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Gender dimensions of the global crises and their impact on poverty¹

By Santosh Nandal²

Abstract

The crisis in the global economy continues to affect many men and women living in poverty, but it brings different meaning for both men and women. However, the concept of gender equality gives women and men the same entitlement to all aspects of human development including economic, social, cultural, civil and political rights; the same level of respect, the same opportunities to make choices; and the same level of power to shape the outcome of these choices. But the ground realities are totally different. Pre-existing inequalities, which include under representation of women at all level of property rights, economic decision making, over representation in unorganized sector, traditional occupations due to lack of necessary training and skills play significant role but more gender inequalities arise when economic crisis takes place. It is not only the poor who are not affected but near and working poor are also affected with it.

Key Words: gender and economics, global economic crisis,

Introduction

The global economic crisis was sparked in the financial engine-houses of the world economy in 2008. With this global financial crisis, many of people of developed world are familiar with this painful experience. The experience of people of developing countries may be less painful as they have experienced to live in such state of conditions. However, as such, the impact of global economic recession on the lives of people in developing countries is serious and widespread. Although the world's economies are now improving but the developing countries will take longer time to come out of these crises. Whereas, it is expected that extra 55 million women, men and children have already been pushed into extreme poverty as a direct impact of global crisis, and this number is expected to rise to 89 million by the end of 2010 (S. Chan & M. Ravallion) and the developing countries are being badly burdened. The International Labor Organization stated that in most regions of world, the economic crisis is expected to have greater impact on female unemployment rates than men. This is more clearly in the case of Latin America and Caribbean (ILO, 2009).

The main object of this paper is to assess the position of women in developing economies after the global financial crisis. The paper is divided into four sections. Section I reflects on the character and extent of poverty. Section II is to assess the crisis how it effects women and men differently and unequally? Section III explains the effects of the global crisis. Section IV suggests counter balancing policies for remedial changes.

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Section I: The character and Extent of Poverty

Poverty is not a single phenomenon with a simple foundation, invariant across geographic locations and social conditions. Poverty has many faces, and important aspects of the global poverty profile include its global distribution, the rural-urban divide, its gender aspect, and features specific to particular countries or regions such as the caste system in India. Using two standard measures of poverty, namely, living on less than \$1 or \$2 per day, World Bank data and forecasts across the economically less developed part of the world is shown with the help of following table.

Table: World Bank data and forecasts of poverty

Region or country	Millions of persons living on <u>Less than \$1 per day</u>			<u>Less than \$2 per day</u>		
	1990	2004	2015	1990	2004	2015
East Asia & the pacific	476	169	40	1,113	684	296
China	374	128	29	819	452	186
Rest of East & the pacific	102	41	11	294	232	110
South Asia	479	446	256	954	1,116	997
India	376	371	217	734	868	772
Rest of South Asia	103	76	39	220	248	226
Europe & Central Asia	2	4	2	20	46	16
Middle East & North Africa	5	4	2	49	59	38
Sub Saharan Africa	240	298	290	396	522	567
Latin America & the Caribbean	45	47	34	115	121	102
Total	1,247	970	624	2,647	2,548	2,017
Excluding China	873	841	595	1,828	2,096	1,831

Region or country	Percentage of Population living on <u>Less than \$1 per day</u>			<u>Less than \$2 per day</u>		
	1990	2004	2015	1990	2004	2015
East Asia & the pacific	29.8	9.1	2.0	69.7	36.6	14.5
China	33.0	9.9	2.1	72.2	34.9	13.4
Rest of East & the pacific	22.1	7.1	1.6	63.7	40.4	16.9
South Asia	43.0	30.8	15.1	85.7	77.1	59.0
India	44.3	34.3	17.6	86.4	80.4	62.7
Rest of South Asia	38.9	20.6	8.5	83.4	67.6	49.2
Europe & Central Asia	0.5	0.9	0.3	4.3	9.8	3.4
Middle East & North Africa	2.3	1.5	0.7	21.7	19.7	10.3
Sub Saharan Africa	46.7	41.1	31.4	77.1	72.0	61.5
Latin America & the Caribbean	10.2	8.6	5.5	26.3	22.2	16.3
Total	28.7	18.1	10.2	60.8	47.6	32.9
Excluding China	27.1	27.1	12.6	56.8	51.6	38.7

Source: World Bank 2008: 46 (Table 1.5).

