

# **Gender Concerns in Debt Relief**

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# Gender concerns in Debt Relief

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## Summary

Debt relief strategies to deal with the now-unsustainable debt burdens of many developing countries are now inevitable. But in such strategies, it is important to bring in a gender perspective on the conditions typically associated with such relief. Unfortunately, this is rarely done in practice, with adverse consequences for women and other socio-economic outcomes that go against the very purpose of the debt relief. This note argues that measures like fiscal consolidation based on cutting social spending and increasing regressive taxes generate unequal and undesired outcomes, and should be avoided. If conditions are imposed, they should integrate considerations of gender and other equity concerns as well as climate alleviation.

In the past, most debt relief packages have been associated with a link to an IMF agreement, with associated conditionalities. They have not always been successful in their goal of freeing up fiscal space for required public spending, for several reasons. In addition, it is found that many of the typical conditions associated with IMF agreements are much worse than merely gender-blind: they actively operate to impact women more adversely than men and often end up disproportionately disempowering women.

This is because they fail to distinguish the different ways in which men and women interact with the economy. It is necessary to consider the various economic roles of women: as workers in paid employment, typically facing more difficult labour market conditions than men; as self-employed workers; as migrant workers; as unpaid workers within households and communities; as those primarily responsible for household provisioning; as those engaged in biological reproduction, with associated life-cycle requirements; and as citizens, with associated rights.

Because of the gender construction of societies whereby women are largely responsible for care and “household tasks”, women in employment have both different initial conditions and different constraints when compared to men workers. As self-employed workers or those running small or micro enterprises, they tend to lack assets and titles to property; this in turn reduces access to other facilities and enabling features such as bank credit and government programmes; they are more likely to face social restrictions on the types of activities they can engage in; they have greater difficulty in dealing with patriarchal officialdom and bureaucracy. As workers, women typically operate in more adverse labour market conditions, with lower wages; they also usually have on average lower educational attainment; they tend to be more vulnerable to harassment of various sorts within employment situations in both formal and informal enterprises; they are called upon to perform much more unpaid labour on a regular basis within the household and extended families; they are more likely to face patriarchal constraints upon their mobility and the types of employment they can seek to engage in. The continuing responsibilities of unpaid work within households continue to weigh much more severely

on women, requiring greater amounts of their time and effort, and thereby affecting their patterns of labour market participation.

Globally, care activities are dominated by women: as unpaid workers, as paid workers, as migrant workers. This is the sector that is typically attacked by fiscal austerity measures, largely because of the cynical assumption that women will take up the slack by delivering care services at lower wages or no wages. Indeed, such policies that are apparently “gender neutral” effectively rely on gendered division of labour and the unpaid and underpaid work of women to cushion the felt severity of fiscal austerity and cutbacks in certain kinds of public expenditure and public provision.

When developing debt relief packages, it is crucially important to avoid purely symbolic or relatively minor gestures that do little to improve the actual condition of women, within a wider package that makes them worse off. Therefore, “Do No Harm” should be a guiding principle. This means, for example, that the debt relief should not be so small and so delayed that it has very little effect on state’s fiscal capacity. The level of ambition in debt restructuring must be much higher than at present, and recognise the need to involve private creditors in such restructuring.

Fiscal austerity and cuts in public spending are particularly unjustified in situations like the ongoing pandemic, in which substantial increases in public health spending and in economic recovery measures are urgently required. Requirements of public spending cuts that reduce employment in public services or reduce wages of public workers, should be completely avoided, and all such spending should be ringfenced at the very minimum. Monetary policies should avoid becoming procyclical, with appropriate measures for internal debt relief, especially for MSMEs and women-owned small enterprises in informal credit arrangements. Regressive taxation measures like VAT that cause prices of essential commodities to increase are anti-poor and anti-women, and also inhibit economic recovery.

In general, specific programmes targeted to women/children cannot undo the damage created by broader macroeconomic policies that reduce employment and livelihoods. As far as possible, policies should be universal so as to prevent unjustified exclusion, especially of women and those already disadvantaged in other ways. Universal access needs to be a key principle in public service provision.

A positive agenda that incorporates gender concerns would include the following: Changes in the structure of taxation by focussing on more progressive taxation, in particular through equitable taxation of multinationals (using unitary taxation with formulary apportionment), taxes on extreme wealth, taxes on financial transactions. Increased spending on health care and education, and ensuring that all women workers in such public programmes receive proper wages and working conditions. A strong focus on universal access to food and nutrition, especially in situations where livelihood losses coincide with rising prices of food. Public employment programmes that ensure equal wages to men and women can encompass social services and all activities that improve the quality of life, as well as include more “green” activities. In banking regulation, consider specific requirement of women borrowers who are less likely to have collateral and land titles that provide access to credit. Recognise the very specific needs of women

entrepreneurs, especially with regard to access to inputs and markets. Build in policies that enable greater associations and unions of women workers, both employed and self-employed. Enable and encourage the formation of producer and marketing co-operatives.

Such a strategy in the provision of debt relief could form an element of the Global Multicoloured New Deal, as described in the concluding section.

