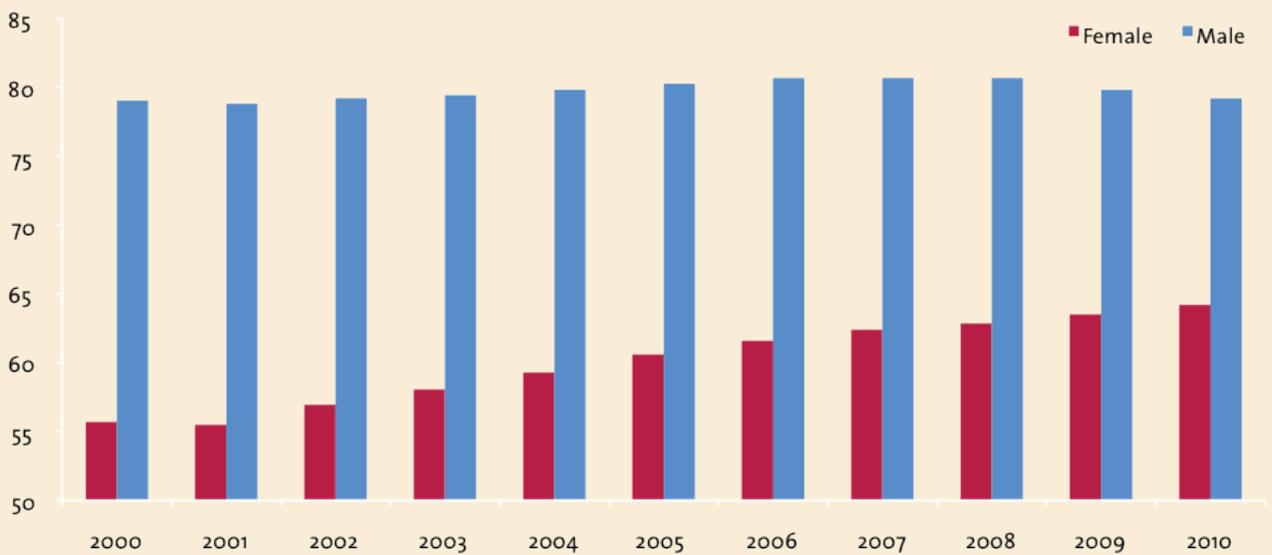
Another concern relates to gender wage gaps, which are expected to increase in the wake of the crisis. In South-East Asia, gender wage gaps increased in the aftermath of the 1997–1998 crisis. However, in Europe a somewhat different process has been occurring (see Table 3). In Greece and Ireland, gender wage gaps decreased significantly after the crisis; in Portugal and Spain, gender wage gaps increased. Gender wage gaps decreased in countries that have not yet fully experienced the crisis, such as Germany and Austria (which have some of the highest gender wage gaps of all OECD countries).

FIGURE 3: LABOUR-FORCE PARTICIPATION RATES IN OECD COUNTRIES (AVERAGE) BY SEX



Source: OECD Gender Initiative data browser, accessed 12 July 2012.

FIGURE 4: LABOUR-FORCE PARTICIPATION RATES IN THE GIPS COUNTRIES (AVERAGE) BY SEX



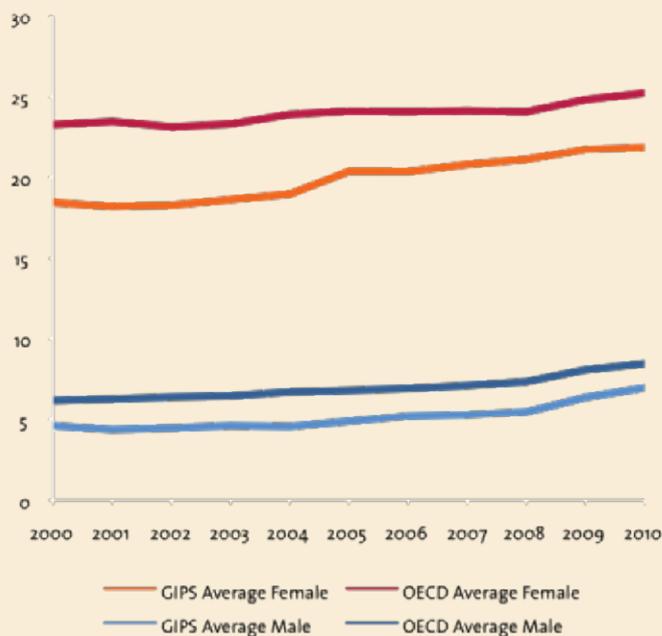
Source: OECD Gender Initiative data browser, accessed 12 July 2012.

TABLE 3: GENDER WAGE GAPS IN SELECT EUROPEAN COUNTRIES (UNADJUSTED GENDER GAP IN MEDIAN EARNINGS OF FULL-TIME EMPLOYEES, PER CENT)

	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	18.0	15.0	10.4
PORTUGAL	13.3	16.0	14.0	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	24.0	21.6
AUSTRIA	22.4	22.0	21.9	21.6	20.9	19.4
FRANCE	9.7	12.1	11.9	12.0	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

Source: OECD Gender Initiative data browser, accessed 12 July 2012.

FIGURE 5: PART-TIME WORK AS PER CENT OF ALL WORK IN GIPS AND OECD COUNTRIES (AVERAGES)



Source: OECD Gender Initiative data browser, accessed 12 July 2012.

It is important to clarify that the data presented in Table 3 refer only to full-time work; women workers tend to be much more heavily represented in part-time work, which has also increased after the 2008–2009 crisis. Therefore, Table 3 may not accurately portray the full extent of the gender wage gap or its trend over time. Nonetheless, such a diverse pattern deserves consideration.

One explanation for the varying trends can be found in the occupational segregation by gender that is prevalent in countries, relative to the sectors that have been most affected by crisis. The 2008–2009 crisis affected the banking and financial sectors (even though not as much as could be expected, given the gravity of the crisis and the culpabilities involved) and employment in these sectors is still predominantly male. This has been a high-remuneration sector, and even though it remains so, the returns have come down somewhat in the wake of the crisis, thus reducing wage dispersion among skilled and professional workers.

Construction activities, another area in which semi-skilled male workers tend to be more concentrated, have also been significantly affected. Wage dispersion in semi-skilled activities has also come down, possibly in tandem with the sector's decline. Since most women workers tend to already be at the bottom of wage distribution, their wages may remain intact or decline only slightly compared to male workers. This difference in relative movement contributes to the apparent disparity in trend line slopes. Indeed, in several cases declining wage gaps actually reflected the negative trend of males' wages declining while women's wages (already lower) stayed the same or declined a bit less.

Figure 5 describes the changes in part-time work (which is a form of non-regular work, even though some of it may be formal) in the GIPS countries as well as in the OECD as a whole. As noted, women are much more heavily represented in such contracts, with more than one-fifth of all women workers engaged in part-time work (ILO 2012). This proportion has been rising in the OECD as a whole (including countries relatively unaffected by crisis, such as Germany) and in the GIPS countries in particular.

The GIPS average for the incidence of part-time work (for both women and men) is slightly lower than for the OECD average, although the rate of increase has been marginally faster. The incidence of part-time employment has continued to rise throughout the crisis. If all forms of non-regular employment (including self-employment) are added to this, the outcome would probably appear to be much more stark.

The combination of fiscal austerity, deleveraging of private debtors and pressures on wages are creating a mix of policies that will synergistically create another or perpetuate the current economic slump. In such conditions, not only does economic activity enter a downward spiral, but also labour market conditions tend to deteriorate, particularly for women workers, to such an extent that actually hinders the ultimate macroeconomic goals of the strategy—to achieve macroeconomic balance and external competitiveness.

According to the International Labour Organization (2012), in the Eurozone, “Deficit countries ... have restored cost-competitiveness to some extent. On average, half of the relative increase in unit labour costs since the introduction of the Euro has been reversed since 2008. This has come about through real wage cuts and labour productivity improvements. Prices, on the other hand, have adjusted only slightly, thereby weakening the effect of reduced unit labour costs on competitiveness in deficit countries and adding to the hardship of those whose incomes have fallen.” Further, “13 out of 17 Eurozone countries have carried out labour market flexibility

Women farmers walk through their coffee trees at the Cocamu Coffee Cooperative in Rwanda.



UN WOMEN ANA LUKATELA

reforms, often in the direction of easing dismissals. However, in a depressed macroeconomic context, these reforms are likely to lead to increased numbers of lay-offs without any boost to job creation at least until economic recovery gathers momentum” (ILO 2012). A crucial point that is often overlooked is that public programmes and interventions in the labour market to provide social protection are not just welfare measures—they are important countercyclical buffers that reduce or prevent downturns and enable faster recovery.

Even active labour market policies that promote employment or prevent excessive job cuts in downswings are under threat with fiscal austerity packages that do not allow governments the freedom to engage in such measures. Yet, as experiences within Europe currently show, these are crucial. For example, what is often characterized as “the German miracle” of high wages, rising labour productivity and near full employment is not only attributable to technological progress within the German economy, but it is also closely related to significant public provision for active labour market policies that, among other things, encourage short-term work contracts for the young and that prevent long-term unemployment from taking root. Similar schemes that seek to encourage employment also exist in France and Italy, both of which engage in active industrial policies to support ailing industries such as construction, engineering and automobiles.

