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The gender aspects of the financial and economic crisis

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Abstract

The financial crisis has turned the world upside down and forced a rethink of traditional ways of doing things.

The economic downturn has prompted numerous debates about the causes of the crisis and its impact, but the question of how the crisis is affecting men and women differently has tended to be marginalised.

This paper provides an overview of some of the main arguments which have emerged on the role of gender in the crisis both in the media and in gender research. It also examines the countercyclical government responses to the crisis, especially the stimulus packages, from a gender perspective.

However, it is not only the impact of the crisis which has a gender dimension but also its causes. One of the main reasons for the increasing power of financial markets was the redistribution of capital over the last three decades. This has a strong gender dimension, which is considered in this paper. It concludes by highlighting the role of gender in the global financial architecture and proposing more extensive research in this area.

Introduction

The current economic crisis has demonstrated that a financial market collapse can bring the entire world to its knees and that volatile markets can affect livelihoods, social stability and, not least of all, political systems.

The crisis has prompted a much sharper focus on the way financial markets operate, with numerous articles in the media about the possible causes of the economic meltdown and its likely global impact.

There has, however, been little debate about the possible gender aspects of the crisis, even though gender has played an important role in both its causes and its effects. This paper aims to help fill that gap and provides a brief overview of the various gender aspects of the current crisis.

It begins with a review of the coverage of gender-specific topics and issues in the media, analysing the most notable discussions on gender aspects of the financial crisis and providing a brief introductory overview of the various strands of the discussion on this topic.

Some of the arguments played out in the media have been analysed by scientists in more detail, including studies into the economic rescue packages launched by governments across the European Union from a gender perspective. These stimulus packages constituted the first political reaction to the crisis and several researchers have highlighted the 'gender blindness' of the most significant ones. This issue is discussed in the second part of this paper.

The third section of this analysis focuses on what various heterodox economists consider to be one of the main causes of the crisis: the increasing redistribution of capital. The distribution of economic resources has also been a major issue in feminist research. This chapter considers wealth distribution and its connection with the financial crisis from a gender perspective.

Finally, the conclusion underlines the importance of including gender in analyses of the causes and outcomes of both the financial crisis, and of the overall financial architecture.

1. Media coverage

The role of gender has attracted little attention in media coverage of the financial crisis even though it is a major theme in gender research, which is not too surprising.

Media coverage also varied widely, which makes it impossible to examine all these points in detail. However, to facilitate an overview of the gender debate in relation to the crisis, a few examples are cited in this paper.

One of the first reactions came from the American media, with women's groups arguing that women would be affected by the crisis more than men. Linda Basch, the President of National Council of Women, drew attention to the impact of the crisis on poor women, especially mothers and single parents, and argued that women would be more affected by the recession and subsequent economic instability. They have less money, fewer savings, are more likely to be unemployed and receive smaller pensions than men. (Weinsaft, 2008)

Immediately after the first fiscal stimulus package was announced in the United States, articles appeared in the media criticising its gender blindness. "Where are the jobs for women?" asked Linda Hirshman, in an article in the New York Times in which she criticised the unequal distribution of funds, which were invested primarily in male-dominated industries, and demanded money instead for much-needed social infrastructure.

'The bulk of the stimulus program will provide jobs for men, because building projects generate jobs in construction, where women make up only 9 percent of the work force.' (Hirshman, 2009)

Furthermore, age-old arguments about biological determination by sex not gender - which assumes that men and women are biologically determined to behave in certain ways - were rehearsed in the media once again.

'Sex usually refers to the biological aspects of maleness, femaleness, whereas gender implies the psychological, behavioral, social and cultural aspects of being male or female.' (VandenBos 2007)

Such considerations have long been obsolete, but the argument that men driven by an excess of testosterone were responsible for the crisis (Baxter 2010) brought them to the surface again. This thesis has been discussed seriously in the German media and was even raised at scientific conferences and at high-level events attended by US Treasury Secretary Tim Geithner,

demonstrating how seriously this argument was being taken.

The International Labor Organization, United Nations, women's associations and worldwide gender working groups have all considered the possible impact of the financial crisis on women, with their work attracting some media coverage.

