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IEG Distinguished Lecture 3

Economic Crises and Unpaid Work in Low and Middle Income Countries: A Gender Analysis

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November 2010
Institute of Economic Growth



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This paper is based on Diane Elson's Distinguished Lecture delivered as a Valedictory Address for a one day international conference on "The Challenge of Gendering Economics", organized by the IEG on 17 December 2009. Drawing upon research initiated in September 2009, Elson examines the role of women's unpaid domestic work in times of crises, asking whether it is an invisible safety net, an intensifier of gender inequality, an intensifier of recession, or all of the above? She discusses the challenges of empirical research on unpaid work in the context of a crisis and offers reflections on policy responses. She argues that gender analysis is most easily introduced into the analysis of crises via sex disaggregation of employment and unemployment, but the gendered pattern of job loss is contingent on economic structures and differs between countries. A deeper gender analysis treats labour as a means of production produced in non-market relations, and requiring unpaid work, an irreducible level of care, and basic goods and services. Gender norms everywhere currently assign to women the primary responsibility for nurturing this factor of production. A more in-depth analyses enables us to go beyond the gendered impact of the crisis on employment, to examine gender relations as a factor in the trajectory of the crisis.

Bina Agarwal, Director IEG
November 2010

DIANE ELSON

Diane Elson is a professor at the University of Essex, U.K. She has written extensively on gender and macro-economic policy, especially fiscal policy and international trade. A chapter on her work was included in *Fifty Key Thinkers in Development* (Routledge 2006).

Among Prof. Elson's acclaimed books are: *What's Behind the Budget? Politics, Rights, and Accountability in the Budget Process* (with A. Norton, 2002), *Budgeting for Women's Rights: Monitoring Government Budgets for Compliance with CEDAW* (Kumarian Press 2006), *Progress of the World's Women* (ed. United Nations Development Fund for Women, 2000), and *Male Bias in the Development Process* (ed. 1991). Recent writings also include papers such as, 'The Social Content of Macroeconomic Policies' (with Nilufer Çagatay) and 'Macroeconomic Policy, Employment, Unemployment and Gender Equality'. Elson has served in advisory capacities in several UN agencies, including UNIFEM. She was a member of the U.N. Millennium Project Taskforce, on the Advisory Committee for the 2005 UNRISD Report on Gender and Development, and Vice-President of the International Association for Feminist Economics.

Economic Crises and Unpaid Work in Low and Middle Income Countries: A Gender Analysis¹

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Abstract

This paper highlights a hidden factor in the impact of economic crises: the unpaid work that takes place within households, providing care for family members, producing goods for own consumption, and producing the labour force for the whole economy. It presents a conceptual framework that shows how this unpaid work is integral to the functioning of national economies. Time use survey data on the extent and distribution of unpaid work is presented for six low and middle income countries. The paper considers the role of unpaid work in economic crises, and whether an extension of unpaid work is able to safeguard households against irreversible depletion of their capacities. It notes the lack of regular and rapidly available time use data, and the need to rely on special studies. Studies of the impact of the Asian financial crisis of 1997 and the Argentine crisis of 2001 are reviewed, both to consider their substantive findings and the research methods they used. Attention is then focussed on unpaid work in the food, fuel and financial crises, 2007-10. Evidence is discussed for India, and a range of other low and middle income countries. The paper concludes that while an extension of unpaid work is a factor that enables households to cope with economic crises, there are limits to the extent production for own consumption can substitute for purchases of marketed output. Moreover, the extension of unpaid work can have long lasting costs, especially for women. Unpaid work cannot be relied upon to provide an invisible safety net. Households need the support of well-designed social protection measures.

Key words: Hidden economy, Nonmarket production, Economic crisis, Heterodox economics, Feminist economics

JEL codes: E1, B5

¹ I am grateful to Prof. Bina Agarwal, Director, Institute of Economic Growth, and Prof. Arup Mitra for their helpful comments on a draft of the paper.

Introduction

This paper discusses some gender dimensions of the economic crises that have swept over many low and middle income countries since 2007, and highlights a hidden factor—the unpaid work that takes place in families, providing care for family members, producing goods for own consumption, and also producing the labour force. The crises began with dramatic rises in the prices of food and oil in 2007 and continued with the effects of the ‘Made in Wall Street’ financial crisis in 2008. This led, in 2009, to rising unemployment, falling wages, and a slowdown in growth in some countries and an outright fall in national income in others. The form taken by the crisis, and government responses to it, have varied between different countries. In the immediate aftermath of the crisis, the majority of low and middle income countries across all regions were able to counteract the crisis by expanding public spending (Ortiz et al. 2010: 4). Some countries made a strong recovery, but for most, the recovery is uneven and fragile, vulnerable to rising prices of food and oil; and the social impacts of the crisis continue to be felt in terms of hunger, unemployment, inadequate incomes, and, in some cases, social unrest (World Bank 2010; UN 2010). Moreover, fiscal consolidation is now in prospect for many countries, with cutbacks in public expenditure, aimed at cutting budget deficits. Recent research by UNICEF suggests that 56 of 126 developing countries will experience expenditure cuts (Ortiz et al. 2010: 5). There is a wealth of information about the impact of the crises on GDP, imports, exports, international financial flows etc. There is also quite a lot of information on paid employment, especially formal paid employment, in which employees have contracts and enjoy some measure of social protection. But there is no regular flow of information on unpaid work, even though it is likely to be an important factor in how households, especially low income households, respond to the crises.