## **Introduction**

In the wake of the Covid-19 pandemic, many developing countries are faced with unpayable debt burdens that urgently require restructuring. Debt relief is also essential if any semblance of an equitable and just global recovery is to be achieved. However, in the past lack of a gender perspective in requiring policy conditionalities in such relief has tended to undermine the very outcomes that the debt relief is intended to deliver, for the economies and societies concerned. One unfortunate feature of the policy conditionalities that have been associated with providing debt relief is that they have rarely shown a gendered understanding of the processes involved, not recognising the different ways that women interact with the economy, as paid and unpaid workers, as those responsible for providing for their households, as those involved in biological and social reproduction, and as citizens. This note explores how recognising these differences creates a more nuanced understanding of the implications and results of particular policies, and points to ways in which debt relief packaged could explicitly take account of these to ensure more just and equitable outcomes.

## **I. The nature of debt relief**

There are various types of external debt relief, in increasing order of significance and benefit to the debtor country:

- rescheduling (postponement) of required interest and principal payments postpone;
- a moratorium on debt payments, suspending interest and possibly principal payments for a specified period;
- a standstill on debt payment, in which interest payments are not simply postponed but also suspended/removed for the period in question;
- a reduction of debt payments by reducing required interest payments;
- a decrease in the size of the outstanding debt, through restructuring the debt, thereby reducing both required interest and principal payments.

The purpose of the first three is to free up more resources for the debtor country to import and provide more fiscal space, particularly for public investment in physical and social infrastructure, as well as social protection. The purpose of the fourth is to reduce the debt overhang and restore solvency, which is expected to provide similar fiscal space as well as enable the country to access international credit markets on better terms. To be successful, debt relief measures should not only enable increased public investment

and social spending, but also encourage economic growth in the country concerned. It is important to remember that social spending is also an important form of investment—yet all too often it gets reduced whenever there are indications of fiscal stress.

Obviously, the effectiveness of debt relief will depend on how significant and extensive it is. Rescheduling of debts rarely does more than kick the can down the road and let it get larger as it rolls—and the same is true of debt moratoria. Only the absolute reduction of both interest payments and total outstanding debt typically have significant positive impact on the prospects of debtor countries.

However, debt relief measures have typically been accompanied by conditionalities. Officially the conditions imposed on government policies are intended to further these goals, but it has been found they all too often they tend to work at cross-purposes with these goals. In other words, not only can they end up worsening distribution, but also reducing future growth and thereby making economies more fragile and people more vulnerable. For example, requiring fiscal austerity and greater reliance on regressive taxation can inhibit or constrain economic recovery and productive employment opportunities, and generate more unequal outcomes across households, even as they also have specific gendered implications. Therefore, the nature of the conditionalities imposed must be carefully thought through, and reliance on the standard measures like fiscal consolidation based on cutting social spending and increasing regressive taxes should be avoided. If conditions are imposed, they should integrate considerations of gender and other equity concerns as well as climate alleviation, for example by direct public investment and shifting incentives for private investment and consumption towards greener forms, as well as ensuring social protection and greater economic resilience among the population.

A study of debt relief efforts in the late 1990s undertaken by the Government of Netherlands (covering Mozambique, Nicaragua and Tanzania, Bolivia, Jamaica, Peru, Uganda, and Zambia) found that they had not led to sustainable debt burdens over time or had the other expected positive outcomes. It identified various factors that limited the effectiveness of the efforts.<sup>1</sup> Some related to the low ambition of the efforts: often focussed on rescheduling rather than restructuring, or providing relatively small reductions that had little impact on total debt stocks. A wrong diagnosis of the external debt problem of some countries as one of temporary illiquidity (requiring only postponement of payments) rather than more persistent insolvency (requiring absolute and possibly large reductions in the total debt burden) typically led to much less debt relief than required, and in the wrong form.

One important aspect of the debt relief efforts of the recent past is one that has become even more significant today: the possibility of free riding by other creditors. In the HIPC initiative, the gainers from bilateral debt reduction were often multilateral creditors, particularly the IFIs that managed to salvage a significant part of their loans. In the post-Covid-19 world, where both bilateral and multilateral creditors are engaged in

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<sup>1</sup> Government of Netherlands. *Results of International Debt Relief, 1990 – 1999.*, NR 292, IOB Report Policy and Operations Evaluation Department | Ministry of Foreign Affairs, May 2003.

debt relief efforts, the concern is free riding by private creditors, most of whom have thus far refused to be part of the process, with the likelihood that debt payment suspensions would end up being transferred into payments to private creditors.

A major feature that has been common to most debt relief efforts of the past is the linkage with an IMF agreement. This makes the concerns with IMF conditionality an essential part of the discussion of the need to reform debt relief efforts. There are many concerns with IMF conditionalities both in the past and in recent agreements, which are widely known—some pertinent critiques from a gender perspective are available in a compendium of the Bretton Woods Project.<sup>2</sup> For our purposes, it is only important to note that many of the typical conditions associated with IMF agreements are much worse than merely gender-blind: they actively operate to impact women more adversely than men and often end up disproportionately disempowering women.

## **II. A gendered perspective on the economy**

The fundamentals of a gendered perspective on the economy require recognising that the gender construction of most societies implies that men and women have quite different circumstances with respect to their roles in production and social reproduction, asset ownership, consumption. They also differ substantially in terms of health and nutrition requirements over the life cycle, mobility, political voice and agency. One major aspect of gender relations is that it reflects not just distributive inequality, but also relational inequality, with power imbalances at household level as well as community and national levels. (It should also be noted that in what follows, while the focus is on the relative position of women relative to men, many of the concerns apply to transgender people and those with different sexual orientation, who may also face additional forms of discrimination.)