Similarly, strong trade unions and wage bargaining have proved to be beneficial in preserving employment and thereby creating effective demand to prevent free-falls in economic activity. Employment and wages must be seen not only as costs, but also as sources of demand, which can prove to be crucial in ensuring macroeconomic viability in such periods. As the International Labour Organization (2012) notes, in many other countries of Europe, “the companies and workers not covered by social dialogue were unable to benefit from these possibilities and generally relied on immediate employment cuts to cope with declining activity. In countries with limited wage bargaining, such as Estonia, Latvia and Lithuania, wage cuts were immediate and substantial.”

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3. Employment patterns after the 1997–1998 Asian crisis

This section relates the experiences of the 2008 crisis to the South-East Asian countries affected by the 1997–1998 Asian crisis. Though employment patterns were varied among the South-East Asian countries, there are similarities to the current experiences of some Eurozone crisis countries. This reflects not just the impact of the crisis itself, but also the post-crisis trajectory that was followed, in terms of a broadly deflationary strategy that was focused on exports as the engine of growth and the consequential suppression of domestic consumption.

The East and South-East Asian economies that were hit by the crisis were among the best performers among developing countries in terms of both GDP growth and exporting ability. Their governments had embraced not only an export orientation, but also very extensive trade liberalization and, more recently, financial liberalization. The five countries that were particularly affected by financial crisis—Indonesia, Malaysia, the Philippines, South Korea and Thailand—had been characterized by rapid export growth, especially in ‘sunrise’, newer manufacturing industries such as IT hardware and related electronic items, and were substantial recipients of private foreign capital. In general, they were characterized by prudent macroeconomic policies—three were running government budget surpluses; the other two had budget deficits that could be considered as moderate rather than excessive. They were regularly lauded by the Bretton Woods institutions as positive examples for other developing countries to follow and were cited as success stories of global integration.

Therefore, when the crisis struck, the first response was to find causes for the crisis that were not based on global integration as such, but on other factors, such as crony capitalism, opaque financial systems that distorted investment patterns, and exchange rate rigidity due to the practice of pegging exchange rates to the appreciating US dollar that adversely affected export competitiveness.

However, there are more plausible reasons for the crisis, such as the problem of fallacy of composition that made the excessive focus on exports as the engine of growth more difficult as competing developing country exporters entered the scene. This was exacerbated by the more proximate impacts of external financial liberalization. Such liberalization allowed inflows of capital to enable short-term borrowing for long-term projects. This broke the link between the ability to access foreign exchange and the need to earn it, and caused the appreciation of the real exchange rate, which shifted incentives within the economy from tradables to non-tradables (as elaborated in Jomo 1998, Johnson 1998, and Chandrasekhar and Ghosh 2009). These countries also formed a fairly typical trajectory of global integration in which capital inflows create movements of the real exchange rate, which then generate internal shifts away from tradable to non-tradable activities, which in turn are associated with current account deficits that eventually become unsustainable (Ghosh 2006).

In the aftermath of the crisis, the most-affected countries experienced drops—substantial in some cases—in work participation rates. Both male and female participation rates tended to decline, although they showed somewhat divergent trends in the different countries (see Table 4). In Indonesia, for example, male worker population rates fell from an average of 79 per cent in the three years



A woman works in a garment factory in Gazipur, Bangladesh.

preceding the crisis to 77 per cent from 2003 to 2005 (for women, the decline was from 47 per cent to 45 per cent). For South Korea, the decline was not so marked between the two periods—there was a very sharp drop for both women and men in the period just after the crisis, but a recovery thereafter. The 71 per cent male work participation rates from 2003 to 2005, when output recovery was more than complete, were still below the pre-crisis rate of 73 per cent. However, for females the rate actually increased between these two periods by 1 percentage point, to 49 per cent.

There is evidence that for women, more of this was part-time work. In Malaysia, for example, aggregate worker-population rates showed no change, but this reflected a decline for men and an increase for women (both by 2 percentage points). In Thailand, female rates remained broadly unchanged at 65 per cent, but male rates fell substantially from 84 per cent to 80 per cent between the two periods. The Philippines is the clear outlier in this case—aggregate worker-population rates actually increased between the two periods, even though male rates remained unchanged, because female rates moved sharply up from a pre-crisis average of 44 per cent to 50 per cent in 2005. Once again, in the Philippines there is other qualitative evidence suggesting that much of the new work was in the form of part-time and less formal employment.

Even in the sectors where export growth was buoyant, such as manufacturing, employment did not pick up commensurately. Indeed, in Malaysia and South Korea, manufacturing employment actually fell in absolute numbers during the recovery when compared to the pre-crisis years. Overall, survey and other micro-evidence

TABLE 4: WORKER-POPULATION RATES IN EAST AND SOUTH-EAST ASIA BEFORE AND AFTER THE EAST ASIAN CRISIS (PER CENT)

	INDONESIA		SOUTH KOREA		MALAYSIA		PHILIPPINES		THAILAND	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
1991	78.9	47.4	72.0	46.2	78.9	42.6	76.2	42.0	84.7	70.4
1992	79.8	47.1	72.3	46.1	78.7	42.3	76.5	43.0	85.1	68.9
1993	78.9	47.1	71.8	46.0	79.4	42.6	75.7	42.8	84.3	66.4
1994	78.1	46.9	72.8	46.9	79.4	42.5	76.3	42.8	83.9	63.7
1995	78.5	46.7	73.4	47.7	79.4	42.4	76.8	44.4	83.6	65.3
1996	80.1	47.0	73.5	48.4	79.9	42.5	77.6	44.9	83.0	66.5
1997	79.8	46.6	73.0	49.0	79.9	42.4	76.8	44.7	82.9	66.8
1998	79.1	46.6	68.3	44.7	79.4	41.9	75.9	44.5	80.4	63.9
1999	79.9	47.2	68.2	45.5	78.6	42.2	75.1	45.3	79.6	63.0
2000	80.1	47.1	69.4	46.9	79.2	44.1	73.3	43.6	80.1	63.9
2001	78.7	46.1	69.5	47.5	79.0	43.9	75.4	46.8	80.4	63.4
2002	77.8	45.5	70.6	48.2	78.9	43.8	74.9	46.8	80.7	63.7
2003	77.5	45.2	70.3	47.1	78.6	43.6	74.7	46.8	80.5	63.7
2004	77.1	45.1	71.0	48.5	78.7	44.4	74.4	47.5	80.0	64.8
2005	77.7	44.3	70.9	48.6	78.6	44.8	76.9	50.7	79.9	65.0

Source: ILO Key Indicators of Labour Markets.



Staff of the Jenishkul Bakery at work in the Kyrgyzstan village of Kara Koo.

suggests that even where employment did not fall or has even increased, the quality of employment deteriorated in that there was a greater proportion of insecure casual contracts, low-grade self-employment and part-time work in total employment, especially for women workers (Ghosh 2009b).

These employment outcomes (which also included higher rates of open unemployment in the post-crisis trajectory), were the result of deflationary policies that sought to suppress domestic consumption and investment relative to GDP. The 'excess savings' that were generated as a result were stored as foreign exchange reserves—partly as insurance against future crises and partly to prevent exchange rate appreciation that would damage the export-driven model. This effected current levels of economic activity relative to the potential. But it also negatively affected future growth prospects because of factors such as the long-term potential losses of inadequate infrastructure investment. These policies have had adverse implications for women as paid and unpaid workers, by worsening labour market conditions and forcing more of them out of regular formal work in factories and services and into informal contracts or self-employment.

What emerges from these cases is that policy responses are absolutely crucial to determining the extent to which not just output, but more importantly employment is preserved through and after a financial crisis. The next section considers positive examples of progressive policies that contribute to post-crisis recovery while maintaining employment and social welfare as much as possible.

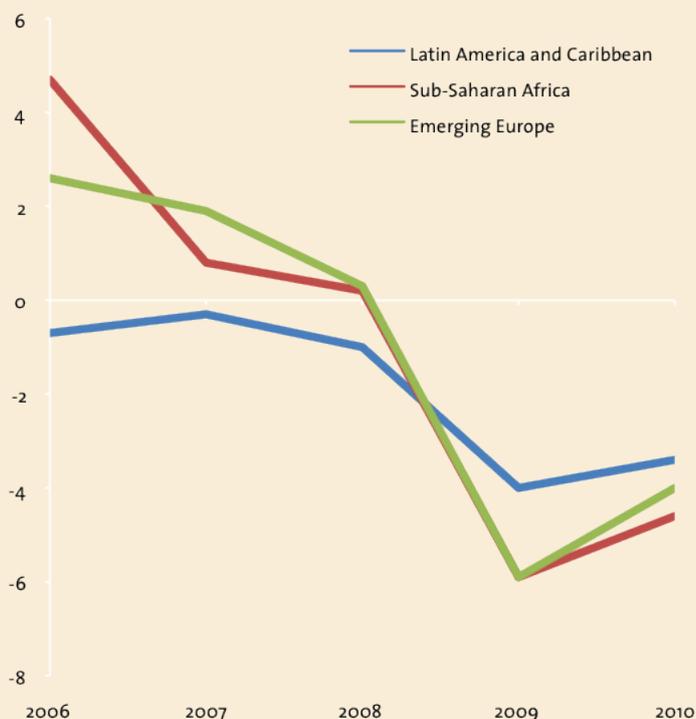
4. An overview of fiscal responses after the 2008 crisis

The initial impacts of the 2008 crisis, in terms of causing government revenues to fall, were quite marked and surprisingly rapid. For many countries, this decline was unrelated to proactive tax cuts as part of stimulus or recovery measures, but simply reflected a decline in economic activity that affected both indirect and direct taxes. Kyrili and Martin (2010) estimated that in 2009, government revenues fell by 2 per cent of GDP, or 8 per cent of 2008 revenue. These declines took place in all regions (except Latin America and the Caribbean), with the sharpest declines occurring in Europe, the Middle East, North Africa and South and Central Asia. The fiscal deficits that emerged as a result of the global crisis (either because of falling revenues or because of stimulus measures in response to the crisis) came

after a period of fairly disciplined fiscal behaviour. In fact, except for a few countries, most developing countries had low deficits or fiscal surpluses in the years preceding the crisis. Figure 6 illustrates that among developing and transition countries in Europe, Latin America and the Caribbean, and sub-Saharan Africa, public sector balances were either in surplus on average, or had very low deficits.

