

Post Crisis Gender Gaps: Women Workers, Employment, and Precariousness

Abstract (113 words)

The Gender Gap Index (GGI) is very useful when it comes to international comparisons and offers diverse interesting approaches on equity, human wellbeing, and development. The central axis of this paper is to demonstrate the way in which this index is indirectly related to the distribution of public expenditure in different strategic sectors of economic development. When reducing health and education expenditures in order to transfer funds related to the external debt service to institutional investors of the Shadow Financial System (SFS), the gender gap worsened because of the austerity policies implemented by the State, *laissez-faire*. This had an impact on the broadening households' unpaid work along the deepening of the gender gap.

Keywords: Gender Gap Index, Public Policies, Public Expenditure, External Debt Service

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“To the politician and administrator *laissez-faire* was simply a principle of the ensurance of law and order, at minimum cost. Let the market be given charge of the poor, and things will look after themselves”.

Polanyi, 1944

Introduction

During the post crisis period, the Gender Gap Index (GGI)³ is not only useful in order to analyze the differences between men and women among the different countries at an international level, it also shows the way in which public policies influence it at an institutional level. If one relates the

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³ The Global Gender Gap Index examines the gap between men and women in four fundamental categories (subindexes): *Economic Participation and Opportunity*, *Educational Attainment*, *Health and Survival* and *Political Empowerment*. This index is contained in the *Gender Gap Report* of the Davos Economic World Forum.

GGI with the Great Crisis and the Great Recession, one may observe how the austerity process has penetrated public expenditure achieving its reduction in strategic sectors *laissez-faire* of a sustained development policy.

As a consequence, public policies have been affected by the constant decrease of public expenditure related to health, housing, and education, which, along their privatization, profoundly affect women and their increasing need to become increasingly involved in the labor market, even if it means to participate with precarious activities, informal economy, or low-paying jobs. On one side, the channeling of funds coming from the State through public policies are in the middle of macroeconomic interests, and this happens to such an extent that the development of monetary, fiscal, and financial policies respond to the interests of the international institutional investors who act within the SFS and work within the international financial circuits. On the other side, the transferences of capital flow, towards the SFS, influence the unemployment rate and its decreasing remuneration, showing noticeable consequences on the work performed mainly by women and on the deepening of the wage gap between men and women.

The central axis of this paper is to demonstrate the way in which public policies have responded to financial markets by transferring an increasing volume of rents to institutional investors. This may be exemplified with the payment of the external debt service and the decrease of public expenditure, which has a very important role in Mexico's economic development. On the other side, the GGI is analyzed in a moderately developed country such as Mexico and its relations with the decrease of transferences towards public expenditure, as well as towards social and equity programs, while directing more funds towards international creditors through the external

debt service, which broadens the gender and the wage gaps⁴, unemployment, and labor precariousness during the post crisis period.

Gender Public Policies and Provisioning

From the perspective of post Keynesian theory, a monetary production economy involves the production and the circulation spheres as the foundation of exchange relations. The latter is compounded by aggregate demand for the procurement of such labor that, through public policies, define the interrelation between the spheres of macroeconomy and microeconomy. Therefore, those decisions made within the macroeconomic sphere will then be related to the family unit through public policies, the mesoeconomy. Within households, monetary incomes from paid work persist as the main axis of economy; but one should also take into account the care of social reproduction, which main axis is such unpaid work that, in a monetary production economy, will be indirectly related to public policies.

At this point, provisioning becomes the main axis of economic science, opposed to the principle of limited resources shortage. In his speech on austerity, Strober mentions: “Keynesian thinking fits with the thinking of feminist economics. A cardinal principle of feminist economics is the one that Adam Smith enunciated more than two centuries ago: economics must be concerned first and foremost with the process of “provisioning,” the fulfillment of human beings’ material needs” (Strober, 2015:1). When provisioning is considered as the main axis, the causal relation between the members of the family unit and the care of social reproduction based on a moral emotion may be understood. Care is an unpaid activity that might obtain some kind of benefit

⁴ Gender Wage Gap (GWG).

from the times of economic prosperity through those public policies resulting from a higher public expenditure. When family members' income increases, people outside the family may execute a portion of unpaid work. The executed work by employers and employees, in what refers to the tasks of the economy of care, becomes paid work exactly in the ascendant portion of the economic cycle. The core of monetary, fiscal, and financial policies is taken into account as the fundamental axis of the creation of employment and of the guarantee of equitable distribution of wealth in an egalitarian society; this is when social reproduction becomes a fact. On the contrary, when the economic cycle reaches its maximum level of growth and production falls, a deflationary process begins and austerity is imposed.