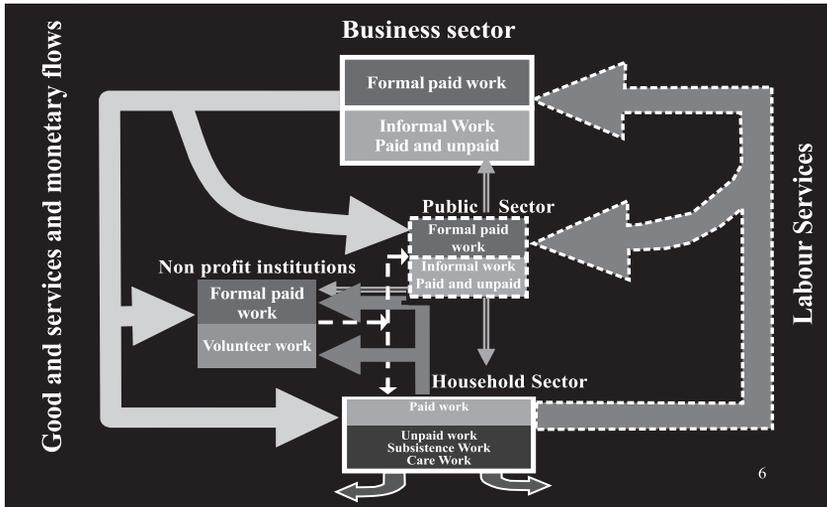
Conceptual framework: a four sector economy, prone to crises

In order to probe these issues, I use a framework of the economy which has the following four distinct sectors the business sector, the public sector, the non-profit institutions sector, and the household sector (See Figure 1). The business sector produces for the market, using both formal and informal paid work, and also contributing family labour (unpaid but producing for the market). Within the business sector, there are wide differences between enterprises in terms of their ownership structure (joint-stock, cooperative, family, individual) and the extent to which they are regulated by the state ('formal' or 'informal'); their size and scope (small and local or huge and international); and their success in covering their costs and making a surplus. The public sector comprises all government departments and agencies and enterprises, and employment within it is mainly formal, but there is growing use of informal paid work and unpaid volunteers. Within the public sector, there are differences between units in terms of size, function, and relation to citizens and the government. Some units provide services free at the point of use, while others provide services for which user charges are levied. Some units are primarily concerned with the service of effecting income transfers (taxes and benefits), while others are primarily concerned with the service of regulating society (making and upholding laws).

The business sector comprises agriculture and other primary production; industry, including manufacturing; and services. The household sector provides labour services to the business sector through a variety of relationships—direct wage employment, subcontracted wage employment, and self employment. It receives income as wages and profits of self-employment. It purchases goods and services directly from some businesses, and indirectly from others which supply intermediate goods to suppliers of final goods and services. The manufacturing sector employs people as wage workers in factories and also subcontracts production to home-based workers. Some manufacturing businesses produce consumer goods, while others produce intermediate goods.

Figure 1: A four sector economy, with paid and unpaid labour

Unpaid Work and the Market Economy



Source: adapted from Elson (ed) 2000

The not-for-profit sector (including NGOs, and voluntary and community-based organizations) employs people on a formal basis but also uses unpaid voluntary labour. It is diverse, ranging from village-level self-help groups, to large international organizations; and produces both marketed and non-marketed good and services, including information, advocacy and social mobilization, for the public and household sectors. The household sector comprises households which not only consume but also produce,² carrying out home-based unpaid work on a subcontracted or self-employed basis; and unpaid domestic work, including housework, unpaid care work, and unpaid production of goods for own consumption. It is the site of production of the labour force: in this model labour is not treated as a given factor endowment but as a produced means of production. Within the household sector, there are many differences

² This is a key difference with conventional understandings of the circular flow of income in an economy, which depicts households as only consumers, not producers.

between households in terms of their size and age structure, extent of kin and neighbourly links with other households, income and assets of household members, degree to which resources are pooled and shared, and the extent to which the gender division of labour is egalitarian. Of course not all activities that take place within households are in the nature of unpaid work. Unpaid work is usually defined using the third party criterion, as activities which could be done by someone other than the person who actually carries them out, or which could be purchased if a market for those activities existed. In this way it can be distinguished from personal care activities which people perform for themselves (such as eating and washing) and leisure activities which cannot be delegated to someone else (such as watching television). Unpaid domestic work is vital in transforming earnings into consumption: we don't eat money, we eat meals. Producing for household consumption, especially in rural areas—fetching fuel, collecting water, growing food crops—and caring for people thus enables people to feel like human beings in a system that treats them like commodities.