All of these features have specific impacts on the economy and also mean that economic policies and processes affect men and women, boys and girls, quite differently. Unfortunately, the focus of most debt relief and macroeconomic policy discussions is on macro variables that are believed to be unaffected by these differences, which is completely wrong.

In considering the gendered impact of debt relief and associated policy conditions, it is useful to assess these for women across different dimensions:

- as workers in paid employment;
- as self-employed workers;
- as migrant workers;

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<sup>2</sup> *The IMF and Gender Equality: A Compendium of Feminist Macroeconomic Critiques*, Bretton Woods Project, October 2017. <https://www.brettonwoodsproject.org/2017/09/imf-gender-equality-compendium-feminist-macroeconomic-critiques/>. For earlier critiques, see Ann Whitehead, *Failing Women, Sustaining Poverty. Gender in Poverty Reduction Strategies Papers*, 2003, [https://sarpn.org/documents/d0000428/P376\\_Gender\\_PRSP.pdf](https://sarpn.org/documents/d0000428/P376_Gender_PRSP.pdf). Irene van Staveren, *The Gender Bias in the Poverty Reduction Strategy Framework*, 2008, <https://www.jstor.org/stable/25261967?seq=1>

- as unpaid workers within households and communities;
- as those primarily responsible for household provisioning;
- as those engaged in biological reproduction, with associated life-cycle requirements;
- as citizens, with associated rights.

### *II. i. Women in paid employment*

During the Covid-19 pandemic, women have been very badly affected in numerous ways, but most clearly in their roles as paid and unpaid workers. They have been much more likely to be thrown out of paid jobs or face lower wages and more difficult working conditions, even as the burden of unpaid domestic care work has greatly increased. This has occurred in a context within which women were already significantly disadvantaged in labour markets. While rates of women's recognised employment participation vary greatly, in general and particularly in some developing countries, women have much lower rates than men. This is associated with many features like compulsory involvement in unpaid housework and care work, less access to education, cultural norms like less mobility and agency compared to men, etc. As workers, women typically operate in more adverse labour market conditions, with lower wages; they also usually have on average lower educational attainment; they tend to be more vulnerable to harassment of various sorts within employment situations in both formal and informal enterprises; they are called upon to perform much more unpaid labour on a regular basis within the household and extended families; they are more likely to face patriarchal constraints upon their mobility and the types of employment they can seek to engage in. The continuing responsibilities of unpaid work within households continue to weigh much more severely on women, requiring greater amounts of their time and effort, and thereby affecting their patterns of labour market participation.

Women are more likely to be rationed out of "good" or desirable formal sector jobs and more likely to face job losses and unemployment in periods of labour market stress. (This has been especially evident during the current pandemic.) Women are also disproportionately likely to be informal workers, without the benefit of social and legal protection. They also dominate part-time work in most societies. There is pervasive occupational segregation by gender, with women concentrated in certain types of manufacturing (including export-oriented labour-intensive activities) and certain services, especially those associated with care work. Furthermore, such occupational segregation appears to have increased over time: a recent study found that "increasing female labor force participation in developing countries is leading to a more even distribution of men and women across sectors, but into a limited number of occupations within these sectors."<sup>3</sup> Remarkably, education was found to increase such segregation, belying that widespread belief that this is the result of differences in skills. Associated with this occupational segregation, there are usually notable (and in many developing countries, quite significant) gender gaps in wages, within and across sectors. It is worth

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<sup>3</sup> Mary Borrowman and Stephan Klasen, "Drivers of gendered and occupational segregation in developing countries", *Feminist Economics*, 2020, 26:2, 62-94.

noting that, while women dominate in paid care work, even in such services they are at the lower end of the wage spectrum.

The concentration of women in paid care activities has had particular implications during the current crisis. Globally, women hold 70 per cent of all health-care jobs.<sup>4</sup> But they are more likely to be nurses, midwives and community health workers, while men comprise a disproportionate share of better-paid occupations like surgeons, physicians, dentists and pharmacists. The gender gaps in wages are marked, with women earning on average 28 per cent less than men in the health sector. Community health workers are perhaps the most exploited of all health workers, especially in developing countries. Often, they are not recognized as workers at all, but rather as 'volunteers' so that they rarely benefit from formal contracts that provide job security and a fair wage, let alone protections like health care. Even as frontline workers, they are typically less protected in all ways and more likely to be exposed to infection: it has been found that in the current pandemic, more women health workers are likely to be exposed to infection without adequate protection like Personal Protective Equipment. The plight of women frontline health workers in countries facing fiscal constraints (almost inevitable in the case of those countries applying for debt relief) has been especially severe, with many facing delayed or reduced wage payments along with greater work pressure. Conditionalities imposed by creditors in such situations have not yet ever demanded that the conditions of such workers must be improved. The closure and collapse of many child care facilities, both public and private have obviously affected the women who work in them; they have also imposed huge costs on adults (once again mostly women) in children's families, who are forced to take over unpaid child care and early education responsibilities, whether or not they are able to do so effectively. The pressures and consequent constraints have been particularly severe on already disadvantaged women, such as single mothers, those coming from poor and deprived households, and marginalised or minority communities.<sup>5</sup>

Another category of women workers who are being buffeted by the pandemic, as well as the increased automation that has been accelerated by the pandemic, are women workers in Global Value Chains. Recent research has highlighted that women have been largely employed as low-paid, temporary and flexible workers in GVCs and they have remained concentrated in routine and repetitive tasks that are most amenable to automation. During the pandemic many have been forced to work in increasingly unsafe conditions, often at lower wages, while they also face disproportionate threats of job loss because of increased automation and technology-assisted reshoring of many tasks.<sup>6</sup>

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<sup>4</sup> WHO, *Delivered by Women, Led by Men: A Gender and Equity Analysis of the Global Health and Social Workforce*, <https://www.who.int/hrh/resources/health-observer24/en/>, accessed 23 October 2020.