South Asia and Sub-Saharan Africa have two of the largest concentrations of the poor. In the more than the sixty years since the end of WWII, East Asia has undergone the greatest progress in the reduction in poverty. In the last thirty years, China has shown a remarkable reduction in poverty also. More specifically, approximately 1 billion people globally lived on less than \$1 per day in 2004, and more than 2.5 billion or half of those in low and middle income countries lived on less than \$2 per day. Although there has been limited reduction in those numbers since 1990 but there is no much progress in the numbers living below \$2 per day. Trends clearly show that there is extreme reduction in poverty in India. In India, the numbers of poorest fell little in the 1990s. And sub-Saharan Africa has experienced much smaller reductions since 1990 in the percentage living on less than \$1 or \$2 per day and in fact there has seen substantial growth in the number of people living at those levels.

For its latest 2008 revision, the bank for the first time has changed the set used for poor countries. Since new data is available through its International Comparison Program, and India is dropped on account of its growth. The poverty line was updated from \$ 1.08 per day at 1993 prices to \$1.25 per day at 2005 prices. And this raised the number of poor by 400 million to 1.4 billion. However, Angus Deaton, the Princeton Economist regarded as world's foremost authority on cross-country income data has cast serious doubts on World Bank's last upward revision of global poverty figures and India's statistics are at the centre of storm. The world became poorer as a result of a combination of India's economic growth and its low poverty line, Deaton, President of American Economic Association, said in Atlanta in 2010. India's extremely low poverty line was so strongly depressing the average poverty line for poor countries that India's exit from this group because of its economic growth resulted in the average rising. In fact, India and world have become poorer because India has become richer.

The international poverty line is calculated by taking national poverty lines of a group of the poorest countries in the world, converting them in US dollars by using a Purchasing Power Parity (PPP) index and taking a simple average. Deaton suggested an alternative procedure to calculate the global poverty line by averaging the poverty lines of all countries, but after weighing them for the number of poor in each country. This poverty line is appropriate to achieve Millennium Development Goals (MDGs) as compared to World Bank forecasts of poverty.

Section II

Assessing the crisis how it effects women and men differently and unequally?

Poor Work Opportunities for women

The growth in developing economies has created opportunities for people but women are worse affected in this new economy's growth also. The developing economies have started to use the cost cutting method on the name of competition. Women have traditionally taken on more manual, engaged in low paid jobs; their positions are jeopardy with the introduction of mechanization and technology. Modern occupations are not open to women due to lack of necessary training and skills. Mechanization of many jobs led to benefit of male workers but not to women; even men replaced women in some areas where mechanization was introduced.

Additionally, as employers tighten their belts, women's wages are often the first to be reduced. Women are already subject to global gender pay gap of 22 percent and they are often the first to lose their jobs (Emmett, 2009). In March 2009 the International Labor Organization (ILO) has stated that the economic crisis is expected to have greater impact on female employment rates than males in most regions of world. The latest estimate from ILO suggests that in 50 developed and developing countries for which data is available, at least 20 million jobs have been lost since October 2008, with another five million currently are at risk. At least 10 million of these 20 million job losses have occurred in emerging and developing countries. It is a labor market prediction for 2009, ILO has stated that the global unemployment rate for women could reach 7.4 percent compared to 7.0 percent for men (ILO, 2009).

Informal Economy

In developing countries, informal economy accounts for 60 to 90 percent of the total workforce. According to National Sample Survey Organization (1994), of the total number of women workers in India, around 92 per cent workforce are in the unorganized sector, whereas merely 8 per cent are in the organized sector. Census of India (2001) estimates that 80 per cent of economically activate women are engaged in unorganized sector. And, there is no exaggeration in saying that the unorganized sector is the women's sector. This sector, however, while extracting the maximum contribution from them has given very little in return. Women do more work than men do, yet they have only limited access to economic resources and benefits made more clearly appropriated by men. This statement is made clearer with the following observation:

“Women constitute half of the world's population,
Perform nearly two-third of its work hours,
Receive one-tenth of world' income and own
Less than one hundredth of world's property”.

