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Post-Crisis Gender Gaps: Women Workers and Employment Precariousness

Alicia Girón and Eugenia Correa

Abstract: The Gender Gap Index (GGI) is very useful when it comes to international comparisons, and it offers diverse and interesting approaches to equality, human wellbeing, and development. The central goal 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 healthcare and education expenditures in order to service the external debt due to institutional investors of the shadow financial system (SFS), the gender gap widens because of the austerity policies implemented by the state. This contributes to deepening of the unpaid work within the household, alongside widening the gender gap.

Keywords: external debt service, Gender Gap Index, public expenditure, public policies

JEL Classification Codes: G01, J16, J21, J38, I31, H61

> *To the politician and administrator laissez-faire was simply a principle of the insurance of law and order, at minimum cost. Let the market be given charge of the poor, and things will look after themselves.*
>
> *– Karl Polanyi (1944)*

In the post-crisis period, the Gender Gap Index (GGI)[1] has become very useful in analyzing the differences between men and women in countries on an international

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[1] The Global Gender Gap Index examines the gap between men and women in four fundamental categories (sub-indexes): *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.

level. It has also shown the way in which public policies influence it on an institutional level. If one relates the GGI to the Great Recession, one may observe how the austerity process has penetrated public expenditure, reducing it in strategic sectors of a sustained development policy.

As a consequence, public policies have been affected by the constant decrease of public expenditure related to healthcare, housing, and education, which — along with privatization — profoundly affects women and their need to become increasingly involved in the labor market, even if it means facing precarious employment, working in the informal economy, or taking low-paying jobs. On one hand, channeling funds that come from the state through public policies are at the center of macroeconomic interests. This happens to such an extent that the development of monetary, fiscal, and financial policies corresponds to the interests of the international institutional investors who act within the shadow financial system (SFS) and work within the international financial circuits. On the other hand, the transfer of capital to SFS impacts the unemployment rate and decreases work remuneration, with noticeable consequences for women and for widening the wage gap between men and women.

The central goal 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 can be illustrated with the payment of external debt and the reduction of public expenditure, which has a very important role in Mexico's economic development. The paper also analyzes the way the GGI in such a moderately developed country as Mexico relates to reduced public expenditure, including for social programs, while more funds are being directed toward international creditors through the external debt service. This diverting of funds has broadened the gender and wage gaps, unemployment, and precarious employment in Mexico during the post-crisis period.

Public Gender Policies and Provisioning

From the perspective of post-Keynesian theory, the production and circulation spheres are the foundation of exchange relations in a monetary production economy. The latter sphere is compounded by aggregate demand for the procurement of such labor that, through public policies, defines the interrelation between the micro- and macro-economy. Therefore, the decisions made within the macro-economic sphere will relate to the family unit via public policies, the meso-economy. Within households, monetary income from paid work persists as the main axis of the economy. However, one should also take into account the care of social reproduction, whose main axis is such unpaid work that is indirectly related to public policies in a monetary production economy.

At this point, provisioning becomes the main axis of an economics that is opposed to the principle of limited resources. In a speech on austerity, Myra H. Strober (2015, 1) states: "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." When provisioning is considered as the main axis, the causal relation between the members of a family unit and the care for social reproduction based on a moral emotion may be understood. Care is an unpaid activity that might be boosted during times of economic prosperity through public policies resulting from higher public expenditure. When a family's income increases, people outside the family may carry out a portion of the unpaid work. The work done by employers and employees within what some call the economy of care, becomes paid work 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 the guarantee of equitable distribution of wealth in an egalitarian society. This is when social reproduction should take place. However, 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 (re)directed public expenditure toward a closer relation with institutional investors. Austerity policies respond to international financial-circuits interests, increase unemployment, and ultimately lead to reduced consumption that impacts the production sector. But it is unpaid work, an activity traditionally performed by women, that is largely affected by reduced public expenditure and that absorbs the effects of austerity.

From a feminist perspective, the starting point of unpaid work in 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 an economy as a provisioning system, Julie A. 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). From a perception of economics as a provisioning science, as opposed to a science that studies the shortage of human resources, feminist economics establishes a relationship with monetary theory of production when highlighting that a human being is not only a rational being, but 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 one hand, and familiar or social activities and policies on the other" (Nelson 1995, 143).