<sup>5</sup> Evidence Review of the Global Childcare Crisis and the Road for Post-Covid-19 Recovery and Resilience, The Gates Foundation 2021, [https://docs.gatesfoundation.org/documents/evidence\\_review\\_of\\_the\\_global\\_childcare\\_crisis\\_and\\_the\\_road\\_ahead\\_for\\_covid-19\\_recovery\\_and\\_resilience\\_english.pdf](https://docs.gatesfoundation.org/documents/evidence_review_of_the_global_childcare_crisis_and_the_road_ahead_for_covid-19_recovery_and_resilience_english.pdf)

<sup>6</sup> Sheba Tejani and Sakiko Fukuda-Parr, 2021. "Gender and Covid-19: Workers in global value chains," *Working Paper* 2104, New School for Social Research, Department of Economics.



## *II. ii. Women in self-employment*

Self-employment also tends to show stark gender differences. Once again this can reflect other constraints women face, such as lower asset ownership and reduced ability to access credit, inputs and output markets, relative to men producers. This typically means that they have higher costs than similar enterprises run by men. Enterprises owned and/or operated by women on average smaller than those run by men in most societies. They also face specific constraints, like insufficient public amenities like street lights, toilets, etc. and concerns about physical security and the possibility of gender-based violence at work. All these affect profitability and financial viability of women-run enterprises, and make them less likely to be able to withstand shocks.

For example, a study in developing Asia found that the relatively lower earnings of women's micro, small and medium sized enterprises (MSMEs) could be traced to gender-based differentials in the structures of input costs. Women-run enterprises had to rely on more costly informal lenders because of difficulties in accessing formal credit, while male-managed enterprises reduced their value added by drawing on their access to unpaid family labour.<sup>7</sup> These features are common to the bulk of developing countries.

Lack of property rights and assets, which has been widely documented for women,<sup>8</sup> is a critical feature affecting that both reflects and reinforces the economic political and social subordination that women face. More significantly, it makes the self-employment of women that much less viable and more vulnerable, and much more likely to be drastically affected by economic shocks. The evidence of much greater damage to women-run MSMEs during the pandemic is one indicator of this.<sup>9</sup>

Legal restrictions (extensive across developing countries) can also affect women's ability to engage in market activities, though this is insufficiently recognised. Even today, women across the world have only three-quarters of the legal rights afforded to men—and in some regions of the world, only half.<sup>10</sup> It is common for women to face different legal criteria than men for (and sometimes even be prevented from) working for remuneration, heading a household, choosing where to live, inheriting assets, moving or migrating within or outside the country. All of these obviously affect and limit economic participation of women, and are even more acute when it comes to self-employment that necessarily requires some degree of autonomy, agency and entrepreneurship. It has been found that such legal restrictions also affect financial inclusion. In general, women are less likely to own an account or to save and borrow, relative to men; but the differences

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<sup>7</sup> Haroon Akram-Lodhi and Irene van Staveren, "A gender analysis of the impact of indirect taxes on small and medium enterprises in Vietnam", 2003, [http://web.idrc.ca/uploads/user-S/11134035231SMEs\\_in\\_Vietnam.pdf](http://web.idrc.ca/uploads/user-S/11134035231SMEs_in_Vietnam.pdf)

<sup>8</sup> See for example, Bina Agarwal, *A Field of Her Own: Gender and land rights in South Asia*, Cambridge University Press, 1994.

<sup>9</sup> See, for example, WIEGO study of women-run micro enterprises in 12 cities across the world <https://www.wiego.org/COVID-19-Crisis-and-the-Informal-Economy-Study>

<sup>10</sup> *Women, Business and Law Report 2021*, The World Bank, Washington, D.C. 2021.

are even greater where there are legal restrictions on women of the kind described above.<sup>11</sup> Needless to say, such constraints are rarely factored into economic policies.

Gender blindness also pervades official attitudes to formalisation of economic activities, despite the gendered impacts that such policies may have. Typically, women informal workers have both different initial conditions and different constraints when compared to men informal workers. As self-employed workers or those running small or micro enterprises, they tend to lack assets and titles to property; this in turn reduces access to other facilities and enabling features such as bank credit and government programmes; they are more likely to face social restrictions on the types of activities they can engage in; they have greater difficulty in dealing with patriarchal officialdom and bureaucracy. Formalisation policies that do not take into account these very different conditions and constraints may not be effective or may even be counterproductive for the concerned women workers. As a result, it has been found that many official measures designed to increase formalisation of work in developing countries have essentially failed to improve the conditions of women workers, and sometimes damaged their viability and working conditions. Even those policies that can be deemed to be successful have been very limited in scope and coverage.<sup>12</sup> All these features have been on full display during the pandemic, leading to widespread evidence across all developing regions of substantial and disproportionate income losses and worse working conditions faced by informal women workers.<sup>13</sup>