The deterioration in government balances (or increase in overall fiscal deficits) resulting from the crisis did not necessarily reflect more expansionary fiscal stances (e.g. because interest payments tend to account for a significant chunk of the overall deficit in most countries). Further, the composition of the deficit is as important as, if not more than, the level of the deficit. Thus, even where fiscal deficits have increased as part of a planned stimulus package, it is imperative to identify the range of factors that led to the increase. Thus far, apart from monetary policies, the various stimulus packages have included some combination of the following measures:

FIGURE 6: PUBLIC SECTOR BALANCE AS PER CENT OF GDP (SIMPLE UNWEIGHTED AVERAGES OF COUNTRIES ACROSS REGION)



Source: International Monetary Fund Regional Economic Outlooks.

- Bailouts of banks, finance companies and other struggling corporate actors;
- Quantitative easing strategies to provide liquidity to banks in order to enable/encourage them to revive real sector lending;
- Direct tax cuts to boost private spending;
- Indirect tax cuts directed towards promoting particular industries or sectors;
- Special packages, including tax holidays, credit subsidies, loan write-offs or guarantees and infrastructure provision, usually directed towards export sectors as well as direct/indirect subsidies to some manufacturing sectors (such as the automobile industry in the US and Europe);
- Policies directed towards agriculture, such as trying to ensure continued flows of bank credit, input provision and access to markets;
- Tax credits for employment;
- Public investments in physical infrastructure; and
- Public spending in social sectors (health, education) to increase access of and reduce costs for consumers of such services.

As noted, there have been two distinct phases of fiscal response to the ongoing crisis: expansion, followed by contraction. A study of 130 developing countries by Ortiz and Cummins (2012) showed that from 2008 to 2009, 120 countries increased spending (by an average of 25 per cent) over 2005 to 2007 levels. In contrast, only 10 countries reduced spending for the same time periods (by an average of 9 per cent). In the subsequent period (2010 to 2012, compared to 2008 to 2009), 70 countries increased public spending by an average of just 3 per cent, while 60 countries reduced spending, also by an average of 3 per cent. The point to note is that the fiscal expansion phase typically emphasized infrastructural investments that did not always specifically benefit women, while the fiscal contraction phase will likely generate cuts both in female employment and in the goods and services that are important to women in their roles as household provisioners and unpaid care workers.

Excluding the United States, China engaged in the largest fiscal stimulus package in terms of absolute amounts of funds. A study of the Chinese fiscal stimulus noted that an overwhelming part of its RMB 4000 billion public expenditure package was

The fiscal expansion phase following a crisis typically emphasized infrastructural investments that did not always specifically benefit women, while the fiscal contraction phase will likely generate cuts both in female employment and in the goods and services that are important to women in their roles as household provisioners and unpaid care workers.

spent on infrastructure, with less than 4 per cent being allocated for health care and education (Kang and Wei 2010). Chinese policy provided incentives to increase some forms of consumption, such as tax cuts on consumer durables and easing of credit, which in turn fuelled a boom in consumer credit and housing finance. This suggests a strong gender bias in the pattern of China's fiscal response, with less emphasis being given either to strategies to expand/maintain good quality female employment or to improve the conditions of women's lives through the expanded and improved provision of public social services.

This strategy can operate to increase output and productivity in the economy, but not necessarily to increase consumption rates or raise the living standards of the bulk of the population, which is arguably more necessary (even from the point of view of macroeconomic balance). It is true that improved transport infrastructure and greater connectivity have positive implications for human development, living conditions and access to education and therefore improving the conditions facing women and girls. However, specific measures in these areas are also required. The proposed health reform to ensure basic medical security and access to drugs for the entire population (which is planned to require an additional RMB 850 billion in government spending over five years) is designed to decrease the need for out-of-pocket health expenditures of households and the associated need for precautionary savings, but its impact has yet to be felt. While the Chinese fiscal stimulus effectively maintained aggregate growth and helped employment to recover quickly, it did not help to improve macroeconomic imbalances, and did not address the specific concerns of women as paid and unpaid workers. This is likely to become even more of a concern as the latest slowdown in exports affects women workers in China.

A woman works in a cabbage field near Pyongyang, Democratic People's Republic of Korea.



UN PHOTO/JAMES BU

The crisis was associated with declining revenues in many countries, especially in the developing world. Governments faced major difficulties in trying to maintain and increase public spending in critical areas that affect livelihoods and living conditions (e.g. in areas such as nutrition, sanitation, health and education).

Quite often, fiscal dilemmas are not the easier questions of how to allocate more money, but the more difficult questions of how, under conditions of fiscal stringency, to prevent cuts to important areas. The crisis was associated with declining revenues in many countries, especially in the developing world. Governments faced major difficulties in trying to maintain and increase public spending in critical areas that affect livelihoods and living conditions (e.g. in areas such as nutrition, sanitation, health and education). Ortiz and Cummins (2012) point out that during the first, expansion phase, social protection measures formed an important part of governments' stimulus packages, accounting for an average of 27 per cent of the total stimulus amounts in high-income countries and 24 per cent in developing countries. However, in the subsequent period budgets included cuts in allocations to sectors such as education, health, agriculture and social protection. These policy choices entailed a range of negative effects on women, not only as unpaid workers but also as citizens with rights.

This confirms the point made by Kyrili and Martin (2010) in their study of 28 low-income countries. In 2010, on average, social protection spending as a share of GDP fell by 0.2 percentage points of GDP compared to 2008 levels. Budgetary stringencies associated with falling state revenues reduce social protection spending when it is most needed. Education spending has suffered in low-income countries, falling in terms of GDP (and in several cases, in absolute amounts as well). Spending on health was maintained far more consistently, with most low-income countries showing slightly higher levels of such expenditure relative to GDP. In general, spending on infrastructure and agriculture was initially maintained and even increased as proportions of GDP.

Another study (Ortiz, Vergara and Chai 2010) was based on a desk review of International Monetary Fund country reports dated between March 2009 and March 2010. The review covered 86 countries (28 low income, 37 lower-to-middle income, and 21 upper-to-middle income). Fiscal trends in these countries showed that nearly 40 per cent of governments were planning to cut total spending in 2010–2011 compared to 2008–2009, with the average size of the projected expenditure contraction amounting to 2.6 per cent of GDP.

Very large cuts (4 to 13 per cent of GDP) were expected in seven countries (Algeria, Angola, Belarus, Chad, Maldives, the Marshall Islands and the Republic of the Congo). This could be related to the global crisis' effect of worsening fiscal balances. In

developing countries with pre-existing balance of payments imbalances and limited or declining access to private international capital markets, this created an unsustainable situation. In the absence of adequate funding, fiscal cuts were forced onto countries (by organizations that included the International Monetary Fund). Many of these are countries have predominantly poor populations, inadequate provision of infrastructure and public services that provide minimum socio-economic rights for the majority of the people. Therefore, cutbacks in fiscal spending in such countries will likely have direct implications for economic and humanitarian conditions.

Table 5 shows that, even within supposedly protected social spending, a significant number of countries have been advised to make cuts in the form of limiting or reducing subsidies (including on food and health), to reduce pensions, increase the costs of health care services and reduce the spread of social spending by emphasizing targeted rather than universal provision. One positive recommendation for a significant number of countries is the expansion of targeted transfer programmes. While this may appear to be a positive sign, the many problems associated with targeting in developing countries (e.g. unfair exclusion or unjustified inclusion, higher administrative costs, diversion and overall reduction in quality) suggests that such increases are unlikely to benefit or even counter the negative impact of other measures.

TABLE 5: FISCAL EMPLOYMENT-GENERATING MEASURES IN 2008–2009

TYPE OF MEASURE	INCIDENCE (PER CENT OF COUNTRIES)	TYPE OF MEASURE	INCIDENCE (PER CENT OF COUNTRIES)
I. Stimulating labour demand		III. Supporting jobs, job seekers and unemployed	
Additional public spending on infrastructure	87	Additional training measures	63
With employment criteria	33	Increased capacity of public employment services	46
With green criteria	30	New measures for migrant workers	28
Public employment	24	Working time reductions	28
New/expanded targeted employment programmes	52	Partial unemployment with training and part-time work	28
Access to credit for Small and medium-sized enterprises	74	Wage reductions	15
Access to public tenders for Small and medium-sized enterprises	9	Extension of unemployment benefits	32
Subsidies and tax reductions for Small and medium-sized enterprises	78	Additional social assistance and protection measures	33
II. Expanding social protection and food security		IV. Social dialogue and rights and work	
Social security tax reductions	30	Consultations on crisis responses	59
Additional cash transfers	54	Agreements at national level	35
Increased access to health benefits	37	Agreements at sectoral levels	11
Increases in amount and coverage of old-age pensions	44	Additional measures to fight labour trafficking	4
Changes in minimum wages	33	Additional measures to fight child labour	4
New protection measures for migrant workers	15	Changes in labour legislation	22
Introduction/expansion of food subsidies	17	Increased capacity of labour administration and inspection	13
Additional support for agriculture	22		

Source: ILO: Recovering from the Crisis - A Global Jobs Pact, Geneva, 2009.