All paid work is, in conceptual terms, included in the internationally agreed UN System of National Accounts (SNA), as is some unpaid work, such as gathering firewood, collecting water, and growing food for family consumption. In principle, all of the output produced by SNA work should be counted and included in the Gross Domestic Product. However, this principle is not fully put into practice, and the statistics do not cover all of SNA work. In particular, subsistence production of fuel, water and food tends not to be counted and included, and the output of informal work in the business sector is undercounted because enterprise surveys often fail to include micro-enterprises and street-based paid work. Unpaid housework and care is, as a matter of principle, not included in the SNA and is thus not part of the Gross Domestic Product. But this work is now recognized as activity within the production boundary, and governments are encouraged to measure its output through satellite accounts. Thus this work is sometimes described as Extended SNA Activities.

The four sectors are linked by flows of goods and services, labour and money. The business sector provides marketed goods and services, and wage and other payments. From the public sector come flows of public services, infrastructure, transfer payments, and wages, and the sector levies taxes and user fees and other charges. From the NGO/voluntary/community sector come flows of marketed and non-marketed goods and services. From the household sector, labour services flow to the other sectors. The smooth functioning of the whole economy depends on these flows continuing and expanding, and not being subject to disruptions.

All of the sectors and flows are gendered, in terms of divisions of labour, control over resources, and norms about responsibilities and decision-making. This is perhaps most obvious in the case of the household sector because kin relations are gender-ascriptive relations, that is, mother, father, son, daughter are categories which explicitly denote gender. However, categories like employer, employee, seller, buyer, citizen, taxpayer, benefit-recipient, speaker, listener, writer and reader do not explicitly denote gender, and are thus often assumed to denote gender-neutral positions and activities. Much feminist scholarship over the last two decades has been devoted to showing that much of what may appear to be gender-neutral is in fact a 'bearer' of gender, inscribed with prevailing patterns of gender inequality. For instance, the hierarchy of employment in both public and business sectors is a gendered hierarchy in which male authority is still the norm, and female authority the exception. Moreover, the rules and norms of paid workplaces are predicated upon the assumption that the care and nurture of the labour force on a daily and intergenerational basis is primarily a female task, and should be treated as fundamentally external to the operations of the workplace, even though neither businesses nor public services can be sustained in the long run, unless someone does the unpaid domestic work required to keep employees fed and fit for work.

The activities of the four sectors are co-ordinated by prices, regulations and social norms. These signals may function well or may malfunction and destabilize the economy. The market and non-market

channels through which they flow may have barriers, bottlenecks, breaks, leakages, or spillovers. Markets, bureaucracies and social networks are all subject to failure of one kind or another. Contracts are incomplete, and information asymmetric. Minimizing labour costs is good for employers but restricts demand for their output. Moreover, the internationalisation of markets and social networks, and the extension of the business sector across national boundaries, complicates the interactions and increases the level of systemic risk of malfunction, as the 2008 financial crisis has reminded us. The household sector is often seen as the absorber of such shocks, the safety net of last resort. But I will argue that this is a one-sided view of the household sector. Its capacity to absorb and compensate for malfunctions elsewhere in the system is not unlimited. It can be undermined by lack of resources, insecurity and demoralization; and in return it will be unable to supply, or will resist supplying, the demand for goods and services, labour and the intangible social assets that the public and business sectors need in order to reform and recover. To signal this limit, Figure 1 includes the possibility of leakages from the circular flow (the arrows from the household sector that do not feed into any other sector). This signals that human capacities are not automatically reproduced by the economy. Severe economic crisis does entail the risk of unrecoverable depletion of human capacities, through preventable deaths, long term loss of health, stunted and wasted children whose cognitive development is permanently impaired, children dropping out of school never to return, and violent fracturing of families and communities. Factories can be mothballed and brought on stream again as the economy recovers. People cannot be mothballed in the same way. We will consider this further below, but first we discuss evidence on the size of the household sector.

Measuring the household sector and unpaid work

Although we have no regular satellite accounts for measuring the money value of output produced in the household sector, we do have large-scale time use surveys for a growing number of low and middle income

countries; and these can be used to measure. The amount of time spent on activities that take place in the household sector. Figure 2 provides an example. It shows, for six developing countries, the average time spent per day, by all the population covered by the time use survey:

1. on activities that are included in the SNA (covering all paid work, plus a few unpaid subsistence activities that take place in the household sector, such as the collection of fuel and water and production of food for home consumption);
2. on activities that are included in the Extended-SNA (covering unpaid housework and care work and unpaid voluntary work);
3. and on activities that are considered non-productive, such as sleep, leisure, and care of oneself.

The time is shown separately for males (left hand bar charts) and females (right hand bar charts). In all six countries women and girls spend considerably more time on the Extended-SNA domestic sector activities than do men and boys. For all six countries, the average time for women and girls is more than twice that for men and boys. The reverse is true for SNA activities. Time spent by both male and female members of the population on Extended-SNA activities is around two-thirds of the time spent on SNA activities. Thus in Argentina, the average minutes per day the population spends on Extended-SNA activities is 345 minutes, and on SNA activities it is 513 minutes; while in India, Extended-SNA activities take 390 minutes, and SNA activities 612 minutes.