### *II. iii. Women migrant workers*

Women currently make up around half of the world's migrant population, without taking into consideration short-term and seasonal movements, many of which are unrecorded. While female migration is now more recognised, there are still some common stereotypes about its nature: that it mostly consists of women and girls accompanying their male heads of household; or of young, unmarried women, mostly for marriage and in some cases for defined work enabled by contractors. Yet there is growing evidence of women who have borne children moving for work, leaving the care of their children with family members who remain at home. Migration patterns are highly gendered, in terms of the causes and consequences of movement. International migration for work shows clear demarcations and separate niches for men and women workers. Male migrant workers tend to be concentrated in the production and construction sectors, and to a much lesser extent in service activities. Female migrant workers, by contrast, are dominantly found to be working in specific service activities – in the domestic work and care sectors, as well as in entertainment work. Demand for such workers is less dependent upon the economic cycle and more dependent upon longer run

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<sup>11</sup> Asli Demircuc-Kunt, Leora Kapper and Dorothe Singer, "Financial inclusion and legal discrimination against women: Evidence from developing countries", *Policy Research Working Paper 6146*, The World Bank, Washington, D.C. 2013.

<sup>12</sup> Jayati Ghosh, ed. *Informal Women Workers in the Global South: Policies and practices for the formalisation of women's employment in developing countries*, Routledge 2021.

<sup>13</sup> *COVID-19 Crisis and the Informal Economy Study*, WIEGO 2021, <https://www.wiego.org/COVID-19-Crisis-and-the-Informal-Economy-Study>

demographic and social tendencies in the receiving countries. Ageing societies require more care providers; societies in which women are more active in paid work participation, especially in higher-income activities, need more paid domestic workers.

As a result, a dominant part of the cross-border economic migration of women has been for employment in care activities. The globalization of care work has many aspects, and its gendered nature has generated much analysis, including in terms of how it has corresponded to the dynamics of capitalist accumulation in both sending and receiving countries. For the sending countries, the benefits in terms of remittances received may be outweighed by the loss of such skilled workers within their own economies, as the (mostly developed) recipient countries effectively export their nursing-care crises to the poorer countries of origin of migrant nurses. Similarly, the migration of women workers can lead to an international transfer of the job of providing care even in domestic contexts. It becomes an important factor driving economic booms, even if its role is not as explicitly evident as the feminisation of export-oriented manufacturing, for example.

It also contributes to the growth of the sending economy through the mechanism of remittances. The gender distribution of migrant workers has a macroeconomic impact on sending countries through the level and the volatility of remittance inflows. This is not only because women migrating for work have been known to send a greater proportion of their earnings back as remittances and to send more regularly than men. It is also because typically, the nature of the work differs. Male migrant workers are much more immediately affected by business cycles in the host economies, tending to lose jobs or experience reduced incomes, which thereby affects the remittances they can send. Women working in services activities, by contrast, especially those in care services such as nurses or domestic workers, are less likely to be immediately affected by the business cycle as these activities are not the first to be curtailed. Therefore, their incomes and ability to send remittances are less affected. This means that countries that send more women migrant workers out are likely to show a more stable pattern of remittance inflow than countries with dominantly male out-migrants.<sup>14</sup> Once again, this is rarely recognised by analysts or in macroeconomic policy making, which tends to be surprised by supposedly “perverse” or unexpected patterns of remittance receipts.

Women internal migrants are also almost invisible in public policy. The specific needs of women migrants—in terms of physical security during travel and in the destination, access of public services at the destination, legal rights and protection, etc.—are rarely if ever recognised. So much public policy, including the recent requirements for “social distancing” (more accurately physical distancing) effectively discriminate against already disadvantaged people like women, migrants, informal workers. One major problem is that in most countries, people’s entitlements to public services are generally based in residence and typically defined in terms of the male head of household;

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<sup>14</sup> Jayati Ghosh, “Gendered labour markets and capitalist accumulation” *Japanese Political Economy*, Vol 44, Nos 1-4, pp 25-41.

as a result, women who have moved on their own for seasonal or permanent work or other reasons, are denied access to even their rightful entitlements.<sup>15</sup>

#### *II. iv. Women in unpaid work*

Greater involvement in unpaid work—primarily devoted to social reproduction—is probably the single most defining feature of gender differences in society and economy. It has been widely noted that patriarchy is ultimately about the control of women’s labour for the essential tasks of social reproduction.<sup>16</sup> Across almost all societies, women and girls perform the bulk of unpaid household work, whether or not they also participate in paid work. This can give rise to a “double burden” of paid and unpaid work, and associated time poverty.<sup>17</sup> The extent of unpaid work is very substantially affected by the provision (or lack of it) of public services and of basic amenities and infrastructure like piped water and fuel. Any public policies that provide more of these or that, conversely, result in their reduction or in reduced access because of higher prices, inevitably affect the extent of unpaid labour performed usually by women. This in turn means that public expenditure policies have a crucial bearing on unpaid labour, time poverty, and labour market access of women, in ways that are simply not as significant for men.

The fact of a significant unpaid-paid continuum in women’s work affects their bargaining power and working conditions in the labour market as well. Simply put, where there is a large amount of unpaid work that is performed in a society, and where the bulk of that is performed by women, the participation of women in paid care services tends to be much more disadvantaged. Since the unpaid labour performed by women in domestic care is not remunerated – and often not even recognized – it is easier for society in general to undervalue such work in general, whether it involves care of the young, the old and the sick or other forms of care activity. And this in turn leads to lower wages and worse working conditions, especially when many of the paid care workers involved in such activities are also women. So there is a wage penalty for men and women involved in activities dominantly performed by women. The very existence of the continuum therefore affects not only the bargaining power of paid care workers, but also social attitudes to them and to their work, and indeed their own reservation wages and self-perceptions.