A recommendation that can have negative effects on both growth and human development is the frequently posited requirement of putting caps on or inducing cuts to public sector wages. However, erosion of pay and arrears in wage payments can have significant adverse effects on public service delivery in essential areas through greater absenteeism, loss of professional and institutional capacities and loss of motivation (UNICEF 2010). In many of the countries in which such measures have been proposed, large numbers of public servants already have incomes that are at or below the official poverty line, and constraining or further reducing wages will have an effect on public service delivery as well as health and education outcomes.

A 2009 assessment by the International Labour Organization of fiscal responses during 2008–2009 found that in the immediate aftermath of the crisis, many governments responded by:

- Increasing spending on infrastructure and offering subsidies and tax reductions for small and medium-sized enterprises to stimulate labour demand;
- Expanding public employment services, training programmes and labour market intermediation facilities to support the unemployed as well as job seekers;
- Increasing benefits for the unemployed persons and others like the elderly, as well as cash transfers and social assistance programmes to provide income support; and
- Attempting to achieve greater social dialogue by engaging with workers' and employers' organizations.

These measures were estimated to have generated anywhere between 7 and 11 million jobs in 2009, even though globally employment conditions deteriorated in the aftermath of the crisis. So they operated to mitigate the worst effects, particularly in some countries. Table 5 provides some details of the kind of employment-generating measures in 54 countries in 2008–2009. (These countries include both rich and developed countries as well as poor developing countries, and so the nature and implications of these measures vary within this group.)

Among the measures outlined in Table 5, those in the second and third categories generally tend to have more relevance and benefits for women workers, along with public employment, which is a measure in the first category. However, only a minority (and in some cases, a small minority) of countries adopted such measures. In addition, not all such measures, when adopted, were necessarily sensitive to the requirements and conditions of women, and some even required more unpaid labour from women even though they were intended to alleviate their circumstances. (For example, the expansion of conditional cash transfer programmes that require women/mothers to attend meetings and provide community labour.) Nevertheless, the countries that adopted such measures often witnessed improvements in overall labour market conditions and the specific conditions of women workers.

UN PHOTO/RICE



An expert teaches a deaf-mute child to read.

TABLE 6: AUSTERITY MEASURES IN 158 COUNTRIES, 2010–2012

AUSTERITY MEASURE	NUMBER OF COUNTRIES	PER CENT OF COUNTRIES
Contracting public expenditure in 2012	133	74
Cutting or capping public sector wage bill	73	46
Reducing or removing food and fuel subsidies	73	46
Targeting or rationalizing social safety nets	55	35
Reforming (reducing) pensions	52	33

Source: Ortiz and Cummins 2012, page 150.

Many of these crisis responses were relatively short-lived, being withdrawn or reduced as soon as output levels recovered somewhat, and most of them were adversely affected by the emphasis on fiscal austerity that became the international norm in early 2010. Table 6 indicates the incidence of fiscal austerity measures since 2010.

These measures tend to reduce the quantity and quality of decent jobs and the extent, coverage and possibly quality of social protection. When these are adopted in addition to labour market reforms geared towards increasing flexibilization, these measures are likely to add to the burden of the crisis by generating more precarious and vulnerable employment and increasing downward pressure on wages. Women workers (both paid and unpaid) are particularly hard hit by such measures.

EXAMPLES OF CRISIS RESPONSE THAT HAVE BEEN SENSITIVE TO WOMEN'S EMPLOYMENT CONDITIONS

UNDP/JOYDEEP MUKHERJEE



A woman joins her two male coworkers at a brick field in West Bengal, India.

This chapter discusses two countries that have shown how crisis responses can be gender-sensitive in terms of protecting or improving women's labour market conditions as well as the conditions of unpaid work. These examples have been chosen not only for the gender-specific initiatives that were undertaken in the wake of a crisis, but also because these responses were interwoven with and crucially integrated within a broader macroeconomic strategy for economic recovery. In these two countries, gender-based measures were not afterthoughts or additional measures that could even run counter to the broader economic policy paradigm, but were integral parts of the overall response. The ability of both of these countries to exhibit relatively rapid recovery of GDP and employment was affected by external forces, but was also very much related to the employment- and wage-oriented development patterns that were pursued. This is important in providing feasible alternatives for economic strategy in other countries, which can integrate the work and well-being of women with broader economic development strategy.

1. Sweden in the 1990s

Sweden provides an example of a country that responded to the financial crisis by explicitly recognizing the pressures on women. Sweden incorporated measures to maintain or ensure favourable conditions of women's work and life into its broader economic recovery strategy.

In the early 1990s, Sweden experienced a dual financial and real economic crisis that bears many similarities to the sub-prime crisis in the United States and to the current difficulties faced by some Eurozone countries. Financial deregulation in the 1980s generated significant capital inflows and sparked a lending boom, which was then associated with rapidly increasing consumption, investment and asset price bubbles and heightened activity in the domestic non-tradable sector (particularly in real estate and construction). The Swedish *krona* was pegged to the US dollar, and so the real exchange appreciated—but this was not the only problem (because even if there were flexible exchange rates, the capital inflows may have nonetheless continued to drive up the nominal exchange). Around 1990, the bubble burst and the boom turned into slump, with capital outflows, widespread bankruptcies, falling employment, declining investment, negative GDP growth, systemic banking crises driven by deterioration in banks' balance sheets and currency crises (Jonung 2009).

As a result, Sweden experienced a severe depression in the early years of the 1990s. GDP fell by 5 per cent, employment rates fell by nearly 10 per cent and there was a massive increase in unemployment, almost 500 per cent in absolute numbers of people (Freeman et al. 2010). However, the policy response was swift and positive, addressing not just the financial imbalances but also the real economic downswing and the impact on the labour market, including particular attention on the conditions facing women workers.

In terms of financial policies, consolidation of struggling financial institutions was accompanied by an unlimited government guarantee against loss for all depositors and counterparties. This enabled credit lines to be re-established with foreign banks while maintaining the confidence of private retail depositors. The bailouts provided to banks were limited by the requirement that recipient banks had to fully disclose all their financial positions and open up their books to official scrutiny, so that only those banks that were deemed worth rescuing received government funds. Banks' shareholders were not protected by any guarantees. Some banks were taken over and nationalized, with zero compensation to shareholders because they were deemed to be worthless. These measures not only prevented a credit crunch from creating a more severe downturn, they also limited moral hazard and reduced the cost of the financial rescue, increasing its political acceptability.

In terms of macroeconomic strategy, an immediate measure was the devaluation of the exchange rate, which dramatically improved the export competitiveness of the economy and led to a long period of rapidly growing exports. However, the crucial point is that export-led growth was **not** seen as the only means of economic expansion, and measures were taken almost immediately to provide countercyclical fiscal policies that would generate internal demand to bring the economy out of the recession. This included labour markets and social welfare measures that affected women, which provided important countercyclical buffers. Thus, instead of forcing reductions in fiscal deficits through austerity and contraction of public



UN PHOTO/JAMES BU

Pyongyang, Democratic People's Republic of Korea.

The critical point is that export-led growth was not seen as the only means of economic expansion, and measures were taken almost immediately to provide counter-cyclical fiscal policies that would generate internal demand to bring the economy out of the recession.

spending, the Swedish government let fiscal deficits increase during the crisis. This took the form of maintaining some earlier expenditures and expanding other spending to respond to the crisis and its employment effects. Sweden's famous welfare system, an essential element of the Swedish model, simultaneously provided direct public employment for women and helped reduce unpaid work in the care economy and household reproduction. Rather than allowing it to deteriorate, Sweden expanded the system with a renewed emphasis on employment programmes and active labour market policies. This protected women from the worst effects of the financial crisis and economic downswing and provided a demand cushion that assisted faster recovery of the real economy.

An important element of this strategy with direct contemporary relevance was the creation of a personalized youth employment guarantee programme (ILO 2012). This is a scheme in which all young people (18 to 24 years) in Sweden are offered employment in youth-specific activities, following a period (90 days) of unsuccessful job search. The idea is to provide special measures and activities for the participant to enable him/her to get a job or return to education as soon as possible. In the initial period, the programme includes assessment, educational and vocational guidance and job search activities with coaching. Thereafter, these activities are combined with work experience, education and training, grants to business start-ups and employability rehabilitation efforts. The emphasis is on rapid integration with the labour market. A young person can participate in the job guarantee for up to 15 months. The programme is estimated to have been quite successful (with nearly half of the young jobseeker participants getting successful outcomes as a result of the scheme) at relatively low cost. Female participation in such programmes has been high, at around half. Given the high rates of youth unemployment that prevail currently not just in Europe but in many other parts of the world, such a programme can have positive effects in other contexts as well.

