

# **Gender, economics and the crisis: lessons from E. Europe, C. Asia and the Caucasus**

*Ewa Ruminska-Zimny, PhD*

*Warsaw School of Economics, Poland*

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# Summary

- Diversity within transition countries
- Transition policies
- Gender as non issue
- Macro results of “shock therapy”
- Gender bias in sharing costs and opportunities
- Lessons
- The crisis as an opportunity

# Diversity within transition countries

- New EU members: fast growing and catching up
- Transition economies in E. Europe –former Soviet Union republics (Ukraine, C. Asia, Caucasus); regaining national identity, market “memory”, growth and inequalities
- Balkan countries – post conflict trauma and hopes for EU membership
- The poorest: Moldova, Kyrgyzstan and Tajikistan

# Gender and transition policy –post 1989

- Transition policies defined by neoliberal policy/ Washington consensus but also a failure of a planned economy (“*shortage economy*” and a “*new/social man*” an opposite of “*homo economicus*”)
- Stabilization-Privatization-Liberalisation package (model of developed market economies and programmes in L. America and some other dev. countries)
- High expectations – prosperity and growth brought by “invisible” hand (market knows best)

# Why gender was a “non issue” (surprise?)

- Neoliberal concept and perception of gender as “social”
- Historical scope of changes – focus democracy and market (“social as residue after economy is fixed)
- Good position of women under socialism –political representation (quotas), high share in employment, generous benefits (including at state company level)
- Power play – rise of traditional attitudes, drop of political representations (from 20-30% to single digits), weakness of women’s movements (heritage socialism) – only one women at RT Solidarity 1989 (out of 80)

# Macro results of “shock” therapy

- GDP collapse – in 2000 only 4 (out of 27) countries reached/above pre-transition level (Poland, Slovakia, Slovenia and Hungary).
- Massive redistribution of assets and entitlement which determined opportunities in market economy
- Gender is a major dimension of sharing costs and opportunities

# Gender gap in sharing costs and opportunities

- Loss of job security, sharp rise of unemployment, poverty and inequalities
- In Tajikistan 68% of population live in absolute poverty, close to 50% in Moldova and Kyrgyzstan (2 \$ a day); most unequal (such as Russia- from 0.20 to over 0.50 GINI)
- The state ill prepared to handle – no safety net and no experience (before full employment), privatization of many public services (access inequalities); also heavy constraints on public finance (GDP fall, stabilization policies)

# Losses on labour market

- Competition, deterioration of position on labour market, raise of caring functions (to offset cuts in public provisions)
- 1985 -1997 female labour force fell by 1/3 (Hungary) and by 1/4 in Latvia. It declined even if male labour force remained stable (Poland), or increased (Lithuania, Russia)
- Cuts employment up to 40% (Hungary). Even the smallest cut in female employment (Czech R), was still nearly 10 times larger than for male employment.
- Female unemployment a mixed pattern – but low levels often reflect dropping from the labour market
- Wage gap –up to 40-60 % in the Caucasus and Central Asia

# Less opportunities

- Losses of jobs in industry and agriculture not offset by new opportunities in private sector (discrimination, no assets –over 85-90% of privatization assets went to men)
- Moving to low paid jobs - women's share in employment in financial sector declined (up to 24% - Latvia) and in public sector increased (health, education) – just opposite to moves of real wages in these sectors
- Back home policies - policies encouraging women to leave the labour market (early retirement, longer maternity leaves etc)
- Cuts in family care (kinder-gardens, but in social functions of schools, privatization of health (income based access, home care)