Perhaps more significantly for current purposes, the possibility of relying on unpaid work within households (dominantly performed by women) has several important implications for the macroeconomy. It enables formal market economies to benefit from this implicit subsidy, adding to its profitability. It acts as an important cushion (though at some personal cost to the providers of such work) during economic downswings. It enables governments to practise fiscal austerity, secure in the knowledge that previously provided public care services will continue to be delivered in unpaid form within families and communities. This regressive reliance on unpaid work is never made

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<sup>15</sup> Jayati Ghosh, “Migration and gender empowerment: Emerging issues” *Human Development Working Paper*, UNDP New York 2009.

<sup>16</sup> Nancy Folbre, *The Rise and Decline of Patriarchal Systems*, Verso 2021.

<sup>17</sup> Diane Elson, *Male Bias in the Development Process*, Manchester University Press 1991.

explicit in any adjustment or austerity programmes, or in conditionalities that are associated with debt relief programmes, nor is it ever included among the reasons for so-called “success” of such programmes.

## *II. v. Women as provisioners for their households*

Even when men dominate as sources of monetary income for their households, women are often (or even typically) responsible for ensuring that basic goods and services are available for household members. This in turn means that they are directly impacted when prices of essential commodities (like food) and services (like health care) rise, as they must adjust household budgets to cope. It is also frequently found that women and girls engage in self-denial of essential consumption when there are shortages. Therefore, policies that result in the increased price of essential commodities and services have differential and more adverse effects on women and girls, especially in societies where patriarchal norms about such consumption are not only widespread but deeply internalised by women.

Resource mobilisation strategies of governments are not generally recognised to be gendered but are in fact deeply so.<sup>18</sup> Greater reliance on indirect taxation that increases prices of necessities therefore disproportionately affect women, especially those in poor households. Studies have shown how taxation, including the structure or design and implementation of VAT, affects women differently.<sup>19</sup> VAT policies are generally regressive. They also have a significant gender dimension not only in consumption but also with regard to producers, since women-run MSMEs are more likely to be unregistered, and therefore less able to redeem tax payments on their inputs, which are already likely to be higher priced because they would be buying on smaller scale.

## *II. vi. Women in biological reproduction*

One fundamental difference between men and women is of course that it is women who have the babies. While the subsequent division of labour and responsibility of care work is not biologically driven but socially created, it is true that the capacity for biological reproduction affects women's lives definitely. Adolescence, menstruating and reproductive ages are hugely different for girls and women, than for similar age cohorts of boys and men, in ways that necessarily generate difference requirements over the life cycle: for nutrition, for physical demands on time and needs for protection, for ability to work, for time use, for requirements of rest.<sup>20</sup> These are different from the distribution of labour time generated by the care economy *per se*, much of which depends on the socially constructed division of labour and therefore can vary across societies. These biological requirements mean that public policies need to explicitly consider the differing

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<sup>18</sup> Mae Buenaventura and Claire Miranda, “The gender dimensions of the IMF’s key fiscal policy advice on resource mobilisation in developing countries”, in *The IMF and Gender Equality: A Compendium of Feminist Macroeconomic Critiques*, Bretton Woods Project, Washington DC, October 2017.

<sup>19</sup> Kathleen Barnett and Caren Grown, “Gender Impacts of Government Revenue Collection: The Case of Taxation”, *Commonwealth Secretariat* London 2004.

<sup>20</sup> In this context, this piece written 35 years ago is still relevant: Gloria Steinem, “If men could menstruate”, *Outrageous Acts and Everyday Rebellions*. NY: NAL, 1986.

nutritional, time and other health care requirements of girls and women over the life cycle—something that is rarely done in most developing countries.

Furthermore, this is something that is never explicitly taken into account in adjustment programmes or macroeconomic policy more generally, so that the demographic distribution and reproductive requirements are simply not a factor in deciding on public spending patterns. (For example, during the major pandemic-induced lockdown in India, sanitary pads were originally not included in the list of “essential commodities” for which supply and distribution could continue, until outcry forced their inclusion after a delay.) Once again, this is a way in which both the economy and the government tend to free ride on the labour and physical conditions of women, such that the costs are borne by girls and women in unrecognised and uncompensated ways.

### *II.vii. Women as citizens*

There are some aspects of economies in distress, particularly in the current pandemic, that impact particularly on women and girls. The emerging food crisis is a critical area of concern. In many developing countries, especially in indebted nations, there is both greater income poverty and greater incidence of hunger, even extreme hunger. There is also likelihood of increased multidimensional poverty of households. It is known that in such situations women and girls tend to be disproportionately affected. Incidents of violence against women have increased during the pandemic, even as official and societal support systems for victims of violence that were already weak have shrunk further.<sup>21</sup> Because of the intersectionality of gender concerns, women from poor, marginalized and other disadvantaged social groups are at greater risk in all of these aspects. The lockdowns and other restrictions have not only reduced access to education and heightened adverse impact of the digital divide, they have also increased the vulnerability of adolescent girls, who are now more likely to be pulled out of schooling, forced into early marriages, and confined to unpaid domestic labour. These are aspects that need to provide context for policy decisions taken in countries in the wake of the pandemic, specifically informing response in debt relief packages.

