

# Gender Equality and the Economic Crisis: A Framework for Analysis

Diane Elson, University of Essex, March 2009

Gender Dimensions	Origins	Impacts	Responses
Divisions of Labour			
Norms/ Culture			
Social Repro duction			

# Inspirations

- “ Stephanie Seguino ±The Global Economic Crisis and its Gender Implicationsq, March 2009
- “ Brigitte Young ±When %Credit Becomes Debt+in the Sub-Prime Crisis- Is There a Gender Dimensionq February 2009
- “ Diane Elson ±The International Financial Architecture-A View from the Kitchenq *Femina Politica*-Zetschrift fur feministische Politik-Wissenschaft, 11Jg, Heft 1, 2002
- “ Website: [www.economicsofcrisis.com](http://www.economicsofcrisis.com)

# Origins

- “ Contingent circumstances :reckless bankers, and regulatory and credit rating failures
- “ Systemic problems:  
how to realize profits, when payments to labour are both a cost of production and a source of market demand?
- “ Asset bubbles and financial crises as an integral part of capitalism

# Origins/Division of Labour

## **In Banking Crisis, Guys Get the Blame**

More Women Needed In Top Jobs, Critics Say

By Kevin Sullivan and Mary Jordan

Washington Post : February 11, 2009

LONDON, Feb. 10

Fred, Tom, Andy, Dennis, Eric, John, Stephen, Antonio and Paul ran British banks that lost billions of dollars.

So they have been called in for a grilling by Nick, Graham, Colin, Jim, Stephen, Michael, Andrew, George, Mark, Peter, three Johns -- and a single, solitary Sally.

The interrogation of the lions of British banking, many of whom have lost their jobs, began on live television Tuesday before the financial overseers of Parliament's Treasury Select Committee. And in line with the usual math of the financial world, 18 of the 19 key people in the room were men.

# **Origins/Norms**

## **Gendered Culture of the Financial Sector**

### **Socially shaped patterns of risk preference/aversion**

Available evidence on gender differences in financial risk taking tends to support the idea that women are more likely to be risk averse than men. For instance, research in the United States suggests that women are more risk averse than men in investing their pension contributions.

### **Macho culture on the trading floors and dealing rooms**

# Origins/Social Reproduction

- “ Financial articulation with capital accumulation : wages, pensions, taxes/transfers, interest and debt payments/receipts, annuities etc
- “ Tension: payments to labour both a cost of production and a source of demand
- “ Both depend not only on paid work but also unpaid work
- “ Commodification of unpaid work: rising female labour force participation

# Debt and Social Reproduction in USA and UK

- “ Median real wages not rising
- “ Home purchase expanding, home loans expanding
- “ House prices rising: fictional wealth: encourages consumer debt
- “ In USA Sub-prime loans with ~~teaser~~ teaser rates to previously excluded ~~risky~~ borrowers: women household heads and African Americans over represented
- “ Access is easier but terms are more onerous over the life of the mortgage. In 2005, a sub-prime loan on a median price home implied \$85000 more in total payments than a regular loan
- “ Women borrowers in USA more likely to receive sub-prime loans than men at every income level
- “ In 2007 fuel and food price rises make it harder to pay the mortgage: defaults rise

# Implications of securitization of mortgages

- “ Financial innovation: slicing and dicing of regular and sub-prime mortgages to produce new saleable assets, with triple AAA ratings.
  - “ By 2006, stability of international financial system depends on ability of low income holders of sub-prime mortgages to service their debt.
  - “ ~~W~~hen problems in the housing market triggered a wave of sub-prime defaults, the value of.. derivative assets based on mortgages collapsed.... Securitization and funding via global capital market created channels of contagion in which a crisis originating in one product in one location.. spread to other products.. and throughout the worldq
- Structural Causes of the Global Financial Crisis: A Critical Assessment of the New Financial Architectureq J. Crotty, UMass-Amherst, 2008.

# Likely Economic Impacts in Developed and Developing Countries

- “ Loss of employment and worsening conditions of employment
- “ Declining returns in self employment
- “ Increase in bankruptcies
- “ Increase in foreclosures/reposessions on homes
- “ Decline in asset values- houses, defined contribution pensions
- “ Decline in interest on savings
- “ Decline in migrants remittances
- “ Decline in public expenditure on services
- “ Rise in prices of imported goods

# Gender Divisions in Impacts on Jobs in Developed Countries

Different patterns in different countries

Job losses in UK :

The real victims of this credit crunch? Women In previous recessions men bore the brunt of job losses but this time it will be different. With more women working in the hardest hit areas - retail and services - it is they who will suffer most, jeopardising their hard earned financial independence and equality at work. Could this downturn reverse the huge economic gains women have made over the past few decades?

[Ruth Sunderland](#), business editor [The Observer](#), Sunday 18 January 2009

Concern is shared in Trade Union Congress report, *Women and Recession*, January 2009

Job losses in USA:

As Lay-Off surge, Women May Pass Men in Job Force

With the recession on the brink of becoming the longest in the postwar era, a milestone may be at hand: Women are poised to surpass men on the nation's payrolls - this has less to do with gender equality than where the axe is falling.