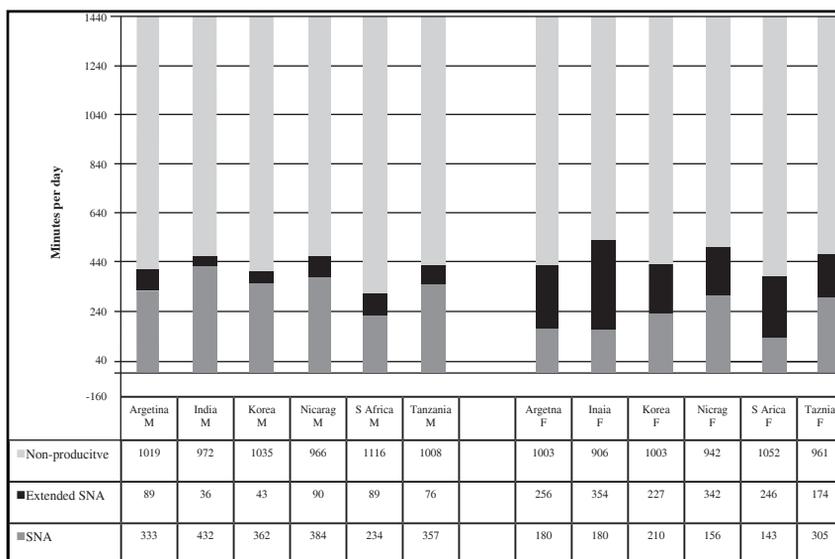
Bearing in mind that some of the time included in SNA activities is unpaid domestic work, such as collecting fuel and water and producing food for home consumption, this time use data shows that unpaid work in the domestic sector is a significant proportion of the total work time in an economy. It makes an important contribution to the well being of households, and to the maintenance of the labour force.

The averages shown in figure 2 mask the fact that some people spend virtually no time on an activity and some people spend a lot of time (just as GDP per capita masks the unequal distribution of income). Figure 3 shows the distribution of time spent on unpaid care work by males and females in India, where around 35 percent of males, and a little over 15 percent of females, do virtually no unpaid care work. But many women do more than 8 hours (480 minutes) of unpaid care a day, and would not be able to expand this much more without significant impact on their ability to do paid work and enjoy some rest and leisure.

There are many issues regarding the appropriate way to design a comprehensive time use survey, and the value and limitations of the data it provides (Esquivel et al. 2009). But the biggest problem in analysing the gender dimensions of crises is that time use surveys are not conducted on a regular basis. In many developing countries, only one large scale time use survey has been conducted to date. In India, for instance, there has not been a large scale time use survey since 1999. Even in high income countries with a long record of conducting time use surveys, the interval between surveys is generally around five years. Comprehensive time use data is not collected in a timely way, and cannot be used to directly track the trajectory of crises in the way that data on formal paid employment can be used. Time use surveys are helpful for examining inequalities (by gender and location, for instance) and long run structural changes, but not for examining short to medium term processes.

Two other sources of data on unpaid domestic work are likely to be more useful: additional modules in regular household surveys and case studies of particular at-risk groups in particular locations. Household surveys are often conducted more frequently than time use surveys, and it may be possible to compare data relevant to unpaid domestic work from before and after some crisis event. However, such modules are unlikely to provide an assessment of time use on a detailed 24 hour basis; and the relevant data may not be disaggregated by sex and age of individuals, but rather by characteristics of households.

Figure 2: Mean time spent per day on activities by SNA category, country and sex, for full sample population



Notes:

The Argentina survey conducted in 2005, covered only Buenos Aires, age range 15-74.

The India survey conducted in 1998/9, across six states, covered all household members.

The Republic of Korea national sample survey conducted in 2004.

The Nicaragua national sample survey conducted in 1998.

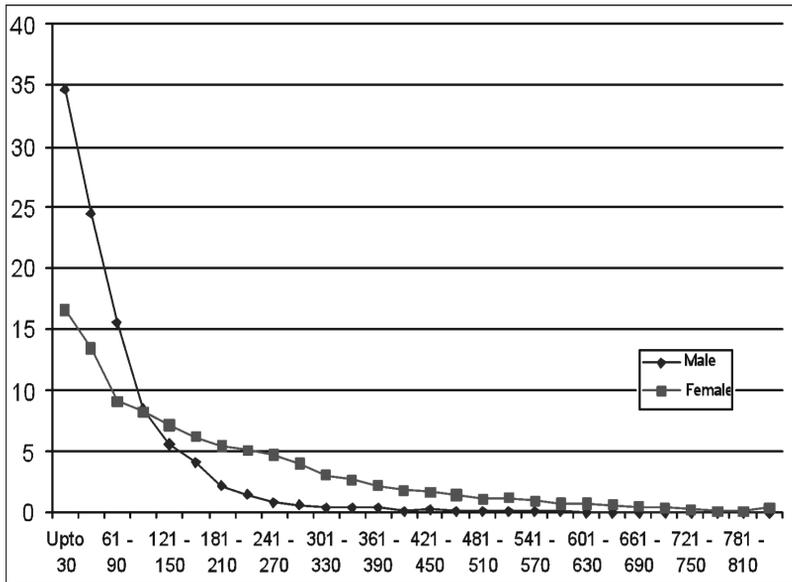
The South Africa national sample survey conducted in 2000, age range 10 years and above.