Such is the scale of 'gender gaps' in the distribution of work, resources and benefits. The plight of women workers in unorganized sector is miserable as they work for extremely low wages, hours of work are long, working conditions are unsatisfactory, with a total lack of job security and social security benefits, and they are not protected by any government labor legislations, yet only few countries provide some form of social protection to informal sector workers and self employed. And under global economic recession, women face double burden of unemployment and are engaged in the low wage and part time jobs.

Unpaid Work Burden

Whether it is woman's or man's job that is lost in the crisis, women make more efforts to find ways to compensate for the loss of family income, often working in informal sector, and at time under difficult conditions. In times of economic strain and household joblessness unpaid work burdens for women rise even more, as families are forced to rely more heavily on unpaid care or women are required to work longer hours in supplementary employment. But taking on greater hours of paid market work can

compromise time for care of their children and other family members and it stops long term development of child and contribute to future poverty.

Structural, social discrimination and lack of political voice: India

Women are not only liable to experience discrimination in the workforce; across society there are number of social practices, which place women in more precarious positions in the face of lower household income. Women bear almost all responsibility for meeting basic needs of family, yet are systematically denied the resources, information and freedom of action they need to fulfill the responsibility. With regard to the economic position of Indian women, it is well evident that India is principally an agricultural economy and despite their due contribution of efforts and labor in economic production, the women's role is far from being equal to men. Agriculture land is an important resource in rural economy, and very few women enjoy ownership rights of land. In India, except widows, agriculture land is on the name of man. Evidence points to gender disparities in access to this and other assets necessary for poverty reduction. Having land rights, it is a crucial factor in determining, how people will ensure their basic livelihood. In all cases women more limited access to these assets hamper their efforts to reduce poverty and diminish the effectiveness of poverty reduction more generally. However, Indian constitution has principal of gender equality with respect to ownership of land, but women are absent from land records/registers.

Often, women do not raise their voices, since from childhood they are brought up to be economically dependent on their male counterparts. Prevailing traditional processes, enable them to imbibe and adjust to their secondary economic role. Traditionally, India has seen women only as members of families: as daughters, wives, and mothers and not as individuals with an identity or rights of their own.

As is well known, persistent cultural traditions and the caste system play dominant role in Indian economy and society is divided into caste. Much of the work is distributed as per caste of the person and lower caste women are more deprived than high caste women. To establish her identity rural women must face double challenges – one from the male counterparts and other within the women groups. Because woman as a group is not an homogenous group.

The economic recession arrests capital accumulation by women and it will drastically reduce women's individual income as well as the budgets they manage on behalf of households. This would have damaging consequences notably on the girl child as boy is considered bread-earner of family.

With the education of boys largely sheltered from shocks, and parents often more likely to pull out a girl from school than a boy when tuition becomes hard to find, the World Bank Vice President cited research findings on household income declines in Uganda and a fall in income from agriculture in Madagascar where girls were first to be pulled out of schools. The World Bank has warned that an additional 700,000 African infants are likely to die before their first birthday as a result of the crisis. The girl child will be hit hardest. Research has shown that “girls are five times more likely to be impacted by increases in infant mortality rate than boys.”

Section III: Effect of crisis

1. Developing countries are affected by the cut in remittances from family members of developed economies. Remittances give women more autonomy to and control over family matters. Additionally developing countries cut their expenditure on social development and women are most affected with it.
2. The construction industry is affected as developed economies have stopped foreign direct investment in real estate in developing economies. This sector gives large number of employment to women and slow down in job growth is expected to contribute to growing unemployment. This finds women at the risk of being hired last and dismissed first.
3. Textile sector is particularly affected, as economic crisis tend to significantly reduce the demand for output produced in this sector. Women are at a risk of losing their jobs first and are often doing not have much negotiating power. Low wages, particularly in countries without social safety nets, make the impact on women even more severe.
4. Increased stress and violence: As food and fuel prices soar, adding stress and hardship to families, incidents of violence against women and communal violence increase.
5. Drop in access to finance: Women are the majority of clients of micro finance institutions (85% of the poorest 93 million clients of MFIs in 2006) and their access to such credit is expected to decline owing to the liquidity problems in the financial sector.