The Swedish recovery programme also focused on avoiding labour market exclusion, particularly for women. Two cornerstones of Swedish family policy—paid parental leave and subsidies to day care for children—that were both maintained during the crisis and even expanded to some extent, have been recognized as being particularly beneficial to women workers, even by researchers who have otherwise queried the fiscal costs of such programmes (Freeman et al. 2010). The welfare state provisions continued to provide strong social protection and safety nets to those at the bottom of the income and wage pyramid. Government benefits supplemented the



Women sort through pistachios in an Afghanistan factory.

incomes of the lower-paid and non-working population. These measures prevented the emergence of poverty, reduced tendencies to enhance inequality in the wake of the crisis, and also operated as countercyclical buffers that cushioned domestic demand from further declines.

Another important element in the Swedish success was the continued maintenance of social dialogue, particularly in wage bargaining. This was made possible by the developed institutional structure in which trade unions and employer associations were active participants in tripartite dialogues with government in the Nordic model well before the crisis. The financial crisis did not lead to the abandonment of such dialogue, and its continuation allowed wage increases that protected workers to some extent but also secured the benefits of exchange rate devaluation in the form of greater competitiveness of the domestic manufacturing industry.

The result of this combination of measures was a relatively quick recovery from the financial crisis in terms of both output and employment. Further, it was achieved at relatively small cost to the public exchequer, with recent estimates putting the cost of the financial rescue package at only 3 per cent of GDP (Jonung 2009). In addition, it was achieved with relatively little increase in inequality or social disruption. As the International Labour Organization (2012) notes:

Inequality increased modestly (as it did in many countries), but Sweden remained among the lowest inequality countries in the world. Swedish income inequality remains far lower than in the United States and rose by less in the 1990s. The collective-bargaining system proved flexible to the needs of the economy in wage settlements, and the market-oriented reforms that raised inequality provided incentives that seem to have helped the recovery. Swedish workers and young people responded to the new market realities with sizeable mobility and investments in education. Educational earnings differentials that were modestly higher than in the past (but far below those in the United States) made university education more economically attractive.

2. Argentina

The Latin American region stands out in its ability to withstand the global crisis most particularly in terms of employment, including employment conditions for women workers. Figure 7 shows how in the region as a whole (as well as in important economies such as those of Argentina, Brazil and a number of smaller economies such as Bolivia and Ecuador), while GDP had fallen by nearly 2 per cent in 2009, it recovered quite rapidly in 2010. Further, while average unemployment rates increased in 2009 (after a decade of decline), they also fell again in 2010.

The region's positive response to the crisis has been attributed to a combination of factors: sound pre-crisis macroeconomic conditions (including relatively prudent macroeconomic policies that had generated a reasonable amount of fiscal space in the form of low government deficits and low public debt to GDP ratios); several favourable external factors (including positive terms of trade effects, tourism earnings and remittances, and the continuing of relatively buoyant demand for some of the region's main exports, particularly for primary commodity exporters); and the implementation of proactive policies to sustain economic activity, employment and wages (Marinakis 2012). This paper focuses on the last set of factors, in particular on the labour market policies that played an active role in partly generating and then extending and enhancing the recovery. Policies throughout the region varied, including: countercyclical policies (such as public investment, emergency job

FIGURE 7: GDP GROWTH AND UNEMPLOYMENT RATES IN LATIN AMERICA



Source: Marinakis 2012, page 22.

FIGURE 8: CHANGES IN REGISTERED EMPLOYMENT IN ORGANIZED ACTIVITIES IN ARGENTINA



Source: Government of Argentina (2010), page 70.

creation and subsidized work-sharing); automatic stabilizers (such as unemployment insurance); social protection schemes (including various types of cash transfer programmes and non-contributory pension programmes); and active minimum wage policies.

This section focuses on Argentina in order to illustrate how these strategies played an important role in recovering from a major financial crisis—even before the outbreak of the 2008 Great Recession. In 2001–2002, after being forced to abandon the currency peg that had linked the Argentine peso to the US dollar, Argentina suffered one of the most severe financial crises ever experienced by a developing country. Output dropped by nearly 20 per cent over the course of the crisis, while employment collapsed and the incidence of poverty doubled. The period of instability continued until the middle years of the decade, but by 2003 the government had already embarked on a different macroeconomic strategy that was based more explicitly on employment generation, which had major results in terms of recovery from crisis.

Thereafter, the recovery was remarkable. Real GDP has grown at an annual rate of around 9 per cent. This has been sustained not only by increasing exports fed by the global commodity boom (which is the point external commentators generally focus on), but also by sustained expansion of the domestic market, which strengthened

production and increased investment (which reached historically high rates of 23 per cent in from 2003 to 2009). This was not all (or only) about public investment—there were nearly 130,000 new private enterprises registered between 2003 and 2009. In turn, this investment powered a substantial increase in labour productivity, which had languished through the earlier two decades.

Labour market dynamics and the expansion of social protection systems—precisely in the manner advocated by proponents of wage-led growth—drove the increase in the domestic market. Total employment increased substantially, much of it in better-quality jobs. There was a significant increase in formal employment, which increased by 70 per cent between 2002 and 2009. The ratio of registered workers to total working age population (which had stagnated for the previous 25 years) increased by 30 per cent in the time period, such that by 2009 the aggregate unemployment rate fell from 21.5 per cent in 2002 to 7.9 per cent in 2010.

Even during the latest crisis, the economy has shown substantial resilience in growth and employment terms. The unemployment rate has not changed and real wages have not suffered (although partly as a result of this, new problems are emerging in the form of inflation and its consequences).

Figure 8 indicates the pattern of changes in registered employment in the organized sector in Argentina over the last three economic crises. The recovery from the 2001–2003 crisis was remarkable in that it and subsequent growth processes generated levels of registered employment that were far above the totals achieved in the earlier decade. And in the most recent crisis, the decline in employment was relatively small and the recovery was rapid.

This is due to a combination of macroeconomic and active labour market policies. In 2003, the government sought to drastically change the economic policy model in order to move away from dynamics of exclusion and marginalization in labour markets, which had become the norm in the economy since the mid 1970s. The promotion of quality, productive and fairly remunerated employment, together with the expansion and redefinition of social protection (so that it focused on protecting a greater part of the population), were the main tools through which the

Commuters line up on a Buenos Aires street.



WORLD BANK/FRANCIS DOBBS

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model sought to improve people's living conditions. These had significant macroeconomic implications as well, providing a vibrant source of domestic effective demand that encouraged the proliferation of new productive employment.

These policies helped ensure that the economic advantage provided by a boom in primary commodity exports was not concentrated in the hands of a few privileged elite groups as had hitherto been the case, but spread much more widely among the population. The expansion of public employment and social protection provided opportunities for employment diversification within the economy, as well as assisting the productivity improvements that were witnessed in the recent past.

Some of the early changes were legislative or administrative in nature. In 2004, Argentina passed Law 25,877 for Labour Regulation. The National Council for Employment, Productivity and Minimum Salary was reactivated to decide upon and enforce minimum wage and salary rules. The National Plan for Work Regularization was set in motion, with the goal of expanding the government's ability to inspect and control compliance with labour laws and employers' social security contributions.

Importantly, collective bargaining—which had languished under earlier regimes—was brought back to centre stage with a dramatic (more than fivefold) increase in the number of agreements and negotiations approved each year. In addition, negotiation activity at the branch level was reintroduced, so as to reach a greater number of workers and collectivize the benefits, as opposed to the individualization of employment relationships that had predominated in the 1990s. As a result, collectively agreed salaries accounted for 81 per cent of the wage bills of enterprises in 2009 compared to less than 50 per cent in 2001. As a result of these changes, the wage share of national income increased from 34 per cent in 2002 to 44 per cent in 2008 (Government of Argentina 2010). While these changes were applicable to all workers, they were particularly beneficial to women workers who, earlier, were more likely to be excluded from the benefits of collective bargaining processes. Many women benefited from increases in minimum wages, given women workers' tendency to receive wages at the lower end of the spectrum.

Another major element of Argentina's approach was the doubling of social protection grants. There was an increase in the value of pensions and extension in coverage, including the introduction of social pensions for defined categories. The Ministry of Labour estimated that the pension system covers 84 per cent of

the elderly population. Social protection for children and adolescents was also extended, going from 37 per cent coverage (in terms of monetary transfers) in 1997 to 86 per cent in 2009. Some of this was the result of the expansion of registered employment, which allowed an extension of the coverage of family allowances. Those who were excluded from these worker-oriented family allowances benefited from the creation of a new non-contributory system: the Universal per Child Allowance for Social Protection, which currently reaches about 3.5 million children. These changes in social protection measures have also been important in providing some buffer for women predominantly engaged in the care economy and household work, whose contribution often goes unrecognized and unrewarded.

As a result of this emphasis on inclusion and social protection, government social spending expenditures increased significantly to amount to nearly a quarter of GDP in 2008. This and other measures outlined had a direct effect on income distribution. Argentina was known as one of the more unequal countries in the world, and income inequality had been steadily increasing since the mid-1970s. This was finally reversed in the past decade, as the Gini coefficient for income distribution improved by 16 per cent between 2002 and 2009.