They predicted that more women will lose their jobs in most regions of the world, with the ILO estimating in 2009 that the crisis could create 22 million more unemployed women. Rising unemployment will also lead to an expanding informal sector, which promotes insecurity and makes women even more vulnerable. They will act as "social air bags", absorbing much of the impact of the crisis. (Wichterich, 2009)

At the same time, the crisis sparked a new discussion about the breakdown of traditional and male-dominated industries, prompting some media reports to portray women as the 'winners' in this crisis, because female-dominated sectors in developed countries were not as badly affected. But opposing voices pointed out that as, generally speaking, more women work part-time or for lower wages, they will be affected more by the austerity budgets now being launched to finance the costs of the crisis.

Some feminist groups see this as an opportunity to attract more attention for their key interests, such as greater parity in decision-making positions, and put these issues back on the political agenda. A similar, frequently-discussed thesis is that if there had been more women in decision-making positions, they would have prevented the crisis.

However, all in all, compared with media reporting on the general aspects of the financial crisis, references to its gender-related impact were secondary and marginalised.

2. The gender impact of stimulus packages

In addition to the limited media coverage of this issue, feminists and gender experts have published several working papers, reports and analyses on the gender dimensions of the crisis.

There is broad agreement in the main conclusions drawn from this gender-specific research that gender is a core factor in relation to both its causes and the impact.

Almost all the measures that governments have introduced to combat the crisis have had differing

impacts on men and women, as British University Professor and UNESCO gender expert Sylvia Walby has revealed in her analysis (Walby 2009).

The stimulus packages launched by many countries to avert economic collapse (the poorest countries often had no chance to initiate stimulus packages) took a variety of forms and included different measures. But two features were common to all of them: they all included measures to mitigate the credit crunch for companies and to combat the rise in unemployment as much as possible.

The latter has often been studied in relation to gender balance and merits discussion here, raising the question of how best to identify and analyse these packages from a gender perspective.

There are different methods which can be used for 'gendering' financial and economic policies. Gender auditing and budget analysis can make gender dimensions visible, and reveal who benefits from the funds provided in the fiscal stimulus packages and how.

Most such analyses have concluded that male-dominated industries have benefited most, with that the allocation of funds in these packages showing a distinct gender perspective. As Sylvia Walby mentioned, gender is most visible when it is identified as a relevant category for analysis. (Walby, 2009)

In her article "What's the gender of the economic crisis?", Alexandra Scheele refers to the gender imbalance of stimulus packages launched in Germany, the US and the UK. She argues that they reflect an underlying gender-political conservatism which is orientated towards the concept of the 'male breadwinner'. (Scheele 2009). The beneficiaries in this case were male-dominated industries such as the automotive sector and its suppliers, engineering, the construction industry and transport.

In her analysis of the German stimulus package, Mara Kuhl noted the one-sided support for male-orientated industries which are in relative decline as a result of national and global structural change. (Kuhl 2010)

To take just a few examples: the German stimulus package includes 11 million euro for education. At first glance, it was assumed that this would mean new teachers or nurseries, both predominantly female sectors. But in fact, the money was used for the refurbishment of educational institutions, thereby boosting the construction industry, which is male-dominated. The car-scrappage scheme was designed to

boost the automotive industry, and reduced-hours compensation schemes supported male-dominated sectors as well. Overall, the proportion of employed women and men in all the social insurance-funded sectors supported by the German fiscal stimulus package points to 72% of the support going to male employees and 28% to female workers. (Schambach, 2010).

Given that many of these industries were hit hard by the crisis, these relief efforts are understandable. However, other important sectors which provide many valuable jobs and which have higher proportions of female employees have been neglected. Support for the social and health sectors would, for example, have been appropriate in light of the current challenges we face.

Feminists have criticised this one-sidedness, with Alexandra Scheele highlighting the impact of the crisis on the retail trade and on the civil service, both sectors with a higher proportion of female employees. There is also a great need for social services, better education by more teachers and more childcare, but none of these have benefited from support in the stimulus packages.

Finally, the orientation of the packages reinforced the existing, gender-segregated labour market instead of using them as an opportunity to launch a "social and ecological New Deal" to bring about sustainable transformation – a transformation which is not yet in sight.

3. The distribution of wealth and redistribution of public money with a gender perspective

Changes in the global financial architecture have brought about a redistribution of capital which has been identified by some researchers as one of the main causes of the financial crisis. (Huffschnid 2008)

This redistribution of capital led, among other things, to a huge growth in capital markets, which in turn accelerated the redistribution trend. The increasing role of financial markets in recent decades and their extraordinary growth is also connected to privatisation and market liberalisation, both of which have a specific gender perspective. This raises the key issue of distributive justice – an issue which has always been a central theme in the feminist debate.