Catherine Rampell, New York Times, February 6, 2009

# Gender Divisions in Impacts on Jobs in Developing Countries

- “ Depends on gender division of labour in export sector
- “ Garments- women will be hard hit
- “ Minerals . men will be hard hit
- “ Tourism-likely to hit both men and women
- “ Agriculture- likely to hit both men and women

# Gender Norms in Impacts on Jobs

Discrimination against women?

Reversion to male breadwinner norm?

e.g. South Korea in Asian Financial Crisis  
of 1997-98

Selecting part-timers and those on  
maternity leave for redundancy ?

Noted as a concern by TUC report on  
Women and Recession

# Impact on Social Reproduction

In rich countries possible withdrawal of measures to facilitate combining paid and unpaid work ( ~~work~~/life balanced)

e.g. employers may withdraw flexible hours schemes

Public expenditure on public services may be cut in both rich and poor

# Responses: Individual Thrift

- “ Reduce consumption
- “ Increase savings
- “ Increase informal paid work
- “ Increase unpaid work
- “ All help individuals survive but contribute to a downward spiral in paid economic activity
- “ The Paradox of Thrift

# Gender Divisions in Thrift

- “ Women may reduce consumption more than men: e.g. poor women and food consumption
- “ Men may increase consumption of goods like alcohol
- “ Women may save more than men :e.g. Japan
- “ Women may increase informal unpaid work more than men
- “ Unpaid work: women may increase their unpaid work more than men
- “ Difficulties in monitoring changes in unpaid work
- “ Women may drop out of labour force statistics: discouraged workers

# Gender Norms in Thrifty Responses

- “ Women tend to be held more responsible than men for thrifty survival- ~~making~~ making ends meetq
- “ Norms of female home maker/ male breadwinner may make a comeback
- “ Query: check women's magazines for increase in no. of articles on how to knit a nourishing meal while producing home grown vegetables etc etc ?

# Social Reproduction and Thrifty Responses

- “ Thrifty responses change the articulation of social reproduction and capital accumulation- getting by on less money- in ways that may safeguard conditions for capital accumulation in short run.
- “ But may contribute to depletion of human capabilities ( e.g. health, education) and social cohesion ( e.g. less gift giving, less volunteer time) in ways that undermine conditions for capital accumulation in longer run .

# Responses: States

- “ Recapitalize banks
- “ Buy shares in banks ( while trying to avoid public ownership eg buy preference shares rather than ordinary shares)
- “ Improve management and regulation of financial sector, nationally and internationally
- “ Reduce interest rates and increase money supply
- “ Fiscal stimulus, if possible
- “ Borrow from IMF, if not- but conditions attached to loans may make the downturn worse

# State Responses in Financial Sector : Gender Divisions

## **Iceland calls in women bankers to clean up 'young men's mess'**

By Sarah O'Connor , Financial Times, October 14 2008

Iceland has turned to two women to rebuild its financial system after the banking empire built by its young, male business-schooled elite collapsed.

## **Lehman Brothers and Sisters**

By Nicholas D. Kristoff, New York Times, February 8<sup>th</sup>, 2009

At the recent World Economic Forum in Davos..some of the most interesting discussions revolved around whether we would be in the same mess today if Lehman Brothers had been Lehman Sisters. The consensus.. is that the optimal bank would have been Lehman Brothers and Sistersq

# State Responses in Financial Sector: Gender Norms

- “ **After the crash, Iceland's women lead the rescue**
- “ By Ruth Sutherland, Observer February 22
- “ Iceland's spectacular meltdown was caused by a banking and business culture that was buccaneering, reckless - and overwhelmingly male. Business editor Ruth Sunderland travelled to Reykjavik to meet the women now running the country, and heard how they are determined to reinvent business and society by injecting values of openness, fairness and social responsibility.

# Fiscal Stimulus: Gender Divisions

“ What kinds of new jobs are created?

## **The macho stimulus plan**

By Randy Albelda , The Boston Globe, November 28, 2008 |

President-Elect Barack Obama has convincingly argued for a stimulus package that creates jobs that produce things we desperately need and want. "We'll put people back to work rebuilding our crumbling roads and bridges, modernizing schools that are failing our children, and building wind farms and solar panels; fuel-efficient cars; and the alternative-energy technologies that can free us from our dependence on foreign oil and keep our economy competitive in the years ahead."

Yes, we need bridges, roads, and schools. And yes, we should invest in green jobs - stimulating the economy as well as building a strong basis for economic growth in the future. However, there is a crucial missing link in this package - both on the employment side and the investment side. That link is women. This might as well be called the macho stimulus package.

# Fiscal Stimulus: Gender Norms

**Use the stimulus to challenge gender norms**

## **Affirmative Action**

### **Letter from US feminists to President Obama**

Revive and enforce the Labor Department regulations that require government contractors to institute affirmative action plans that provide a share of the jobs for women and minorities. Closely monitor the contractors for compliance. In connection with the infrastructure projects, institute apprenticeships, and insure that at least one third of the positions go to women.

## **New Jobs**

From Rosie the Riveter to Rosie the Insulator

# Social Reproduction

Adopt a transformatory response

Change the articulation of social reproduction and capital accumulation

Socialize the banking system (credit unions; mutual building societies; publicly owned banks)

Guarantee survival through income transfers from the state

Increase availability of public services

Build collective systems to ensure provision of basic goods (eg fuel, water, food, housing)