Food prices: The current food price crisis is having a severe impact on women. Economic crisis doubly effect women, their household income decrease and they are not able to meet the basic needs of the family. Around the world, millions of people eat two or three times a day, but a significant percentage of women eat only once. And, now, many women are denying themselves even that one meal to ensure that their children are fed. These women are already suffering the effects of even more severe malnutrition, which inevitably will be their children's fate as well. In India, woman as a care taker feeds the family first and eats the left out or remaining food.

Conclusion

Experience from the past has shown that financial and economic crises have different and unequal impact on women and men and their potential to respond and develop effective coping strategies. Economic recession put a disproportionate burden on women, who are concentrated on vulnerable employment and are more likely to be unemployed than men, tend to have lower employment and social security benefits, and have unequal access to control on economic and financial resources.

In developing economies, the main symptoms of macro-economic instability have been inflation and balance-of-payment difficulties in the context of economic recession and unemployment. How they relate to women both as members of the labor force and in their reproductive and household functions in a complex process? In general, commerce and services have always been important employers of the female labor, both in industrialized countries and less developed countries. It is known that these sectors show greater flexibility in terms of working hours in which part time labor does not become an

obstacle to work in organization and is therefore compatible with domestic duties and household work women have to perform. Because domestic duties like catering, cleaning, care of children and aged people etc. is a segment of the market which is traditionally composed by women.

In World economy, women are central to the growth and economic recovery of the country. However, not enough information is available about the dynamics and factors that shape the lives of women and men in the world. Gender studies have not paid adequate attention to policy studies relevant to improve the economic capacity of women (and men). The field of gender studies has also shifted away from studying “women” to understanding how both men and women are affected by and contribute to the development process.

Gender equality and women's development are human rights that lie at the heart of development and the achievement of the Millennium Development Goals. Despite the progress that has been made, six out of ten of world's poorest people are still women and girls, less than 16 percent of the world's parliamentarians are women, two thirds of all children shut outside the school gates are girls and both in times of armed conflict and behind closed doors at home, women are still systematically subjected to violence. Development can not be achieved if 50 per cent of population is excluded from the opportunities it brings. I am of the firm opinion that the situation requires a radical reorientation of planning process so as to make it truly sensitive.

Section IV: Counter balancing Policies: Goals

1. To increase expenditures on women’s formal education, professional education and on the job-training, extension services and health services etc.
2. To release women from the heavy burden of household labor by providing necessary services to share the responsibilities for raising and caring of children and household tasks so that they can join labor force on equal terms with men.
3. To increase subsidies and grants to industries that are willing to employ women particularly those industries in which women have had no access or low access until the present date. It will help to eliminate the sex biased labor force structure.
4. To create awareness among women and also mobilize them to fight for their rights. The State Government may play an active and positive role to organize poor women and weaker section of society.
5. The government and non-government agencies and responsible members of the community should think for the schemes of introducing modern education in schools and colleges, schemes on remedial coaching and vocational training institute, production cum training centers for girls, schemes for teachers training programs and finally awareness of educational programs.
6. The setting up of committees in every city or state to check the drop out rates of girls from schools.
7. The family courts must be established more in number with women as its presiding officer as women because of their modest nature do not discuss their personal matters with male officer and judges.
8. In developing economies, the majority of the workforce is engaged in the informal sector and majority of them are women. This sector does not follow the principal of equal wage for equal work. There is no leave benefit, maternity

- benefit or any other service benefit. This sector should be protected by Government Labor Legislations.
9. Quality of governance and its effectiveness - policy of human capital, quality of public services, quality of civil services, and quality of policy formation and their implementation.
 10. Control of corruption and misuse of public money.
 11. In remittances, there should be provisions for gender budgeting. These parts of the funds should be used for the development of women, which ultimately will benefit society as a whole.

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