Austerity policies implemented under the agreements of the International Monetary Fund (IMF) during the post crisis period have oriented public expenditure towards a closer relation with institutional investors. Austerity policies respond to the international financial circuits interests, they reduce employment, increase unemployment and, as a consequence, the decay in what refers to consumption affects the earnings of the productive sector. It is exactly unpaid work, when following cultural patterns which tradition lies in activities mainly performed by women, the one that indirectly resents the reduction of public expenditure and, therefore, absorbs the effects of austerity.

The starting point of unpaid work from a feminist perspective through the monetary theory of production lies in “[...] the need for an understanding not only about the place of money in economic provisioning, but also about its role in sustaining gender ideology. Thus, the focus here is on the monetary production process and its relation to the social construction of gendered perceptions of market versus non-market spheres” (Todorova, 2009:3). When observing economy

as a provisioning economy, Nelson points out that “Adam Smith, for example, defined economics not as simply about choice and exchange, but also as about the production and distribution of all of the 'necessaries and conveniences of life,' placing emphasis on the things that human beings need to survive and flourish” (Nelson, 1995:143). Beginning from the perception of economy as a provisioning science, as opposed to a science that studies the shortage of human resources, feminist economics establish the relation with the monetary theory of production when highlighting that a human being is not only a rational being, but is also a person with feelings: “Such a definition of economics, as concerned with the realm of 'provisioning' breaks down the usual distinction between 'economic' (primarily market-oriented) activities and policies on the one hand, and familiar or social activities and policies on the other” (Nelson, 1995:143).

Gender Global Gap, Public Expenditure, and External Debt Service

Gender gaps, since the Great Crisis, have broadened and affected paid and unpaid work executed by women. One of the most important variables in order to analyze the existing close relation between institutional investors and the public policies that impact the gender gaps, is the relation between the analysis of the GGI and the public policies in what refers to health, education, and housing, through the amount of the external debt and the transferences through the external debt service, be it public or private, made to its creditors. The GGI is a reflection of the impact that public policies have on gender gaps.

The GGI makes a comparison between the gender gaps in over 140 countries and when generating a relation with the channeling of public expenditure, an asymmetrical participation is found. Mexico is located in the 80th place and the report points out, “...Mexico is at 80th place, with a slight decrease since last year” (WEF, 2014:23). When comparing it with those countries

located at the top positions, Island represents a total score of 0.8594; Finland, 0.8453; Norway, 0.8374; Switzerland, 0.8165; and Denmark, 0.8025. The total score for Mexico represents a 0.6900, even below countries such as Cuba, 0.7317; Ecuador, 0.7455; Peru, 0.7133; Bolivia, 0.7049; Chile, 0.6974; and Brazil, 0.6941 until 2014.

When broken down, the global ranking of Mexico according to the GGI, for *economic participation and opportunity* it is located at the 120th place with a score of 0.5519; for *educational attainment* locates at the 75th place with a score of 0.9906; for *health and survival* Mexico locates at the top positions, but when it comes to *political empowerment* it is at the 39th place with a score of 0.2380. These indicators have to be related to public policies and, specifically, to expenditures in areas such as education, health, and housing, since they allow more opportunities of employment for women, the closure of the wage gap, and to break the crystal roof of political empowerment.

But, in order to continue with the analysis, it is necessary to observe the post crisis period's data. The development of public expenditure when it comes to education and health shows a tendency to stabilize and decrease for Mexico. While growth rates of external debt and external debt service are still growing.

During the last fifteen years, external debt has considerably increased, but the period that stands out is the one that goes from 2009 to 2012, since the average growth rate of the external debt was of 16.85%; the external debt service of 22.47%; the interests payment of the external debt was of 46.74%; while the education area of public expenditure registered a 1.78% whereas the public expenditure for health was of 5.98% (see table 1). According to the World Bank, the total external debt went from 201.91 billion dollars during 2009 to 443.01 billion dollars during 2013,

which represented 34% of the GDP, 110% in exports, and 252% for reserves. On the other side, during 2013 the external debt service payment was of 42.4 billion dollars (World Bank, 2014). In comparison to health expenditure, which grew to 40.7 billion dollars and education expenditure represented 59.3 billion dollars (see table 2, chart 1).

External debt is mainly formed by long-term debt on the part of the public sector. During 2000-2013 there were few years in which the growth rate of external debt and external debt service showed negative numbers that reflected a decrease in the amount of the total debt, on the contrary, one may observe that most of the years during the above mentioned period, the debt showed positive growth rates. The year 2010 stands out since during that period the total external debt grew 29.77% in comparison to the previous year (see table 3).