## **III. How can gender concerns be incorporated into debt relief programmes?**

The previous discussion has described strongly gendered differences in the impacts of economic programmes and policies, including those involved in strategies for economic adjustment associated with debt relief. It also suggests that many economic policies that are apparently “gender neutral” effectively rely on gendered division of labour and the unpaid and underpaid work of women to cushion the felt severity of fiscal austerity and cutbacks in certain kinds of public expenditure and public provision. Ignoring these impacts is not only bad from the point of view of equity, women’s welfare and socio-economic justice; it can also result in worsening material conditions and lower chances of stable and sustainable economic recovery from a debt crisis, which is

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<sup>21</sup> UN Women, *From Insights to Action: Gender Equality in the Wake of Covid-19*, New York: UN Women.

presumably the aim of debt relief. Therefore, it is necessary for debt relief packages to factor in such impacts explicitly, and be aware of the gendered differences that result in differing effects for men and women, boys and girls, and the resultant effects on wider economic and social outcomes.

When doing so, it is crucially important to avoid purely symbolic or relatively minor gestures that do little to improve the actual condition of women, within a wider package that makes them worse off. Unfortunately, this seems to have become the norm in much of the more recent “gender-aware” policy orientation, in which declarations of good intent and minor measures substitute for genuinely transformative approaches and policies. All too often, the incorporation of gender concerns is seen in terms of the inclusion of some specific women-oriented schemes or types of expenditure that target women and children. This is not just inadequate, it can even be counterproductive, especially if it distracts attention from the overall thrust of the conditionalities when they operate to impact women adversely. Some examples of such adverse impacts have been provided above. In such a situation, “do no harm” may be an even more important injunction, than “do good”, especially if the declared “good” is relatively minor.

Unfortunately, such policies persist in conditionality associated with current debt relief programmes even in the midst of the pandemic. Analysis of the contents of recent and ongoing IMF agreements<sup>22</sup> that were all associated also with some form of debt relief (even if only rescheduling) has revealed some deeply concerning patterns. Between March and September 2020, 76 out of the 91 IMF loans negotiated with 81 countries involved cutting public expenditure in ways that could result in deep cuts to public healthcare systems and pension schemes, wage freezes and cuts for public sector workers such as doctors, nurses and teachers, as well as unemployment and other benefits, like sick pay. 9 countries, including Nigeria and Angola, have been asked to introduce or increase the collection of regressive value-added taxes (VAT) that fall disproportionately on the poor, and especially impact women adversely as described above. 14 countries, including Lesotho, Tunisia, Barbados and El Salvador, have been asked to freeze or cut public sector wages and/or jobs, affecting health care in countries that are already poorly served. In Ecuador, the IMF asked for reversal of increases in health care spending and stopping cash transfers to people unable to work. This indicates that, despite more positive statements from IMF leadership, at least in terms of the IMF’s actual programme implementation, none of the lessons of the past adjustment experiences—and the knowledge of the gender impacts, including those noted above—have been learned even during the current crisis.

Therefore, “thou shalt not” do certain things should be a more defining constraint on debt relief programmes. There are certain actions that must be avoided, which *cannot* simply be counterbalanced or compensated for by other positive actions (“thou shall”) that purportedly benefit women, particularly in “targeted” ways. Some of the actions that should be avoided in any of the programmes associated with debt relief:

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<sup>22</sup> Spending, accountability and recovery measures included in IMF Covid-19 loans”, Oxfam Report, October 2020.

- Do not provide debt relief that is so small and so delayed that it has very little effect on state's fiscal capacity. The purpose (and volume and speed) of debt relief should be to ensure not only that levels of public spending are maintained, but that they are increased to counter the downward pressures created by the crisis. This means that the level of ambition in debt restructuring must be much higher than at present, and recognise the need to involve private creditors in such restructuring.
- Imposing fiscal austerity measures should be avoided in general, because countercyclical policies are required during the downswing and debt relief measures should be directed towards ensuring such countercyclicality. Fiscal austerity and cuts in public spending are particularly unjustified in situations like the ongoing pandemic, in which substantial increases in public health spending and in economic recovery measures are urgently required. The typical argument that cuts in public spending are inevitable to undertake the adjustments required for stabilisation and external adjustment have been proved to be false, both by the past experience of developing countries and the current and ongoing policy practice in advanced countries. The additional funds required to meet climate challenges only add to this urgency. Advanced country governments have realised and now openly state that it is necessary for their economies to "grow out of the debt problem" rather than let debt servicing suppress incomes and recovery. There is no reason why the same logic should not apply to developing countries, which should also be allowed expansionary policies to enable them to grow out of debt.
- Do not insist on fiscal measures that explicitly or implicitly reduce spending on public provision of essential services – rather increase such spending (as below). In particular, any requirements of public spending cuts that reduce employment in public services or reduce wages of public workers, should be completely avoided, and all such spending should be ringfenced at the very minimum.
- Monetary policies should avoid becoming procyclical, with appropriate measures for internal debt relief, especially for MSMEs and women-owned small enterprises in informal credit arrangements.
- Do not allow/enable prices of essential commodities to increase, especially through regressive taxation measures like increasing VAT. These measures (which are still being recommended/enforced, as noted above) are anti-poor and anti-women, and also inhibit economic recovery.
- Do not expect specific programmes targeted to women/children to undo the damage created by broader macroeconomic policies that reduce employment and livelihoods. As far as possible, policies should be universal so as to prevent unjustified exclusion, especially of women and those already disadvantaged in other ways. The exception could be programmes that are geographically targeted (to particularly badly affected areas) or self-targeted in nature (like wage employment schemes). Universal access needs to be a key principle in public service provision.