Global Gender Gaps, Public Expenditure, and External Debt Service

Following the Great Recession, gender gaps have broadened and affected both paid and unpaid work done by women. One of the most important variables in analyzing the relationship between institutional investors and public policies that impact the gender gap is the link between GGI analyses and public policies regarding healthcare, education, housing, and public assistance programs for women. The external debt and the conditions imposed by the IMF involve the transfers to creditors as well as the composition changes of and the cyclical constraints on public expenditure. The GGI reflects the impact that public policies have on gender gaps.

The GGI compares gender gaps in 145 countries, finding a link between gender gaps and the channeling of public expenditure that causes asymmetrical gender participation. As a GGI report points out, Mexico occupies 71th place out of 145 countries in the *Global Index*, but when broken down to indicators, Mexico takes 126th place for *economic participation and opportunity*, 75th place for *educational attainment,* and 34th place for *political empowerment*. The gender gap on *health and survival* is almost insignificant, which does not mean that all women — no matter their occupation — have access to healthcare, much less that it is a free public service. Inequalities and gender gaps become ever deeper with austerity policies implemented after each financial crisis, but especially so after the "Great Crisis" of 2008.

The GGI reflects public policies and especially the expenditure austerity imposed in the areas of education, healthcare, housing, and assistance programs for women. Gender gaps increase as austerity policies leave fewer opportunities for employment of women, prevent the closure of the wage gap, and limit the political empowerment of women (WEF 2015, 8).

In order to continue with our analysis, it is necessary to analyze the post-crisis period data for Mexico. Public expenditure on education and healthcare has tended toward slowing and reduction. At the same time, external debt and external debt service have continued to grow.

In the last fifteen years, Mexico's external debt has considerably increased, but the period from 2009 to 2012 stands out. During this period, the average growth rate of external debt was 16.85 percent, the external debt service 22.47 percent, the interest payments on external debt amounted to 46.74 percent, while public expenditure for education and healthcare stood only at 1.78 and 5.98 percent, respectively (see Table 1). According to the World Bank, the total external debt went from 201.91 billion dollars in 2009 to 443.01 billion dollars in 2013, which represents 34 percent of Mexico's GDP, 110 percent of its exports, and 252 percent of its reserves. On the other hand, in 2013, the external-debt-service payment was 42.4 billion dollars (World Bank 2015). By comparison, expenditure for healthcare and education grew to 40.7 and 59.3 billion dollars, respectively (see Table 2).

External debt is mainly formed by the long-term debt of the public sector. During the period from 2000 to 2013, there were some years in which the growth rate of external debt and external-debt service showed negative numbers, reflecting a decrease in the amount of total debt. However, for most of the period in question, Mexico's debt shows positive growth rates. The year 2010 stands out because the total external debt grew by more than 29 percent that year as compared to the previous year (see Table 3).

The interest on the external-debt payment also increased. In the period from 2000 to 2013, the average growth rate was 9.89 percent. However, from 2009 to 2012, when the interest on external debt was highest, the growth rate went from 9.58 to 36.16 billion dollars, with an average growth rate of 17.96 percent (i.e., the amount grew almost four times) (see Tables 1 and 2). It is important to mention that, in 2012, the interest on external-debt payment reached its highest annual growth rate of 155.76 percent, which amounted to 36.16 billion dollars and represented 9.02 percent of Mexico's total exports, 22.54 percent of its reserves, and 3.05 of its GDP. By comparison, in 2012, expenditures on healthcare and education amounted only to 3.16 and 4.70 percent of the country's GDP, respectively.

Table 1. Mexico's External Debt and Public Spending, Average Growth Rates, 2000–2013

Year	Interest payments on external debt	External debt stocks	Debt service on external debt	Public health expenditure	Public education expenditure
2000–2013	9.9	9.0	1.7	7.6	6.2
2000–2006	–1.9	2.3	1.7	7.6	8.5
2006–2013	20.0	14.8	1.7	7.6	4.2
2009–2012	46.7	16.9	22.5	6.0	1.8

Source: Calculations based on data from the World Bank (2015).