Furthermore, the exorbitant accumulation of capital is linked to shrinking wage rates (Huffschnid, 2008),

particularly among women, who usually perform most of the unpaid or poorly-paid work in our societies.

'Informal work, as well as substantial amounts in unpaid work, are the predominant activities that absorb women's time worldwide.' (Antonopoulos, 2009)

Shrinking wages can also result in an increase in levels of indebtedness in private households, a trend from which the credit markets profited until the mortgage subprime crisis.

'In some cases, low and middle income groups have relied on borrowing to maintain their live standards, and in the US in particular, the consequences of this are apparent in the subprime mortgaged crisis. Unsustainable credit expansion was one way to maintain growth in the face of inequality.' (Seguiono, 2009)

Households with fewer assets are affected more than others, with the gender distribution of resources and debt ratios being of particular significance in this respect, as is racial discrimination.

This leads to a double wealth disadvantage: at the beginning of the economic downturn, more women than men, and more minority groups such as African Americans and Latinos, were affected by the 'mortgage trap'. (Gould, 2008)

There is also a correlation between increasing national debt and growing private wealth. Bank and fiscal stimulus packages have to be financed, and the question of how the sale of governments' bonds to fund bank bailouts and stimulus packages has led to increased privatisation of public capital, and the role of gender in this, merits further investigation.

Finally, women are more dependent on transfer payments and social infrastructure, and will therefore be disproportionately affected by the public spending cuts in the austerity packages now being announced, which will diminish the public sector once again and could have a direct impact on gender-related issues.

This means that further research will be necessary to substantiate the findings to date with concrete numbers, and that more women will need to get involved in the debate to raise awareness of – and generate more interest in – this issue and ensure the necessary reallocation of funding.

Despite the worldwide economic meltdown, the Boston Consulting Group's Global Wealth Report highlights the

fact that, globally, the wealth of millionaires has increased: they account for only 1% of the world's population, but now hold 38% of global wealth – up from about 36% in 2008. (Global Wealth Report, 2010)

4. Conclusions

Research into gender-related issues understandably often draws attention to the gender aspects of the crisis, with many analyses considering what lessons can be learned from past financial crises about the impact of the current crisis on gender issues. There is, however, a lack of research into the influence of gender on the financial architecture itself.

'In the present debate on the past and future of the global financial architecture, questions on how gender relations influences the very structure of how finance is organized and operates globally, and how different regulatory regimes have distinct distributive effects are largely missing.' (Young, 2010)

While several mainstream economists (who are not feminists) have conducted critical analyses of the global financial architecture, relatively little attention has been paid to gender as a category of analysis.

It would be very interesting to explore this topic further in future research, combining the current critical analysis of the financial architecture with a gender perspective. This could lead to valuable exchanges of experiences and lead to holistic solutions to meet today's global challenges.

The same applies to research into future solutions. In particular, the percentage of women working in commissions which receive a mandate to propose a new financial architecture or stimulate new thinking on the economy, including social and ecological issues, needs to be raised, and gender as a category must be integrated into this work. Currently, not only financial analysis but also many solution-finding processes are gender blind.

Like other markets, the financial markets also have an inherent 'gender order' which governs power relations between men and women and which is, for example, associated with access to markets, loans, the distribution of wealth and participation. Some very basic questions need to be asked: does the growth of financial markets affect men and women, various population groups and those from migrant backgrounds differently? What money is invested and by whom and for what purpose?

Brigitte Young's research on the role of gender in the allocation of subprime loans goes precisely in this direction, and further research is due to follow.

The findings of the small survey summarised in this paper should be considered against the backdrop of the actions still being taken by governments to combat the crisis, which seem to be gradually moving the global community back towards 'business as usual'. This could make the situation even worse from a gender perspective.

The international reaction has demonstrated the international community's weakness in facing up to global challenges. Many of the proclamations made after the first G20 summit amounted to little more than rhetoric. National interests and actions often contradict globally-coordinated measures.

The financial markets and the international economy are closely interconnected. In order to prevent a repeat of the current crisis, stricter regulation is absolutely necessary. Without this, the whole system will remain volatile. Political action and social information are desperately needed.

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