- Avoid formalisation policies that do not benefit women workers, especially when they actually harm women in self-employment. Closely monitor policies like zoning that prevent informal women workers from plying their trade. Reduce requirements like online registration and digital payments and presence, unless prior and proactive efforts are made to enable less-literate women without adequate connectivity to access these.

Of course, there are positive measures that should be included in programmes and policies. Many of these are general principles that apply in all conditions, but they become particularly relevant in crisis conditions and are especially so during the current pandemic, which is fundamentally a health crisis that has spread to economic devastation. The current pandemic has resulted in massive economic downturns that are close to humanitarian catastrophe in many developing countries; but it can also serve as an opportunity to change course and develop a more positive agenda for our economic futures. Such a positive agenda is also urgently required to ensure that societies and economies will be resilient enough to face the emergence threats posed by climate change and the socio-political tensions generated by massively increased inequalities. Therefore, some of the elements described below should be incorporated into a positive agenda associated with debt relief packages.

- Change the structure of taxation by focussing on more progressive taxation, in particular through equitable taxation of multinationals (using unitary taxation with formulary apportionment), taxes on extreme wealth, taxes on financial transactions.
- Increase spending on health care and education. Ensure that all women workers in such public programmes receive proper wages and working conditions.
- Focus on universal access to food and nutrition, especially in situations where livelihood losses coincide with rising prices of food.
- Bring in public employment programmes that ensure equal wages to men and women and expand the scope of such programmes to encompass services and all activities that improve the quality of life. Also include more “green” activities that address environmental concerns and help to mitigate and adapt to climate change.
- In banking regulation, consider specific requirement of women borrowers who are less likely to have collateral and land titles that provide access to credit.
- Recognise the very specific needs of women entrepreneurs, especially with regard to access to inputs and markets.
- Build in policies that enable greater associations and unions of women workers, both employed and self-employed. Enable and encourage the formation of producer and marketing co-operatives.

#### **IV. By Way of a Conclusion**

The points outlined briefly above effectively contribute to a broader framework for addressing global economic challenges, that I have described as a Multi-coloured Global

New Deal.<sup>23</sup> The pandemic has sharply exposed existing forms of gender discrimination and relational inequality, and it clearly has the potential to increase and intensify all of them. Official public policy responses have not only been inadequate to counter these trends, but have even, in some cases, further accentuated them. Official gender blindness or apathy has meant that many government responses have further added to women's socio-economic disadvantages, and in some cases also reduced their voice and public participation. The contrasts across countries in this regard are striking and telling. It is now well known that countries run by macho leaders with authoritarian personalities have thus far performed very badly with respect to dealing with the pandemic. By contrast, several countries (especially some with woman leaders) have shown, the only way to defeat COVID-19 is through community involvement, cooperation, and social solidarity – all of which require an explicit focus on improving gender relations and empowering women.

The challenges posed by the pandemic are enormous, but they may eventually pale into insignificance in comparison with the even greater existential threat posed by climate change and the massive socio-political instabilities being generated by massively increased inequality. Clearly, the currently dominant policy paradigms and institutional arrangements are inadequate to deal with this, which is why there are growing calls for a Global Green New Deal (see for example, Gallagher and Kozul-Wright 2019). It is clear that we need a Global New Deal – but it must be multicoloured. It requires a reliance on three planks: a focus on economic recovery based on significantly increased public expenditure, regulation and redistribution.

This New Deal must obviously be green, to address climate and environmental threats. Increased public spending has to be oriented towards recognizing, respecting and preserving the environment; reducing carbon emissions, addressing climate challenges and enabling adaptation; and changing patterns of production and consumption accordingly. It must also be blue, to deal with the growing shortages of clean water and the inequalities of access to water that are evident geographically and across classes, and have very strong gender-differentiated results. It must be purple, with an emphasis on care economy. The pandemic has exposed critical need for massive investment in care economy across all societies. With changing demography, social changes and public health concerns, more skilled care services will be required. This requires rewarding paid care work through increased public spending; recognizing, reducing and redistributing unpaid care work; and representing care workers and giving them greater voice. It must be red, with a critical focus on addressing and reducing inequalities: in assets, income, access to food, essential public services and employment opportunities. These have to be reduced across different dimensions: gender, race, ethnicity, caste, location, age. This requires more careful regulation of markets, including of financial markets, labour and land markets, and of interaction with the natural environment. It also requires more active redistribution, such that new public spending is financed by taxing the rich and the

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<sup>23</sup> Jayati Ghosh, "The gendered macroeconomics of Covid-19", in Vikas Rawal, Jayati Ghosh and CP Chandrasekhar, eds, *When Governments Fail: A pandemic and its aftermath*, Tulika Publications, New Delhi, forthcoming 2021.

multinational companies that have managed to evade taxes by exploiting legal loopholes. All of this requires international cooperation, which is why this Multicoloured New Deal must be global in scope, with appropriate international architecture, with controlled finance and capital flows, revised rules for trade, investment flows and intellectual property rights that simultaneously prevent concentration and monopoly rent-seeking and encourage good quality employment generation.

This may seem like an impossible agenda, both for debt relief and adjustment packages and for future economic strategies—but the constraints are mainly political. The nations of the world have come together in the past to confront seemingly impossible challenges; now is the moment to find similar if not greater levels of ambition for humanity.