The Tanzania national sample survey conducted in 2006, age range 5 years and above.

Source: Budlender 2008: 10

Case studies of particular at-risk groups, in particular locations, can be undertaken rapidly, soon after the onset of crisis, but they are often based on small samples and on purposive, rather than representative sampling techniques. Nevertheless, these two kinds of data are useful in understanding some of the dynamics of unpaid domestic work in the context of crisis, and the extent to which the household sector can function as a safety net.

Figure 3: Distribution of male and female population by minutes per day spent on unpaid care work, India.



Note: Covers population 15-64 years of age

Source: Budlender 2008: 19

Unpaid Work in Previous Crises: How Far Did it Enable Households to Cope?

It is often suggested that in a crisis, low income households adopt strategies, including expanding unpaid subsistence production, that enable them to cope with crises. For instance, they supply more paid labour to the business sector, both wage labour and self-employment, decrease their purchases from the business sector, make less use of public services, and expand their unpaid production of food, meals and health care. However, we should not take for granted that these strategies do permit low income households to cope. Supplying more paid labour may represent ‘distress sales’, leading to depletion of human capital, for instance young people dropping out of school.

Supplying more unpaid labour may not be sufficient to compensate for an inability to buy enough food, or an inability to pay user fees for health care. Women's health may deteriorate, as more paid work is added to existing unpaid work. Households may be driven to desperation measures, including sex work, and family separation. The stress of trying to cope may lead to tension and even violence within households.

Statistical systems are not set up to provide rapid information about what is happening to households, and we must turn to special studies, which are in limited supply. Here we consider the methods and findings of two such studies, one of the 1997 Asian financial crisis, and one of the 2000/1 Argentine financial crisis. These studies are chosen for detailed discussion because they are the best available; and because they illustrate that unpaid work does expand in response to crisis, but that this by itself is insufficient to avoid important deprivations.

A team at the Asian Development Bank (Knowles et al. 1999) conducted a study of the impact of the 1997 Asian financial crisis on the household sector in Indonesia, Lao PDR, Philippines and Thailand using focus group discussions, interviews with key informants and small-scale household surveys. Focus groups were convened in different locations and comprised about 15 people with similar socio-economic characteristics, such as male and female small farmers, construction workers, street vendors, etc. Key informants included as public officials, village heads, and members of NGOs. In addition the study utilised a number of small scale household surveys.

The study found that households responded to the crisis in a number of ways, including reducing spending, borrowing, selling assets and undertaking more paid informal work and more unpaid subsistence work. Women tried to safeguard their families by increasing their participation in informal paid work, including food vending, laundry, and in some cases, commercial sexual services. Women increased their unpaid domestic work in subsistence agriculture, collecting forest products, and growing

vegetables in a kitchen garden. Women in the Philippines substituted cheaper ingredients in meal preparation something, which tends to mean more time spent in cooking. Women in Indonesia spent more time in accessing resources for their children, such as food supplements at child weighing centres, and queuing at hospitals and clinics, as their children were more frequently ill (Knowles et al. 1999: 41-49).

Knowles et al. (1999) also found that the extent to which the household sector offered a safety net was limited. Strategies for trying to make good losses in income by additional informal paid work, and additional unpaid subsistence and housework were often in tension with time available for care of children and for women's care of themselves. Women in poor households had to try to feed their families on less. In Thailand, their health was jeopardized by anemia, as they reduced their own consumption to try to provide for husbands and children. In Indonesia and the Philippines poor families ate less or went down to two meals a day. In the Philippines poor women also reported domestic violence prompted by arguments with husbands on how to cope. There were increases in the number of street children in Thailand, Indonesia and Philippines, and in the number of low birth weight babies in Thailand and Indonesia. In Indonesia girls were taken out of school. In conclusion the study found that while middle- and upper-income groups could cope with the crisis by using strategies that avoided long-term damage, the same was not true of the poor.

The study noted the problem of securing timely information from regular, statistically representative, household surveys, as it often took a long time to process the data and make it available. It recommended setting up community managed information systems, built on the efforts of local NGOs, clinics and schools, that would be able to track in real time the impact of crises on households, especially poor households.

In the case of the Argentine crisis of 2000/1, a specially conducted representative household survey of 2,800 households examined what was

happening in the household sector. Respondents were asked if the household had done any of the following since onset of the crisis at the end of 2001:

- Reduced food consumption, Substituted to cheaper food
- Reduced non-food consumption, Substituted to cheaper non-food goods
- Had been unable to buy needed medicine
- Substituted to cheaper transportation
- Increased home production of consumption goods
- Begun to make items at home for sale
- Migrated
- Sold or pawned belongings, drawn down savings
- Added more members to the labor force, worked more hours (i.e. in paid work)
- Received support from friends and family
- Received assistance from government, churches or not for profits
- Participated in bartering, participated in communal activities(e.g., construction of communal facilities)

Based on the data, Fiszbein et al. (2003) found that 73 percent of the households had reduced food consumption and 37 percent were not able to buy the medicines that they needed. Households with three or more children were especially likely to have to go without food and medicine: 92 per cent reduced food consumption and 56 per cent had to go without needed medicines. Female-headed household were more likely to undergo these deprivations than male-headed households.