# The current crisis: risks and opportunities

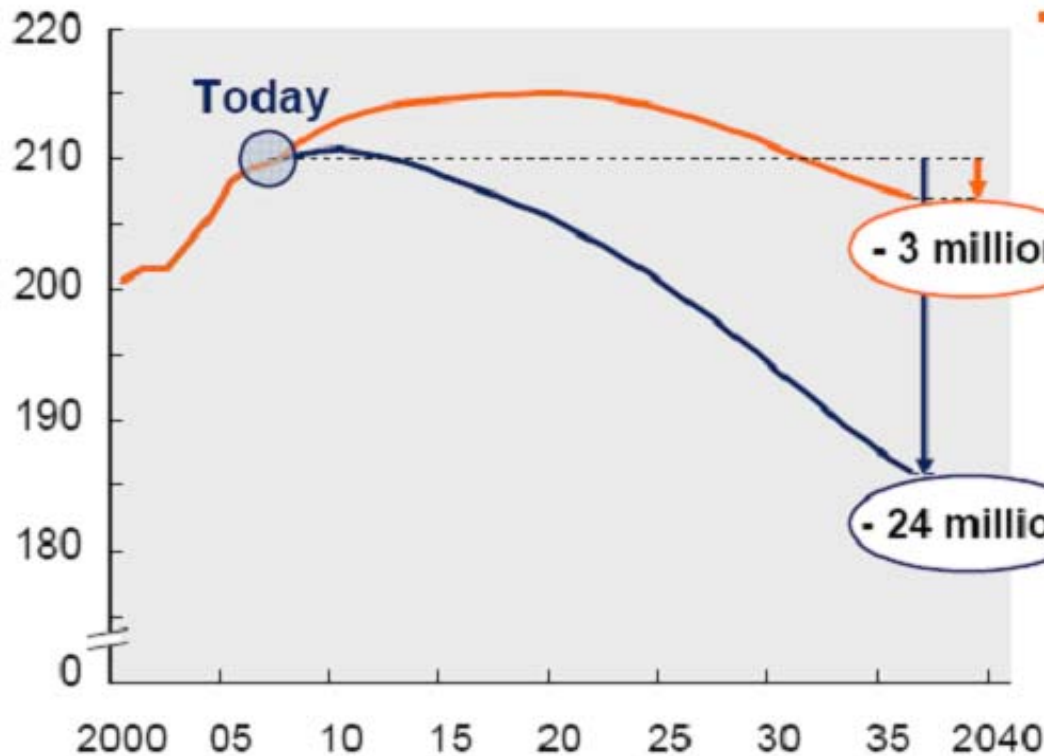
- Risks – “*deja vue*” job loss, less access to resources (and credit) and social infrastructure
- Opportunities: challenging mainstream economic paradigm (heterodox economy)
- Stimulus package (e.g mainstreaming gender concerns such in support to SMEs)
- Re-thinking growth strategy, role of the state and public finance
- Re-designing global architecture (e.g UN –new gender architecture, new IMF and WB?)

# Opportunities

- Women are a major source of new labour in the context of ageing in Europe
- They are also well educated and bring new ideas, priorities and management styles in developing products and services to compete on global markets
- Mobilizing this potential is essential at the time of economic crisis

# Preventing the decline in workforce (EU-27)

Active workforce\*  
Millions



- Trend if employment rates remain constant\*\*
- Trend if the female employment rate reaches that for men\*\*\*

## Quantitative challenge due to demographic change

If employment rates remain constant, active workforce will decrease dramatically while demand for workers remains high

Increasing the female employment rate to that for men could compensate for the shrinking workforce population

\* Total population aged 15 - 65 years multiplied by employment rate (for EU-27 countries excluding Slovenia, Slovakia, and the Czech Republic and including Iceland, Norway, Switzerland, and Albania)

\*\* Assuming 2005 employment level of women (58%)