Table 2. Mexico's External Debt and Public Spending, Billions of Dollars, 2006–2013

Year	Interest payments on external debt (total)	External debt stocks (total)	Debt service on external debt (total)	Public health expenditure	Public education expenditure
2006	12.2	173.5	54.6	24.9	45.8
2007	13.7	199.2	38.0	27.4	49.4
2008	10.9	206.2	35.4	30.2	53.5
2009	9.6	201.9	31.9	27.7	46.7
2010	12.0	262.0	33.6	32.6	54.6
2011	14.1	302.2	42.8	35.2	60.3
2012	36.2	375.8	71.6	37.5	55.8
2013	22.2	443.0	42.4	40.7	59.3

Source: World Bank (2015).

Table 3. Mexico's External Debt and Public Spending, Annual Growth Rates, 2000–2013

Year	Interest payments on external debt	External debt stocks	Debt service on external debt	Public health expenditure	Public education expenditure
2001	–10.0	9.0	–19.1	9.4	13.5
2002	–18.9	–4.0	–21.0	3.5	7.2
2003	–7.5	3.0	–13.8	–0.3	7.6
2004	7.7	3.3	22.6	14.1	–0.1
2005	9.8	3.8	–8.1	10.2	15.0
2006	7.3	–1.4	49.8	8.5	7.8
2007	12.8	14.9	–30.4	10.1	7.7
2008	–20.9	3.5	–6.8	10.4	8.4
2009	–11.8	–2.1	–10.0	–8.3	–12.7
2010	24.8	29.8	5.4	17.6	16.9
2011	18.2	15.3	27.4	7.9	10.4
2012	155.8	24.4	67.0	6.7	–7.5
2013	–38.6	17.9	–40.8	8.6	6.4

Source: Calculations based on data from the World Bank (2015).

The external debt service decreasing between 2000 and 2009, reaching 31,901 billion dollars at its lowest level. Since 2009, the external debt service had been growing again, reaching its highest level in 2012 at 71,571 billion dollars. This increase represented 17.86 percent of Mexico's exports, 6.03 percent of its GDP, and 44.62 percent of its reserves. In the period from 2000 to 2013, the external debt service was higher than the healthcare expenditure as a percentage of Mexico's GDP, and it exceeded the public expenditure on education (as a percentage of GDP) in just six years. Again, it is important to highlight the year 2012 because, in that year, the external debt service was 6.03 percent of GDP, while the public healthcare expenditure was only half that (3.16 percent of GDP) and the public education expenditure barely reached 4.7 percent of GDP. If one observes the growth rates of external debt, the interests paid on the debt, the debt service, and public expenditure, it is very clear that the debt has grown, while public expenditure for education and healthcare has not. In 2012, this difference was even sharper. Whereas the debt service increased by 67 percent, healthcare and education expenditure only increased by 6.0 and 7.0 percent, respectively.

Through all these years, the external debt service, coupled with austerity policies, have constrained both public spending and public employment, which has traditionally been inclined to services. Indeed, the rate of women's informal labor reached 58 percent of the total female labor force. Also, wages fell by 10 percent in real terms between 2007 and 2014. We know very little (statistically) about the precarious employment (of women) at home and the unpaid household work women do to support their families during a crisis, but the GGI could provide a useful insight into those matters.

Concluding Remarks

One of the most dramatic revelations of the financial crises of the 1980s in Latin America was the profound relationship that existed between households' wellbeing and capital flows — a relationship that defined this period as "the lost decade." The deregulation and liberalization of Latin American economies through the adjustment programs, implemented by the IMF, provoked serious disarray in public expenditure. Subsequently, the Asian crisis of the 1990s followed a similar path of reconstructive politics: "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). Thus, public policies were permeated by structural adjustment policies, recurring currency devaluation processes, public-sector deficit reduction, deregulation, liberalization of capital flows, and readjustment of labor markets. This development drove the insertion of national and regional economies into the globalization process (Benería 1999) and led to broadening of the wage and gender gaps.

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