The government sought to maintain and expand these efforts during the current crisis. There has been a focus on countercyclical macroeconomic policies, including public works, housing plans, incentives to stimulate the productive sectors, pre-financing loans for exports and loans for small enterprises. All policies implemented included an employment preservation clause as a requirement to access and maintain the benefits and subsidies. In addition, the government extended the reach of the Productive Recovery Programme (through which the state subsidizes part of the workers' salaries in enterprises in a critical situation). Fiscal incentives were provided for formal hiring and regularization of non-registered employment. There was also a strengthening of the active training and employment policies targeted to people that needed to further develop their skills in order to enhance their occupational insertion opportunities. Active income policies were maintained, so that as of the last quarter of 2008, increases in retirement and pension transfers were guaranteed by law. Collective labour bargaining was sustained. There was a reduction in income taxes for salaried workers, and the amounts of the family allowances were increased. Also, there were monetary transfer programmes for vulnerable or impoverished groups.

These policies make severe fiscal demands, and the current inflationary pressures in Argentina suggest that further increases will have to be moderated. However, this very different approach to social and economic distribution and the positive macroeconomic effects that it has generated thus far show that there are other viable economic trajectories that can deliver both growth and economic justice.

However, it has been noted that Argentina's economic recovery, while impressive, has been less favourable for women workers than for their male counterparts. Unemployment has been reduced less among women than men, women's salaries have grown less than men's, and the process of increasing feminization of the workforce that occurred during the 1990s has not been evident in the past decade, probably because of the more rapid growth of economic sectors that have been traditionally male dominated (Castillo et al. 2008). A study on gender wage gaps (Brizuela and Tumini 2011) found that a firm's branch of activity is the

Argentinean women work at a poultry packaging facility.



WORLD BANK/JIM PICKERELL

aspect that accounts most for gender wage differences (the average gender wage gap in Argentina is 20 per cent for all workers). This is why the type of growth that Argentina's economy underwent between 2002 and 2009, with numerous new firms entering into production and dynamism of industrial sectors that have traditionally had low numbers of female employees, has also led to an intensification of gender wage gaps within firms.

Within the economically active population of Argentina, women have spent more years in formal education than men. Nevertheless, women workers tend to be concentrated in positions with low-skill requirements, with direct effects on wage gaps. In addition, it was noted that women receive substantially lower salaries at all skills levels (with the exception of those employed in the hotel industry). However, Brizuela and Tumini's 2011 study also found that the intensity of collective bargaining and the increase in the number of workers covered by collective labour agreements have had a compensatory role and have tended to equalize salaries between the sexes. There is therefore a strong case, in countries such as Argentina, for emphasizing labour institutions such as the minimum living wage and the base salaries that are established by collective labour agreements to function as ways of reducing wage gaps between women and men, particularly in low-wage activities.

In addition, the positive roles that social protection measures have played in Argentina should be noted. These performed a significant cushioning role in maintaining effective demand and had major implications for women—not just in adding to household incomes (and therefore necessary consumption), but in reducing the burdens of unpaid labour. This is important because the method of providing social protection can have contrary effects, particularly in conditional cash transfer programmes that require women to fulfil various conditions that are time- and labour-intensive.

POLICY ISSUES



A solar engineering trainer in Barefoot College, India.

1. Macroeconomic strategies

Financial crises can have quite varying effects on citizens' life and work conditions. A critical differentiating factor is the combination of government strategies that is employed in the aftermath of the crisis. Simply put—policy matters. While openness and other globalizing factors have constrained the possibilities for states in some ways, there remain many possibilities for generating progressive outcomes, as the positive examples of Sweden and Argentina (and others) indicate. But it is important to reiterate that attempts to ensure better conditions for women as paid and unpaid workers—or even simply to prevent worsening conditions for them—requires more than specific targeted and directed programmes: they must be situated in broader macroeconomic and sectoral policies that emphasize employment creation, universal access to good quality essential social services such as health and education and various forms of social protection. This section discusses

problems with earlier and current approaches and the appropriate macroeconomic strategies that would be sensitive to gender concerns and women's needs.

It is important to first specify the macroeconomic strategies that are more likely to be successful in reviving economies, employment and living conditions in the current context. Two major misreadings of economic policy requirements have combined to intensify the ongoing global crisis. The first is the notion that the immediate concern is the reduction of public debt and reduction of fiscal deficits. In fact, worsening fiscal imbalances in most major economies were a **result** of the 2008 financial crisis, not a cause of it, as automatic stabilizers and fiscal stimulus packages came into play. In the developed world (including now troubled economies like Ireland and Spain), public bailouts accounted for a large part of the deficit, as private bad debts were taken into public hands. The median public debt-to-GDP ratio in developed countries almost doubled (to more than 60 per cent of GDP) between 2007 and 2010.

It is evident that fiscal tightening in stressed economies is self-defeating. Reducing GDP growth, and thereby fiscal revenues, makes economic recovery more difficult and is counterproductive in terms of improving fiscal indicators. It is difficult—if not impossible—to reduce debt-to-GDP ratios in a period when the rate of interest on debt far exceeds the nominal growth rate. Further, the fact that trade surplus countries show no willingness to reduce surpluses or enlarge fiscal deficit bodes ill for global growth prospects. What will drive growth—globally and nationally—when countries persist in following austerity programmes that cut incomes and demand?

The second major misreading is an overly optimistic assessment of the self-correcting powers of financial markets, leading to limited and halting attempts to re-regulate financial markets. Financial deregulation led to a large, opaque and under-capitalized shadow banking system. It increased concentration in the traditional banking segment in a few 'too big to fail' institutions and increased systemic risk. Post-crisis, governments' lender-of-last-resort support to the financial system has even extended to the shadow banking system, creating massively increased moral hazard. Global commodity markets have also been affected by financial speculation, causing food and fuel prices to spiral with grave consequences for people across the world. This context makes strong re-regulation of finance urgent and essential. 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.

But re-regulation alone will not orient credit to real investment or make it accessible to small and medium-sized firms. There must be restructuring of the financial system: 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. Commodity markets, which have been subject to wild price swings related to speculative and herd behaviour, need to be made more transparent, with controls on financial activity in these markets and direct intervention when required to curb price bubbles and prevent sharp declines.

However, it is not just the crisis that has emphasized the urgent need for a shift in economic strategy. The need for a major reconsideration of macroeconomic

A woman in Timor-Leste has been picking coffee since she was 15 years old.



UN PHOTO/MARTINE PERRET

strategies is even evident in the experience of the previous boom and of the performance of successful economies. Recent economic growth has been associated with—and even depended upon—the greater power of capital (both multinational and domestic), as reflected in rising shares of profit and interest in national income. Governments have not seen higher wages, more employment and better conditions as economic policy priorities, but rather as eventual by-products of the growth process. Unfortunately, in many economies growth in decent work has not accompanied growth in income.

It is evident that fiscal tightening in stressed economies is self-defeating. Reducing GDP growth, and thereby fiscal revenues, makes economic recovery more difficult and is counterproductive in terms of improving fiscal indicators.

This profit-led growth is not sustainable beyond a point, as has become increasingly evident in the past few years. This refers to the various dimensions of sustainable development: ecological, economic, social and political—all of which are increasingly under question even in the more successful economies.

The economic sustainability of the export-driven growth model (which has come to be seen as the most successful strategy, driven largely by the successes of China and Germany) is under threat. The model, sought to be emulated by almost all developing countries, was associated with suppressing wage costs and domestic consumption in the attempt to remain internationally competitive and increase shares of global markets. Managing exchange rates to remain competitive, despite either current account surpluses or capital inflows, was a central element of this strategy. This was associated with the peculiar situation of rising savings rates and falling investment rates in many developing countries, and to the holding of international reserves that were then sought to be placed in safe assets abroad. This is a classic dilemma of a mercantilist strategy: such economies are forced to finance the deficits of those countries that would buy their products, through capital flows that sustain the demand for their own exports, even when those countries have significantly higher per capita income than their own.

The strategy also generated fewer jobs than a more labour-intensive pattern based on expanding domestic demand would have done, since it relied more on the expansion of tradable output with rising labour productivity rather than enlarging domestic services that are more employment-intensive, such as social services (Ghosh 2010, Patnaik 2006). In turn, this meant that employment increased relatively little despite often dramatic rises in aggregate output (Ghosh 2010). For example, even in successful manufacturing economies (e.g. China), employment in manufacturing increased very little or even stagnated, just as manufacturing output soared, because of sharp increases in labour productivity that reflected increasing use of



Indian farmer works a rice field.

newer technologies. The lack of sufficient, internal employment generation means that even dynamic developing countries could not find sufficient jobs to meet the demands of the growing (and often younger) labour force, so migration became one of the strategies for workers' survival.

This is why globally, the previous boom was associated with the South subsidizing the North: through cheaper exports of goods and services, through net capital flows from developing countries (to the US in particular), and through flows of cheap labour in the form of short-term migration. Despite the current fragile recovery, such a strategy is unsustainable beyond a point, particularly when a number of relatively large economies seek to use it at the same time. This strategy fostered and increased global inequality, and sowed the seeds of its own destruction for external and internal reasons. Externally, deficit countries will either choose or be forced to reduce their deficits through various means, including protectionist responses. Internally, suppression of wage incomes and domestic consumption will meet with political resistance.

In either case, the pressures to find more sustainable sources of economic growth, particularly through domestic demand and wage-led alternatives, are likely to increase. So countries must diversify their sources of growth, looking for other export markets and for internal engines of growth. Therefore, focusing on employment is not just desirable from the point of view of the welfare of workers and citizens generally, but also makes sound macroeconomic sense for preserving, diversifying and expanding economic activity in a stable and sustainable way. This is what makes arguments for a shift in strategy towards domestic wage- and employment-led growth so compelling for both developed and developing economies.