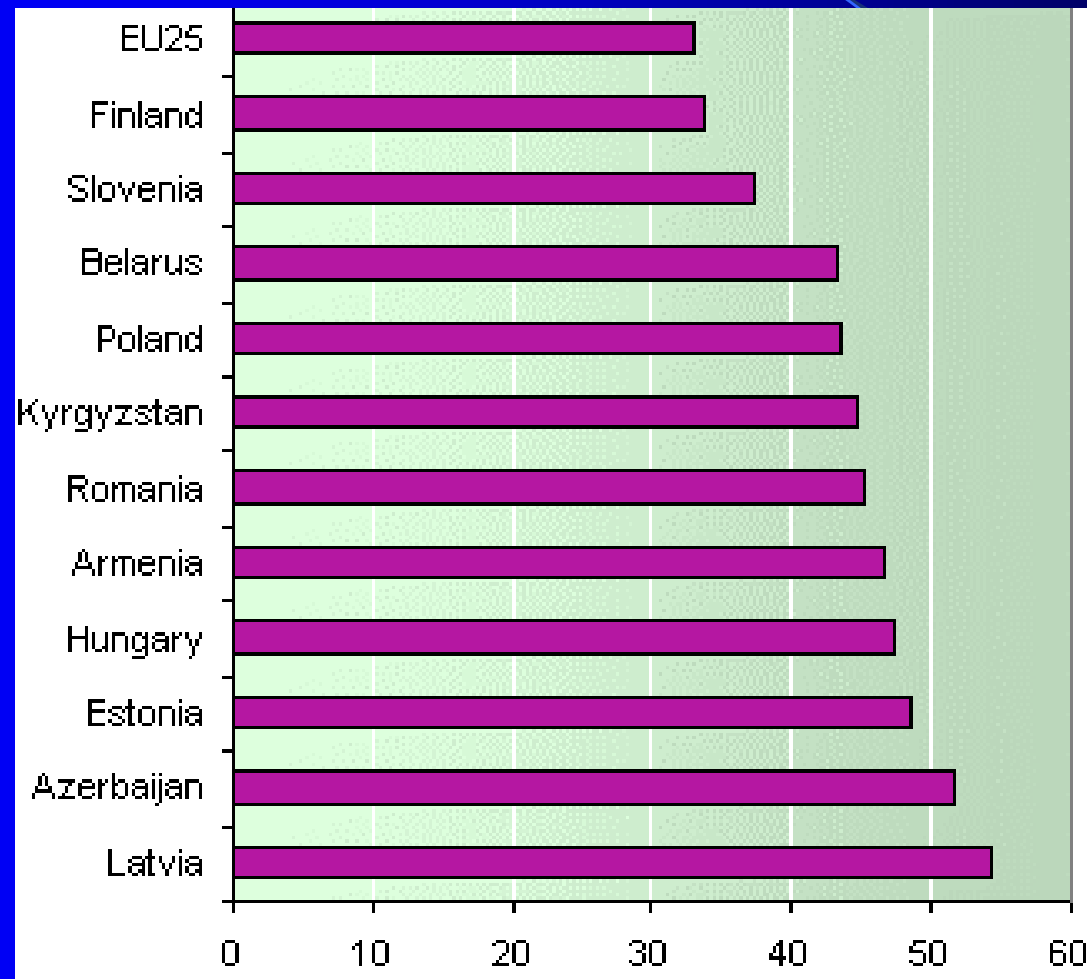
\*\*\* Basis: male employment rate of 2005 (71%)

Source: Eurostat 2005, Global Insight 2000 - 2030, McKinsey

# Improving innovation and competitiveness

- Over 50% share in total tertiary education in COE countries and up to 62 % (Albania, Latvia)
- Inclusion of women in teams designing new cars pushed up sales at Ford (1999) –now a standard human resource policy
- More women in company management, better resistance to the financial crisis based on research in France CAC40 : PNB-Paribas (39% women -20% drop in shares versus Credit Agricole 1% women -50 % drop): value of gender diversity in management