The situation about the interest payment because of the external debt also showed an increase. During the period that goes from 2000 until 2013, the average growth rate was of 9.89%, however it was during the period that goes from 2009 until 2012 when the higher increase of external debt's paid interests happened, they went from 9.58 to 36.16 billion dollars with an average growth rate of 17.96%; the latter indicates that the amount grew almost four times (see tables 1 and 2). It is important to mention that during 2012 the payment of interests had its highest annual growth rate (155.76% in comparison to the previous year) and reached its highest amount, which was of 36.16 billion dollars and represented a 9.02 of the total exports, a 22.54% reserves, and a 3.05 of the GDP. In comparison, during 2012 health expenditure represented a 3.16% of the GDP and education expenditures represented a 4.70% of the GDP (see tables 3 and 4, see chart 2).

The external debt service diminished between 2000 and 2009, when it registered 31,901 billion dollars, its lowest level happened during the period that goes from 2000 to 2013; since 2009 the debt service grew again and reached its highest level during 2012 when it represented 71,571 billion dollars. It represented the 17.86% of exports, the 6.03% of the GDP, and the 44.62% of reserves. During 2012, the payment of the external debt service exceeded the education and the health expenditures as a percentage of the GDP (see table 4). During the period that goes from 2000 until 2013, the external debt service was higher than health expenditure as a percentage of the GDP, and has exceeded, in 6 years, the public expenditure in what refers to education as a percentage of the GDP. Again, it is important to highlight 2012 because while the external debt service represented a 6.03% of the GDP, health expenditure was almost half, which is a 3.16% of the GDP; while the education expenditure reached only a 4.7% of the GDP (see table 4). If one observes the growth rates that the external debt has had, the interests paid by the debt, the debt service, and the public expenditure for education and health, one may clearly notice that, when it comes to debt, there is a noticeable growth, as opposed to what happens to public expenditure. During 2012 the difference is even sharper: while the debt service increased to 67%, health expenditure only increased a 6% and education expenditure a 7%.

Final Remarks

One of the most dramatic teachings of the financial crises during the eighties in Latin America was the profound relation among households and the capital flows that defined this period as a lost decade. Deregulation and liberalization of the economies through the adjustment programs implemented by the FMI, provoked a serious disarrangement in what refers to public expenditure as shown by the reports from the United Nations Economic Commission for Latin America and

the Caribbean (ECLAC). Subsequently, the alternatives to face the Asian crisis during the nineties followed a similar path, "...It imposed cuts in public expenditure though the underlying problem was not a budget deficit; and instead of drawing attention to the strong real economies of most of the afflicted countries, it emphasized the need for much more thorough liberalization of markets and major changes in corporate governance, doing nothing to restore confidence among panicking investors" (Elson, 2002:7). Public policies have been permeated and accompanied by structural adjustment policies, recurrent currency devaluation processes, public sector deficit reduction, deregulation, capital flows' liberalization, and readjustment of the labor market. The insertion of national and regional economies to the globalization process (Benería, 1999) and a broadening of the wage gap and the GGI are necessary.

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Statistical Tables and Charts

Table 1

México: debt and spending average growth rates 2000-2013				
Year	2000-2013	2000-2006	2006-2013	2009-2012
Interest payments on external debt, total	9.89	-1.94	20.02	46.74
External debt stocks, total	9.02	2.28	14.80	16.85
Debt service on external debt, total	1.72	1.75	1.70	22.47
Public health expenditure	7.57	7.56	7.57	5.98
General government expenditure on education	6.20	8.51	4.22	1.78

Source: Calculations based on data from World Bank, Database, World Development Indicators (29.10.15)