In developed countries with relatively strong institutions that can affect the labour market, including collective wage bargaining, effective minimum wage legislation and the like, it is probably easier to develop wage-led growth and strategies that allow wages to keep pace or at least grow to some extent along with labour productivity growth. Even in developing countries where such institutions are relatively poorly developed and where many (if not most) workers are in informal activities or self-employed, it is still possible and desirable to get wage-led growth. There are five important elements of such a strategy in developing countries with large informal sectors:

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) and areas where they live (relatively underdeveloped regions), and expand activities in which they can use their resources (unskilled labour) and produce outputs which they consume (such as food).
2. Ensure the greater viability of informal production through improving farmers' and other small producers' access to institutional credit, promoting their greater integration into supply chains and marketing that improves their returns and supporting technology improvements that increase labour productivity in such activities.
3. Provide increases in public employment that establish a floor for wages (for example, in schemes such as that enabled by the National Rural Employment Guarantee Act in India), improve the bargaining power of workers, and capitalize on opportunities for advancing gender equality.
4. Provide 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).
5. Increase and focus on the public delivery of wage goods and services (e.g. nutrition, housing, other infrastructure, health, education, even nutrition) financed by taxing surpluses. This is important because several of these goods and services have significant implications in terms of reducing the unpaid labour performed dominantly by women. For example, access to gas and electricity can reduce the amount of time spent by rural women in collecting fuel wood; access to piped water supply can reduce or eliminate the time spent collecting water; expansion of health services can reduce some of the unpaid work performed in the care economy.

The last point is often not recognized as a crucial element of a possible wage-led strategy, but it can be extremely significant. Furthermore, such a strategy can be used effectively even in otherwise capitalist export-oriented economies, as long as surpluses from industrialization and exports can be mobilized to provide wage goods publicly. Indeed, this has been an important and unrecognized feature of successful Asian industrialization from Japan to the East Asian newly industrialized countries to (most recently) China. The public provision of affordable and reasonably good quality housing, transport facilities, basic food, school education and basic health care all operated to improve the conditions of life for workers and (indirectly), therefore to reduce the money wages that individual employers need to pay workers. This not only reduced overall labour costs for private employers, but also provided greater flexibility for producers competing in external markets, since a significant part of fixed costs was effectively reduced.

This strategy has numerous macroeconomic advantages. Apart from benefits in terms of reducing poverty, improving income distribution and the conditions of informal workers, there are positive implications for growth processes. It allows for more stable economic expansion based on increasing the home market, and need not conflict with more exports either. It encourages more emphasis on productivity growth, thereby generating a 'high road' to industrialization.



UN WOMEN/DAVID SNYDER

A farmer milks one of her four cows in the village of Altymysh in Kyrgyzstan.

2. Active labour market policies

There are various categories of active labour market policies, which can be described according to their programmatic nature or their target group. The first category includes labour market services such as job-search assistance programmes (including job centres and labour exchanges that provide information on vacancies), counselling and monitoring and assistance with interview skills. A necessary feature of well-functioning labour markets in general, they can assume new roles in periods of crisis and employment stress. Here the concern for women is often with respect to the nature of the services provided, the timing and location of offices and the extent to which the personnel are sensitized to women workers'

TABLE 7: PUBLIC SPENDING ON ACTIVE LABOUR MARKET POLICIES AS A PER CENT OF GDP IN SELECT OECD COUNTRIES

	2003	2004	2005	2006	2007	2008	2009	2010
AUSTRALIA	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
AUSTRIA	0.6	0.6	0.6	0.7	0.7	0.7	0.9	0.8
BELGIUM	1.1	1.0	1.1	1.1	1.2	1.3	1.4	1.5
CANADA	0.4	0.4	0.3	0.3	0.3	0.3	0.4	0.3
CHILE		0.2	0.2	0.2	0.2	0.2	0.3	0.4
CZECH REPUBLIC	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
DENMARK	1.8	1.7	1.6	1.5	1.3	1.3	1.6	1.9
ESTONIA	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
FINLAND	0.9	1.0	0.9	0.9	0.9	0.8	0.9	1.0
FRANCE	1.1	1.0	0.9	0.9	0.9	0.9	1.0	1.1
GERMANY	1.2	1.1	0.9	0.9	0.7	0.8	1.0	0.9
HUNGARY		0.3	0.3	0.3	0.3	0.3	0.5	0.6
IRELAND	0.7	0.7	0.6	0.6	0.6	0.7	0.9	1.0
ITALY		0.6	0.6	0.5	0.5	0.5	0.5	0.5
JAPAN	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.3
KOREA	0.1	0.1	0.1	0.1	0.1	0.3	0.6	0.4
MEXICO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NETHERLANDS	1.5	1.4	1.3	1.2	1.1	1.1	1.2	1.2
NEW ZEALAND	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3
NORWAY	0.8	0.8	0.7	0.6	0.6			
POLAND	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.7
PORTUGAL	0.6	0.7	0.7	0.6	0.5	0.6	0.8	0.7
SLOVAK REPUBLIC	0.3	0.2	0.3	0.3	0.2	0.3	0.3	0.3
SLOVENIA		0.2	0.3	0.3	0.2	0.2	0.3	0.5
SPAIN	0.7	0.8	0.8	0.8	0.8	0.8	0.9	0.9
SWEDEN	1.1	1.1	1.2	1.2	1.0	0.9	0.9	1.1
SWITZERLAND	0.7	0.8	0.7	0.7	0.6			
UNITED KINGDOM	0.4	0.5	0.4	0.3	0.3	0.3	0.4	
UNITED STATES	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.1
OECD-TOTAL	0.6	0.6	0.6	0.5	0.5	0.5	0.6	0.7

Source: OECD 2012.

Several countries have measures designed specifically for youth, since youth unemployment has emerged as a major problem in almost all countries, particularly in the current crisis.

particularized needs (especially those from minority communities or migrant households). While these issues tend to be recognized in some developed countries, they are less generally accepted in much of the developing world.

The second category is training, such as classes and apprenticeships, which help unemployed persons improve their vocational skills and increase their employability. These have often been found to be particularly effective for women re-entering the labour market, with vocational training (technical or manufacturing skills, for example) being typically more effective than general training (such as language skills or general computer training). However, during an economic crisis or a period when intense restructuring is taking place, it can be difficult to assess the likely marketability of skills. This ambiguity means that in such cases, training in general skills may be more relevant. In a survey of active labour market policies in Europe, Bergemann and van der Berg (2006) found that training programmes in particular had disproportionately positive benefits for women workers. However, subsequent studies have not found the results to be gender-specific.

The third category is that of employment incentives to private agents. These are typically short-term measures that are designed to allow the unemployed to build up work experience and prevent skill atrophy. These include measures that provide incentives to change employer and/or worker behaviour regarding private sector employment. Wage subsidies (in the form of direct subsidies to employers per person employed or grants to workers for a short period) are the most common such incentive, designed to encourage employers to hire new workers or to maintain jobs that would otherwise be lost. Incentives to workers are usually targeted to long-term unemployed or to those from disadvantaged groups. These are rarely targeted specifically at women workers, though this should be considered. Subsidies for private employment also include self-employment grants and start-up incentives, including not only financial support but also technical assistance. It should be noted that women tend to be disproportionately excluded from such incentives, supporting a case for affirmative action in this respect.

The fourth category of policies covers direct employment programmes in the public sector, focused on the direct creation and provision of public works or other activities that produce public goods or services. In advanced countries, these are often targeted at disadvantaged groups, but in several developing countries (such as India, where the National Rural Employment Guarantee Act is the largest such programme in the world) they have been made available to all those who wish to

join. These programmes have both direct and indirect employment effects, particularly if they are employed in economically depressed areas where multiplier effects are likely to be strongly positive. The Indian experience indicates that because the programmes typically offer low (minimum) wages, they are especially attractive to women workers, who have been employed in these schemes well beyond the 30 per cent of jobs that were reserved for women.

Several countries have measures designed specifically for youth, since youth unemployment has emerged as a major problem in almost all countries, particularly in the current crisis. However, young people appear to be particularly hard to assist in this regard, and such programmes have thus far been less effective— even apprenticeships are not necessarily generating much scope for future paid employment. Some positive exceptions are to be found in the Scandinavian countries (as in the Swedish example discussed above) and Germany. Within these, there is very little designed specifically for young women, and often the nature of apprenticeships or other conditions are such that they tend to exclude young women.

Although the International Labour Organization and the OECD have been promoting active labour market policies for the past decade, their use has been relatively limited; in the recent crisis there is little evidence that there has been a significant increase in their incidence. There are increasing attempts to incorporate gender concerns explicitly into active labour market policies—by being conscious of women’s skills, time and contextual training requirements—though most programmes have only had limited success (ILO 2010). However, Table 7 shows that even in the OECD countries, expenditures on such policies typically account for a very small proportion of GDP. They tend to be more significant in Europe than in North America, and are better developed in northern Europe. It is noteworthy that they do not seem to have increased (in terms of expenditure to GDP ratios) during the latest crisis—indeed, in several countries they declined during this period when they were most needed (exceptions include Belgium, France the Netherlands and the Scandinavian countries). Germany also has very well-developed such programmes in place, and they are recognized to play an important role in preventing the emergence of significant rates of long term unemployment. Several developing countries, particularly in Latin America and East Asia (e.g. Republic of Korea), have recently gone in for more of such policies.

There are increasing attempts to incorporate gender concerns explicitly into active labour market policies—by being conscious of women’s skills, time and contextual training requirements—though most programmes have only had limited success.