Around 60 percent of the households increased home food production. Household members had also begun to make items at home for sale: almost 15 per cent of the households started producing goods at home for sale, often in the barter markets that were organized in many districts in response to the crisis. Female headed households were found to be more likely than male headed households to increase home production, both for own use and for sale. Just over 13 percent of households had

additional members participating in paid work; and in almost 15 percent of households, members worked longer hours in paid work.

The survey, however, had a number of limitations: the respondent was the household head, although attempts were made to get information from other household members if the head did not know the answer to a particular question. There were no questions on education or health; on tension or violence in the household; or on what happened to time for care, sleep, and leisure. The study presented results by household type, rather than by the sex and age of individuals undertaking activities, and there was no investigation on whether or not these responses allowed the households to cope successfully. Also the potential long-term harmful effects of these deprivations were not traced.

These two studies illustrate how households expand unpaid production in response to a crisis, but also show that unpaid production in the household sector cannot completely substitute for the purchase of goods from the business sector, and for reduced access to public services. They illustrate the methods that can be used to reveal something about unpaid work, in the absence of regular time use surveys.

Unpaid Work in Household Responses to the 2008/9 Economic Crisis

The Asian Development Bank study of the 1997 Asian financial crisis (Knowles et al. 1999) advised putting in place community managed information systems to provide real time rapid information on the household sector, but this went largely unheeded. Hence, when low and middle income countries began to feel the impact of the 2008 US/European financial crisis, timely data on the impact on the household sector were not available. As in 1997, it is necessary to turn to case studies for up-to-date information on whether the household sector has been able to provide the safety net of last resort, or is being driven to

take steps that lead to the depletion of human capacities. Here we first consider a study of the impact of the crisis on the household sector in India, in selected locations; and then discuss a number of multi-country, multi-site case studies.

UNDP commissioned a study on the initial impact of the crisis on Indian households that have a member who worked in the small scale and informal enterprises in six sectors of production: Gems and Jewelry, Engineering, Auto Components, Home-Based Garment Manufacturing, Chikan Craft, and Agriculture (Hirway 2009). In the first three of these sectors, women are less than 5 per cent of workforce; whereas in the second three, women are more than 80 per cent of the workforce. The study covered 1,085 workers and small scale producers in five states. It used both qualitative and quantitative methods. In each of the chosen locations, interviews were conducted with key informants, such as government officials, business leaders and labour leaders; a questionnaire-based survey was conducted with a purposively selected sample of 100-150 workers and small scale producers; and focus groups discussions were held with a sub-sample of men and women workers and small scale producers.

It was found that the crisis affected both employment and earnings. Some workers lost their jobs (especially in gems and jewellery which is highly integrated into the global market), while others suffered from underemployment and lower earnings. The majority of respondents reported a decrease in earnings: average monthly earnings decreased by around 37 per cent, ranging from about 10 per cent in the engineering sector to about 67 per cent in the home based garments industry.

Their coping strategies were similar to those used by poor households following the 1997 Asian financial crisis. Women, in particular, tried to find other casual paid work, in domestic service, construction, and home-based manufacturing, such as incense sticks. There was a particularly big increase in women's participation in the labour markets in households

where men had been employed in the gems and jewellery sector. Where women worked in home based garments, agriculture and chikan craft, their working hours increased and women household members who had not previously engaged in paid work took on part-time or full time paid work. In around 30 per cent of households, women (particularly in rural areas) reported increasing their unpaid work, such as in the collection of fodder, vegetable and fruit from common lands to feed their families. In a few cases (almost 4 per cent of households), women had to decrease their unpaid work because their time was squeezed by an increased participation in paid work.

These strategies were not sufficient to maintain family nutrition. About 65 per cent of respondents reported a decline in food intake. About half of the households in the study reduced expenditure on education, through not paying fees, spending less on books and uniforms, moving their children to cheaper schools, or withdrawing them from school altogether. About 20 per cent of the hard-hit workers in the jewellery and gems sector reported withdrawing their daughters from school. Around 40 per cent of households covered by the study reported an increase in illness, both mental and physical. And around 45 per cent reported an increase in domestic conflict. There is clearly a danger that a substantial number of the households covered by the study will suffer a decline in their capacities that may be irreversible.

A multi-country study (Horn 2009) coordinated by the network, Women in Informal Employment Globalizing and Organizing (WIEGO), provides some evidence on the impact of the 2008/9 crisis on informal workers in 10 cities: Durban (South Africa), Blantyre (Malawi), Nakuru (Kenya), Lima (Peru), Bangkok (Thailand), Malang (Indonesia), Kasur (Pakistan), Pune (India), Bogota (Columbia), and Santiago (Chile).³ Interviews were conducted with 164 informal workers (79 percent of

³ This study was initiated by WIEGO (Women in Informal Employment: Globalizing and Organizing) and conducted in collaboration with organizations of informal sector workers.

them women) in three occupations: waste pickers, home-based paid workers,⁴ and street vendors. Almost all reported a loss of earnings due to falling prices, falling sales, rising costs of inputs and higher competition from new entrants who had lost jobs in formal employment. A South African street vendor said: “Lots of factories near here have closed, due to this recession. This has negatively impacted our business, as these factory workers are our main customers.”

