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The current crisis and fiscal policy: monitoring gender needs

Knowledge Networking Program on Engendering
Macroeconomics and International Economics

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Content:

- Economic crisis
- Mexico's situation pre-crisis
- Fiscal policy to counter the crisis in Mexico
- Example of the health crisis in Mexico
- Fiscal policy monitoring



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Economic crisis

Deceleration of growth and loss of jobs

Economic crisis

How it will affect the economy depends on:

The country's standing at the beginning of the crisis

Time:

- that the crisis lasts

- that it takes to implement measures

Mexico before the crisis

Low tax collection (aprox. 9% of GNP)

Income dependent on petroleum resources

Concentration of exports to the United States

Has not used its fiscal policy to redistribute wealth nor to erradicate gender inequalities



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Economic crisis in Mexico

Growth and funding sources decrease:

Trade

Tourism

Direct foreign investment

Remittances

Prices of raw materials

Fiscal policy measures in Mexico

Economic package to counter the financial crisis

10 actions:

1. 3% reduction in provisional payments by businesses for income tax and Corporate Flat Rate Tax
2. \$1,000.00 fiscal stimulus for every business person and business that makes their annual tax payment on-line
3. Simplification of foreign trade by making customs paperwork more efficient, thereby reducing production costs

Fiscal policy measures in Mexico

Economic package to counter the financial crisis

10 actions:

4. The federal government will pay 5% of the worker-employer contributions to the Mexican Social Security Institute
5. Increase the National Employment System's training budget by 650 million pesos
6. Establish a free employment web portal
7. Increase the budget for the maintenance of PEMEX ducts by 10 billion pesos

Fiscal policy measures in Mexico

Economic package to counter the financial crisis

10 actions:

8. Fiscal stimulus and credits for businesses that open in municipalities with high and very high levels of marginalization. (the government will pay worker-employer contributions to the IMSS and INFONAVIT for 1.5 years; businesses can deduct their new investment from their income tax; economic support for daycares and subsidies for purchasing a house)

9. Reduction of electricity costs

Fiscal policy measures in Mexico

Economic package to counter the financial crisis

10 actions:

10. \$3 billion pesos for the Mexican Development Bank to promote economic activity

In addition, resources have been allocated for developing infrastructure: 53,100 million pesos



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Economic crisis

Reduces fiscal income (because of the deceleration or recession and decrease in the prices of basic products)

Requires economic stimulus policies

Example: Health crisis in Mexico

Worsens unresolved problems:

In terms of unpaid work:

Children are sent home because daycares and schools are closed...

A request is made for everyone to “stay at home”

THIS INCREASES WOMEN’S WORK

Example: health crisis in Mexico

Worsens unresolved problems:

In terms of paid work:

Labor market situation,

The government relies on the “sensitivity” of businesses to “let women miss work.” With pay?

Example: health crisis in Mexico

Worsens unresolved problems:

In terms of the services provided by the Ministry of Health:

Insufficiencies in:

Care...

Differential policies...

Administrative registries...

Resulting in:

MORE “HOUSEWIVES” DEAD



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Fiscal policy measures in Mexico

Economic package to counter the health crisis

5 actions:

- 1) accredit the Corporate Flat Tax Rate with the provisional payment of PIT;
- 2) exempt up to 20% of employer contributions to the Mexican Social Security Institute;
- 3) exempt up to 50% of payment for migratory extraordinary services and port fees;
- 4) exempt up to 50% of payment for airspace rights;
- 5) provide fiscal subsidies for states that exempt payroll taxes for the hotel, restaurant and recreation sectors.



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How does the crisis affect women?

Worsens their situation...



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Fiscal policy monitoring

Monitoring of productive sectors:

The most affected by the crisis

The most benefited by the fiscal policy

Request information broken down by sex:

jobs eliminated, jobs generated, jobs benefited by support



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Fiscal policy monitoring

Fiscal stimulus for formal sector of the economy



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Fiscal policy monitoring

Are only businesses benefited or individuals as well?



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Fiscal policy monitoring

Are policies to reduce taxes equally efficient as those to increase spending?



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Fiscal policy monitoring

Earmarked resources for women and gender equity

What factors influence the advance or setback of gender policies?



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Fiscal policy monitoring

What is fiscal policy doing to reduce the caretaking workload for women?



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Thank you very much...