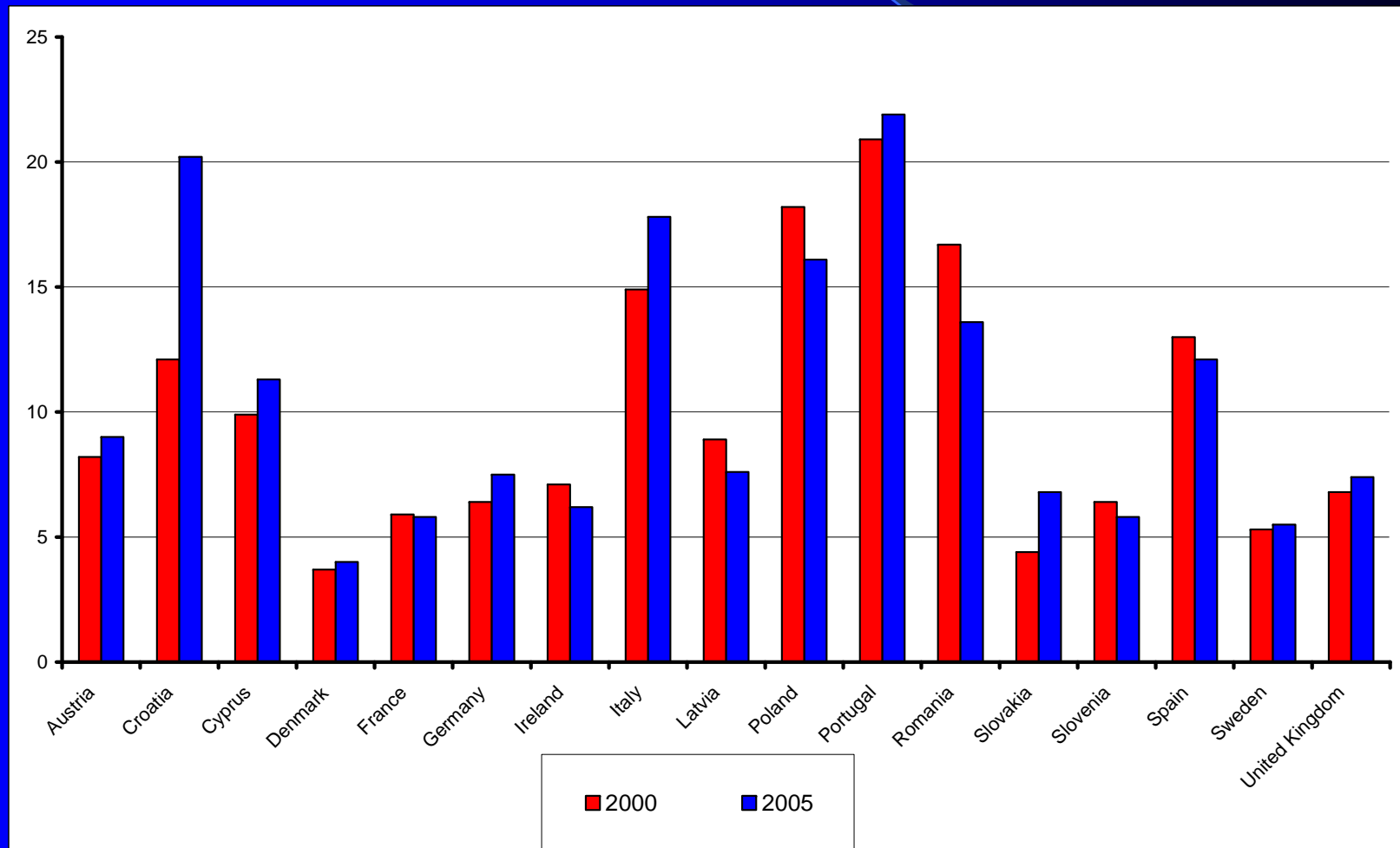
# Female Share of Researchers



Source: UNECE Gender Statistics Database

# Women in Business: women's entrepreneurial potential

*Employers and own-account workers, % employed selected countries*



Source: UNECE Gender Statistics Databases

## **Gender specific barriers: few examples**

- Financing: lack of wealth or property ownership, smaller size of women's businesses
- Information and training: less time due to family responsibilities and resources
- Markets and networks: limited access to traditional business networks (“old boys”)

# Gender budgeting: beyond numbers

- “Upgrades” gender to economic status-- a major change at the conceptual level
- Provides a tool (and resources) to address gender specific barriers and close the gap between *de iure* and *de facto* equality
- Puts pressure to develop gender disaggregated data

# Who could lead the change at national level?

- Governments and public institutions: only some take a lead (such as Norway and other scandinavian countries)
- Gender equality machineries/structures: still weak on economic issues
- Academia/feminist research and “economic” NGOs (including women’s business associations): pushing for changes
- Private sector: growing interest in gender equality as “smart economics”

# And at international level

- Setting norms, standards and commitments
- European Union: equal opportunities and Lisbon Strategy
- United Nations: Beijing, MDGs and Financing for Development
- Regional dimension: UNECE, EBRD, Council of Europe, Regional Coordination Council

# Lessons (some)

- Transition process as a show case of both risks and opportunities
- Facts and arguments to build heterodox macroeconomic – a case to be used in discussing gender aspects of the crisis
- Gender equality is a human right, but also a key factor behind economic growth and efficient allocation of resources

# Thank you

[ewa.ertz@orange.fr](mailto:ewa.ertz@orange.fr)



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