3. Social protection measures

The discussion of Argentina's experience indicated that moves towards ensuring greater labour protection can have positive effects on employment, wages and productivity. In addition to measures that protect labour, it is necessary to consider the advantages of generalized social protection. In this context, the concept of the social protection floor is both useful and directly relevant. The 2011 International Labour Conference defined social protection floors as “containing basic social security guarantees that ensure that over the life cycle all in need can afford and have access to essential health care and have income security at least at a nationally defined minimum level. Social protection floor policies should aim at facilitating effective access to essential goods and services, promote productive economic activity and be implemented in close coordination with other policies enhancing employability, reducing informality and precariousness, creating decent jobs and promoting entrepreneurship.”

The Bachelet Report on the social protection floor (ILO 2011b) emphasized the role of social protection measures in cushioning the impact of the crisis among vulnerable populations, serving as a macroeconomic stabilizer fuelling demand and enabling people to better overcome poverty and social exclusion in both developing and developed countries. It can be seen as an integrated set of social policies designed to guarantee income security and access to essential social services for all, paying particular attention to vulnerable groups and protecting and empowering people across the life cycle. It includes guarantees of:

- Basic income security, in the form of various social transfers (in cash or in kind), 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 the areas of health, water and sanitation, education, food security, housing, and others defined according to national priorities.

This approach is quite different from the old social safety net approach favoured by the Bretton Woods institutions, whereby social protection was supposed to provide relief to poor and vulnerable groups during structural reform or austerity measures. These measures were generally temporary, fragmented and targeted to the poor. In the past decade, there has been growing awareness that this kind of needs-based strategy is unproductive, and so in many countries there has been a shift to a rights-based approach to social protection, with guaranteed basic social rights as a precondition for citizenship. Instead, the point is to universalize access to benefits in health, pensions, unemployment, childcare and primary education. So instead of a residual and temporary approach, the social protection floor becomes a full and permanent component of the development strategy for inclusive growth. It is easy to see how a universal rights-based approach, instead of a selective needs-based one, will contribute more towards reducing poverty, containing inequality, sustaining equitable economic growth and encouraging women's greater empowerment and autonomy for women.

Women sew at a Bangladeshi factory.



KATHRYN GARDNER

The most common argument against such floors is that most governments cannot afford them, particularly governments caught in the throes of a fiscal crisis or in poor countries. But the Bachelet Report shows that, contrary to received wisdom, social protection measures of the kind comprising the floor can be kept within a relatively modest percentage of national income, even in severely resource-constrained countries. In countries such as El Salvador, Mozambique and Viet Nam, major social protection floor programmes would only cost between 1 and 2 per cent of GDP. This is tiny compared to the tax revenues often forgone by not effectively collecting revenue from the wealthy and by not tackling inefficiencies that exist in many expenditure programmes. The important point is that effective country-specific social protection floors, which can gradually expand, are not only affordable but can—in the long run—pay for themselves by enhancing labour-force productivity, societal resilience and the stability of the polity.

Most significantly, social protection benefits can improve access to labour markets. According to the Bachelet Report, impact evaluations in Brazil and South Africa have shown that when compared to households that did not receive support, households receiving cash transfers looked for work significantly more extensively and intensively and found employment more successfully, resulting in higher labour-force participation among recipient households. This was partly because in some countries, social protection measures were accompanied with training and other measures to improve employability, and because social protection measures generate spending through enhanced multiplier effects. Some of the direct ways in which social protection measures can be combined with active labour market policies include job search and guidance measures, facilitating apprenticeships and other ways of creating labour market exposure, skills development, and assistance in advancing in or completing formal education.

There are direct benefits to women, not only because social protection measures that are universal in nature incorporate women who otherwise would be excluded from purely worker-based measures. The role in reducing unpaid labour can also be clearly positive, especially where some of the burden of the unpaid care economy and social reproduction is taken from women and girls within the household and transferred to social or community provision. However, in cases of conditional cash transfer schemes and similar programmes, care should be taken that the conditions do not impose additional burdens of time and work on women who are responsible for fulfilling the conditions. Pensions (especially non-contributory pensions), disability allowances and other such cash transfers allow women who have performed mainly unpaid labour through most of their lives to receive some form of social security.

What is particularly significant is that, apart from reducing human insecurity and gender gaps in living conditions, this strategy has great macroeconomic significance. It increases the presence of countercyclical buffers that reduce the negative effects of periods of economic downswing. Because of its positive multiplier effects, it actually provides a positive way out of the downward cycle of fiscal austerity and social unrest that seems to be a common problem in many countries.

4. Encouraging the viability of self-employment

Small producers and household-based enterprises require particular attention to ensure not only access to better technology and to expanding markets, but also to institutional credit on reasonable terms. This is true of cultivators as well as other small non-agricultural producers. The policy emphasis on improving productivity should not be confined to the formal sector; rather access to new and better technologies and other means of increasing productivity is likely to have even greater positive impact when it occurs in activities that have hitherto been low productivity. Since agriculture continues to dominate in employment in many if not most developing countries, it is particularly important to focus on raising land productivity and improving the viability of cultivation through a range of measures that ensure sustainable production that can adapt to climate change and other ecological challenges. Here it is particularly important to incorporate women farmers, as they are typically excluded because they usually lack land titles in their own names and are often not even recognized as farmers.

One of the most important issues is lack of access to institutional credit. The unfortunate tendency for formal financial markets to exclude small producers, especially women producers, operates to dramatically increase costs for women and makes it harder for them not only to compete effectively in markets but also to secure minimum viability. This tendency is accentuated in times of financial crisis when women borrowers who are in small- or micro-enterprises are the first to be squeezed in any credit crunch or even in incipient periods of financial stringency (Floro and Dymski 2000). It is essential to ensure a steady flow of credit—and even enhanced credit—to small enterprises and women in particular, who are excluded from this even in normal times. Given the nature of credit markets, this may require credit subsidies, but it has been found that these can be relatively inexpensive in fiscal terms yet provide a wide range of economic benefits (Pollin, Mwangi and Heintz 2008, UNCTAD 2010).

It is important to provide a caveat on something that has been widely touted as an alternative to the provision of institutional credit: microfinance. It is wrong to see microcredit and other forms of microfinance as effective substitutes for the greater spread of institutional credit on normal commercial terms. As noted in Ghosh (2012), the focus on group lending does allow for financial integration in the absence of collateral and therefore it plays a role in consumption smoothing (especially in poor households). Because it has been predominantly provided to women, microfinance has played a role in empowering women within households and communities, and the group orientation has, in some cases, allowed for the development of cooperative methods and social and political mobilization among women.

Small producers and household-based enterprises require particular attention to ensure not only access to better technology and to expanding markets, but also to institutional credit on reasonable terms.



A Zimbabwe farmer tends to her family's land with her child close at hand.

However, microfinance is **not** the same as financial inclusion that ensures access to institutional finance, and—most significantly—does not allow for productive asset creation and viable economic activities to flourish. It is true, though, that despite its benefits microfinance's high interest rates, short gestation periods and increasingly coercive methods used to ensure repayment militate against its usefulness in poverty reduction and asset creation.

Proper financial inclusion into institutional finance (rather than relying on microfinance) is likely to require some forms of subsidy as well as creative and flexible approaches on by central banks and regulatory regimes to ensure that different banks (e.g. commercial, cooperative, development) reach excluded groups like women, as well as small and medium-sized enterprises, self-employed workers, peasants and those without land titles or other collateral.

5. Reducing the burden of unpaid labour

Financial and economic crises tend to have the direct effect of increasing unpaid labour burdens, and this falls disproportionately (although not uniquely) on women. Some of this occurs directly as a result of the crisis, in the form of lowered household incomes due to job losses or reduced livelihood in productive activities force families to curtail expenditure on goods and services, which in turn means that some necessary consumption must be met through internal production. A secondary effect on increased time spent on unpaid labour occurs through the effects of fiscal austerity measures, when cutbacks in public services and/or increases in user charges reduce household access to these services, which must then be met within the household.

Crisis recovery policies need to take these effects explicitly into account—primarily by avoiding fiscal cutbacks that directly increase unpaid labour burdens (particularly in essential social services), and also by expanding public spending that provides basic amenities and social services. The positive macroeconomic effects of such spending, in terms of shortening slumps and reducing their intensity, have been noted.

Crises tend to increase unpaid labour burdens, and this falls disproportionately (although not uniquely) on women. Recovery policies need to explicitly take this effect into account—primarily by avoiding fiscal cutbacks that directly increase unpaid labour burdens (particularly in essential social services), and also by expanding public spending that provides basic amenities and social services

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ISBN 978-1-936291-72-4



UN Women is the UN organization dedicated to gender equality and the empowerment of women. A global champion for women and girls, UN Women was established to accelerate progress on meeting their needs worldwide.

UN Women supports UN Member States as they set global standards for achieving gender equality, and works with governments and civil society to design laws, policies, programmes and services needed to implement these standards. It stands behind women's equal participation in all aspects of life, focusing on five priority areas: increasing women's leadership and participation; ending violence against women; engaging women in all aspects of peace and security processes; enhancing women's economic empowerment; and making gender equality central to national development planning and budgeting. UN Women also coordinates and promotes the UN system's work in advancing gender equality.

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EXPLORING PROGRESSIVE STRATEGIES IN A
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United Nations Entity for Gender Equality
and the Empowerment of Women