Table 2

México: debt and spending Billions of Dolars 2000-2013									
Year	Interest payments on external debt, total	External debt stocks, total	External debt stocks, private nonguaranteed	External debt stocks, public and publicly guaranteed	Debt service on external debt, total	Debt service on external debt, private nonguaranteed	Debt service on external debt, public and publicly guaranteed	Public health expenditure	General government expenditure on education
2000	14.24	152.26	50.48	82.47	58.69	26.88	24.26	16.14	28.26
2001	12.81	165.91	55.14	95.85	47.51	22.38	24.29	17.66	32.09
2002	10.39	159.28	34.04	100.93	37.54	17.15	19.28	18.27	34.40
2003	9.61	164.11	32.05	108.75	32.35	9.51	22.04	18.22	37.00
2004	10.34	169.54	33.46	115.32	39.66	13.58	25.13	20.79	36.97
2005	11.36	175.92	35.16	118.14	36.46	11.28	23.22	22.91	42.52
2006	12.19	173.45	38.91	107.85	54.63	14.13	38.81	24.85	45.84
2007	13.75	199.22	45.87	125.53	38.04	14.53	21.48	27.37	49.38
2008	10.87	206.19	44.78	133.10	35.43	12.53	22.01	30.21	53.50
2009	9.58	201.91	44.52	123.23	31.90	13.22	17.89	27.72	46.69
2010	11.96	262.02	49.63	150.60	33.64	10.23	19.80	32.59	54.57
2011	14.14	302.17	59.50	171.59	42.85	19.89	19.70	35.17	60.27
2012	36.16	375.83	69.55	208.65	71.57	30.41	37.21	37.53	55.77
2013	22.20	443.01	102.48	228.36	42.40	14.37	22.50	40.74	59.33

Source: World Bank, Database, World Development Indicators (29.10.15)

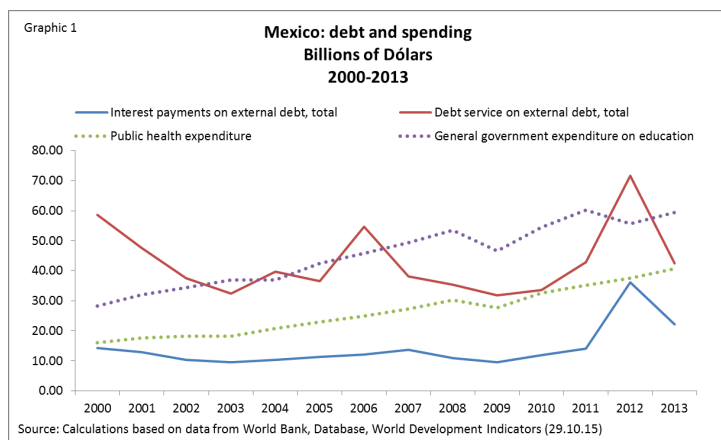


Table 3

México: debt and spending annual growth rates 2000-2013					
Year	Interest payments on external debt, total	External debt stocks, total	Debt service on external debt, total	Public health expenditure	General government expenditure on education
2001	-9.99	8.97	-19.05	9.39	13.55
2002	-18.93	-4.00	-21.00	3.45	7.18
2003	-7.53	3.04	-13.82	-0.28	7.56
2004	7.67	3.31	22.60	14.12	-0.06
2005	9.82	3.76	-8.07	10.19	15.00
2006	7.33	-1.40	49.83	8.49	7.81
2007	12.78	14.85	-30.37	10.14	7.71
2008	-20.95	3.50	-6.84	10.38	8.35
2009	-11.82	-2.08	-9.97	-8.26	-12.73
2010	24.77	29.77	5.45	17.59	16.88
2011	18.23	15.32	27.36	7.92	10.44
2012	155.76	24.38	67.04	6.69	-7.46
2013	-38.61	17.88	-40.76	8.55	6.37

Source: Calculations based on data from World Bank, Database, World Development Indicators (29.10.15)

Table 4

México: debt and spending as a percentage of GDP 2000-2013 percentages						
Year	General government final consumption expenditure	General government expenditure on education	Public health expenditure	External debt stocks, total	Debt service on external debt, total	Interest payments on external debt, total
2000	11.25	4.13	2.36	22.27	8.59	2.08
2001	11.38	4.43	2.44	22.89	6.56	1.77
2002	11.47	4.64	2.46	21.48	5.06	1.40
2003	11.31	5.19	2.55	23.01	4.54	1.35
2004	10.68	4.80	2.70	22.01	5.15	1.34
2005	10.69	4.91	2.64	20.31	4.21	1.31
2006	10.50	4.74	2.57	17.94	5.65	1.26
2007	10.56	4.73	2.62	19.09	3.65	1.32
2008	10.88	4.86	2.74	18.72	3.22	0.99
2009	11.99	5.22	3.10	22.56	3.56	1.07
2010	11.66	5.19	3.10	24.93	3.20	1.14
2011	11.57	5.15	3.00	25.80	3.66	1.21
2012	11.83	4.70	3.16	31.67	6.03	3.05
2013	12.17	4.70	3.23	35.10	3.36	1.76

Source: Calculations based on data from World Bank, Database, World Development Indicators (29.10.15)