Some respondents said that they were forced to lower their consumption, such as by reducing the number of meals eaten per day from three to two, or from two to one, and cutting out milk and meat for children. A waste picker on Bogota, Colombia asked “Do you have any idea what it’s like to have your kids awake at midnight telling you they are hungry?” Many of them reported increasing unpaid work: “I try to economize by spending money only on necessary things. I take leftover cloth and make clothes for myself now” said a home-based woman garment worker in Bangkok. Like many hard-pressed low income women workers, some of these workers had in the past saved time by buying cooked food from food vendors. But increasingly they could not afford this and had to cook meals themselves, despite their long hours of paid work.

Informal workers were becoming exhausted. One reported, “If I got thirty thousand pesos before, now you have to kill yourself three times—waking up earlier, going to bed later, being on the streets for longer periods—to get thirty”. Many respondents were experiencing distress and anguish. The WIEGO study concluded that the crisis was pushing urban informal workers further into poverty, and was likely to have long-lasting harmful effects on them and their families (Horn 2009)

Of course, this study has limitations. The sample is small and not statistically representative; and time use data was not collected

⁴ Some worked on subcontracts for large commercial enterprises while others were self-employed.

systematically. Nevertheless, it gives a vivid picture of how poor households struggle to cope, and are sometimes driven to desperate measures, and how women feel they are bearing the brunt of the crisis. Evalyne Wanyama, National Coordinator of National Association of Street Vendor's Kenya, reported that "Many of the women, especially those who are widowed or single mothers, have no external support. They are caring for children alone, with dwindling incomes. Now many must support relatives who come to them after losing their jobs. The women who are married tell us that their husbands have given up. But these women cannot give up, for the sake of their children".

Rural as well as urban households were included in a study of poor people's account of the impact of the crisis in ten selected communities in Bangladesh, Indonesia, Jamaica, Kenya and Zambia (Institute of Development Studies 2009). The study used a range of qualitative research tools, including interviews with key informants, focus group discussions, and observation. It included both the impact of the rise in food prices that preceded the financial crisis, as well as the impact of the financial crisis. The rural communities tended to be more affected by the food price rises than by the financial crisis. All faced a threat to their livelihoods. In response, women, young people and even children found new ways of supplementing household income. However, these were mainly low-status activities with low returns. The study suggests that women were more likely than men to engage in such activities because they were under more acute pressures to feed their families.

Nevertheless, it was difficult to maintain nutrition levels. Households were reducing the quality and diversity of food; shopping more frequently for smaller quantities; and, where possible, gathering wild food. The latter two responses entail an increase in time spent on unpaid work, as does the reported increase in gathering fuel instead of buying it. Health was reported to be suffering, as was education. 'Everywhere, parents reported difficulties in maintaining education expenditure; and absenteeism, school dropout and child labour were believed to have risen in all contexts except Indonesia'.

A follow-up study (Hossain et al. 2010) was conducted in eight of the ten communities⁵ in February-April 2010. While the immediate stress of the crisis had receded, and there were some signs of economic recovery in the business sector, especially in the export manufacturing sector in Dhaka and Jakarta, household well-being had not recovered to the same extent. Even where employment had recovered, the quality of employment appeared to have deteriorated, especially in Jakarta. However, there were fewer reports of children dropping out of school. Nutrition had improved for many people. Social protection schemes were operating in many of the communities. But, in the Kenyan village in the study, food security was still a problem, and women reported they could only cope by spending additional time obtaining and preparing food.

School feeding programmes were widely welcomed; but there was criticism of food-for-work programmes for requiring excessive amounts of labour. Some social protection schemes were placing additional burdens on women's time. For instance in Bangladesh, subsidised rice was available, but rural women found that the time involved in travelling to distribution centres and queuing outweighed the benefits of the small amount of rice they were permitted to buy. Urban women could access the subsidised rice more easily, but women in the urban community in the study complained that the rice available was of low quality and had to be eaten immediately it had been cooked. This meant additional unpaid work for women, as they had to cook each meal fresh, rather than once daily, taking more time for cooking, and also for collecting fuel. The study concludes that women's efforts emerge as vital sources of household resilience, but often at considerable and likely enduring costs to women. It further concludes that conventional macroeconomic measures of the crisis and its impact, fail to capture the informal paid work and the unpaid work that underpin the attempts of households to cope with economic crises.

⁵ Jamaica was not included in the follow-up study. Two communities in Yemen were added.

A rapid assessment of the impact of the crisis on poor people in eleven countries,⁶ lead by Oxfam, found that while many households were resilient in the face of the crisis, such resilience has its limits:

It does not take much for coping strategies to become self-defeating. Assets, once depleted, take years to recoup; working extra hours in second or third jobs leaves a legacy of exhaustion; loans taken to finance consumption accumulate into crushing debt burdens; and meals foregone can affect children for their entire life times. It is clear that many women are paying a particular price through their additional unpaid work to support their households (Green et al. 2010: 5).

Paradoxically, when households do manage to cope, their strategies often intensify an economic downturn. Making clothes at home reduces demand for clothing workers. Making meals at home reduces demand for food vendors. What is a safety net for one household reduces the incomes of another household. This is another example of the paradox of thrift: unpaid domestic work acts like savings and depresses aggregate demand. This has been modeled by Erturk and Cagatay 1995, who argue that the net effect depends on whether the depressive effect of more unpaid household work is outweighed by a stimulus to investment through more women entering the labour market.

It is still not possible to test this hypothesis empirically owing to the lack of timely data on unpaid work. However, it may be possible in the future, as there is increasing recognition of the importance of measuring unpaid work. The OECD annual report on social indicators, *Society at a Glance*, will include a special chapter on measuring unpaid work in 2011;

⁶ The study covered Armenia, Cambodia, Ecuador, Ghana, Indonesia, Nicaragua, the Philippines, Thailand, Vanuatu, Vietnam and Zambia. It used focus group discussions, household surveys, and interviews, covering 2500 individuals in 11 countries. This was supplemented by analysis of secondary sources of a number of regions: Africa, Latin America, South-east Asia and the Pacific Islands.

and the scope of the report will include in the future some emerging economies in Latin America, Africa and Asia.

Some Policy Implications

In a downturn, it is essential to take measures to support poor households by replacing their lost purchasing power, without adding to women's work burdens, if recession is not to deepen, and human capacities be permanently lost. The household sector cannot simply be left to provide the safety net. Fiscal stimulus policies need to take account of the needs of the household sector, not just those of the business sector; and, within the business sector, to the needs of informal and small businesses, and not just of large businesses. Although there will be a multiplier effect from a stimulus to support big business, it may not reach the poorest household, or may not reach them in time to prevent irreversible damage. A UNDP review of stimulus plans has found that only about a quarter provide any enhancement of social protection. Most emphasise infrastructure investment and tax relief for enterprises and payers of personal income tax (Zhang et al. 2009).

Extending employment guarantee schemes to provide income for women can be a useful measure, provided there is provision for child care. The schemes in Ethiopia and India do include provision of child care facilities in their design, and the scheme in Ethiopia also allows flexibility in women's work hours (Holmes and Jones 2009).

Cash transfers to women in low-income families can also be useful, again provided they do not add to poor women's work burdens. From this point of view, unconditional (though means tested) cash transfers have advantages. Conditional cash transfers, that require mothers to ensure that their children attend school and go to health clinics regularly, and require mothers themselves to attend clinics for training in child nutrition and health, have been successfully introduced in a large number of countries in Latin America. They do, however, increase women's unpaid work, in complying with the conditions, especially if schools and clinics are far way

from homes. Unconditional, means-tested cash transfers are in use in some middle income countries, such as South Africa, which provides a grant to the primary caregivers of poor children under the age of seven. Indeed, a number of countries have expanded or introduced cash transfers to low income households as a response to the economic crisis, including Brazil, Guatemala, Nepal, Philippines, Senegal, and Vietnam (Mendoza 2010).

Appropriate and feasible policies will need to be country-specific, but it is important to introduce policies that will ensure that there is no irreversible deterioration in human capacities and that when output recovers human capacities also recover. Poor women make extraordinary efforts to safeguard their children and other family members in a crisis, but their labour is not infinitely elastic. The safety net they can create will only stretch so far. It is even more important to draw attention to this as the effect of fiscal stimulus fades, and a growing number of countries seek to cut budget deficits. Development that leads not only to economic growth but also to improvements in well-being needs the four sectors of the economy: the business sector, the public sector, the non-profit sector, and the household sector, to operate in ways that are mutually supportive.

One way to do this is to hand over the subsidy not to the PDS store owner but to the poor households directly. This can be done by handing out food coupons or (better) smart cards, or even via transfers effected through cell phone messaging. The households are then given the freedom to buy food from any store using this direct subsidy from the government. Notice that the shopkeeper now has no reason to prefer a rich customer over a poor one, since both pay the full price. Also, a shopkeeper who adulterates food now faces the risk that the buyer will walk over to another store and buy her supplies there. This is not a flawless system but unequivocally better than the existing one. It has some of the flaws of the existing system but not all, and it has no serious additional flaw.

One problem that is mentioned is that of people using fake coupons. This is no doubt a matter of concern, but it is of no greater concern than

that of fake rupee notes being used in everyday financial transactions. Just as we do not stop using currency because there is some counterfeiting, so this risk is not enough reason to not use coupons. We should simply manufacture the coupons using some of the same technology currently used for printing currency notes, which has lots of safeguards.

There is a small risk that the coupons or the smart cards will be traded off by the male head of the household and used to buy other products. This can, however, be largely warded off by giving the coupons or the smart cards to the senior women in the household. There are enough studies to show that this can make a huge difference in terms of the quality of household spending (Sen 1990; Desai and Jain 1994; Agarwal 1997; Basu 2006).

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