

ENGENDERING ECONOMIC RECOVERY: ALTERNATIVES TO AUSTERITY IN EUROPE

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Aims and objectives

- Impact of austerity policies on men and women in Europe via labour market.
- Gendered and expansionary macroeconomic scenario (*GEM*) for Europe as an **alternative** to austerity.
- Focus of the alternative:
 - i) generate higher growth and employment
 - ii) narrow the gap between female and male employment rates within Europe
- **Keynesian-type macroeconomic model** to look at medium to long-term results of policy choices.

DEVELOPING ALTERNATIVE POLICIES

- Austerity is hitting men and women but clear gender-dimension in the labour market emerging.
- Alternative policy proposals: **growth and jobs via exp. macro framework**
- Feminist scholars demonstrate **progressive feminist alternative** (Annesley 2014, Perrons and Plomien 2013, Corsi 2014, Women's Budget Group 2012).

E.g. **F-Plan** (UK, Women's Budget Group 2014), Pink New Deal (Corsi 2014):

- ✓ *Reintroducing important benefits, e.g. child care allowance and pensioner benefits*
- ✓ *Revenue-raising policies, support of Financial Transaction Tax (FTT) and raising taxes for higher income earners*
- ✓ *Rebalancing investment towards social and human infrastructure as well as physical infrastructure*

A GENDERED EXPANSIONARY MACROECONOMIC SCENARIO FOR EUROPE

What are the broader, long-term consequences of continued austerity versus alternative and gendered economic policy measures?

CAM:

- Cambridge Alphametrics Model (CAM) compares opposing policy scenarios.
- Non- conventional Keynesian-type global macro model.
- Historical series for 1970-2014; Scenarios for 2015-2030.
- 50 behavioural equations and 100 accounting identities.
- Blocs and countries for this exercise:
 - ✓ **Core** Eurozone (Germany, Austria, Belgium, The Netherlands, Finland)
 - ✓ Eurozone **Periphery** (Ireland, Spain, Italy, Portugal, Greece)

Two contrasting policy frameworks for Europe

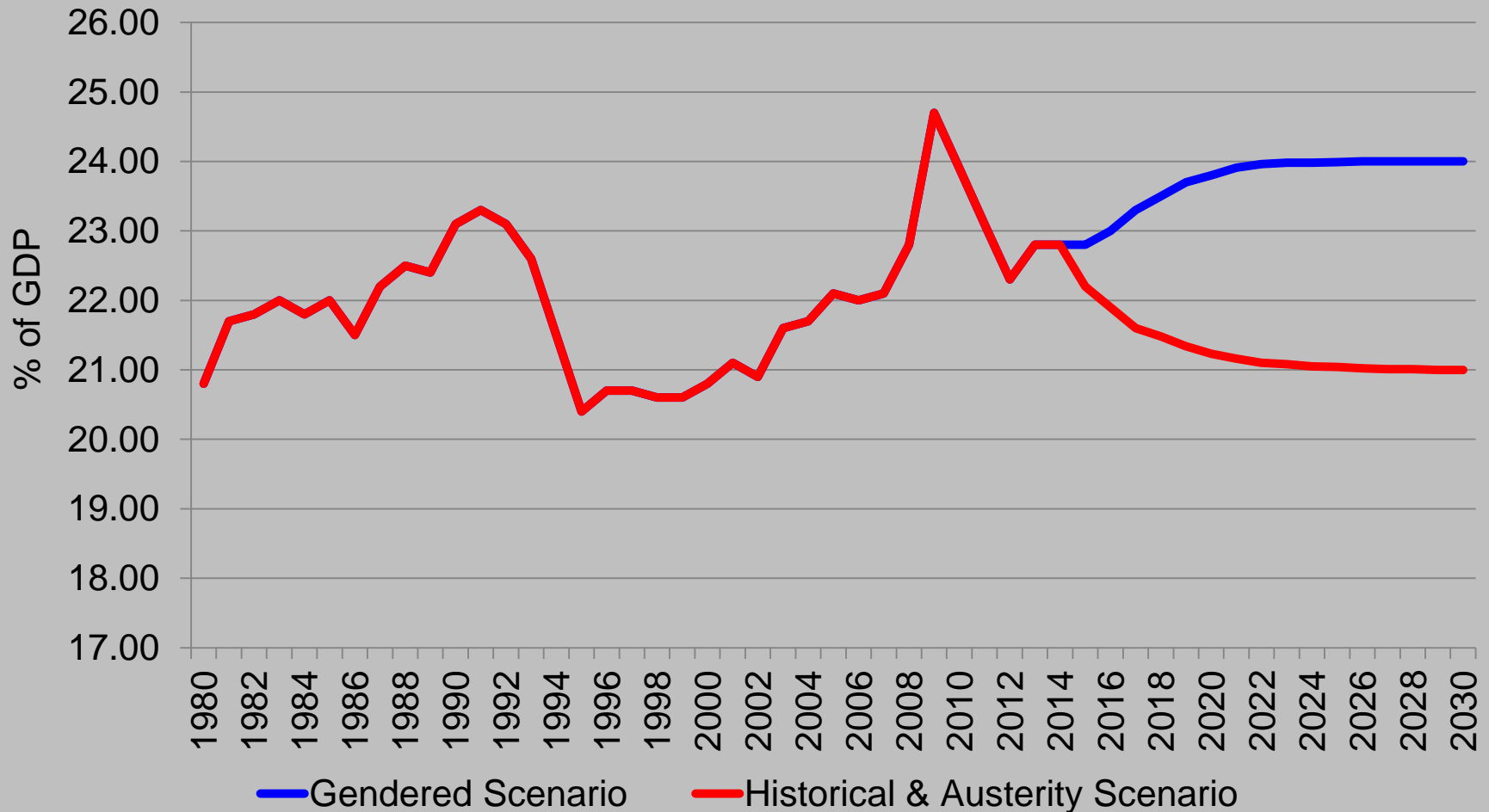
1) Business as usual/ Austerity scenario

- Implement planned exp. cuts to reduce budget deficits and **debt-to-GDP** ratios down to **60%**;
- Continue **conventional macro policies** with rise in capital investment (**Juncker's plan**).

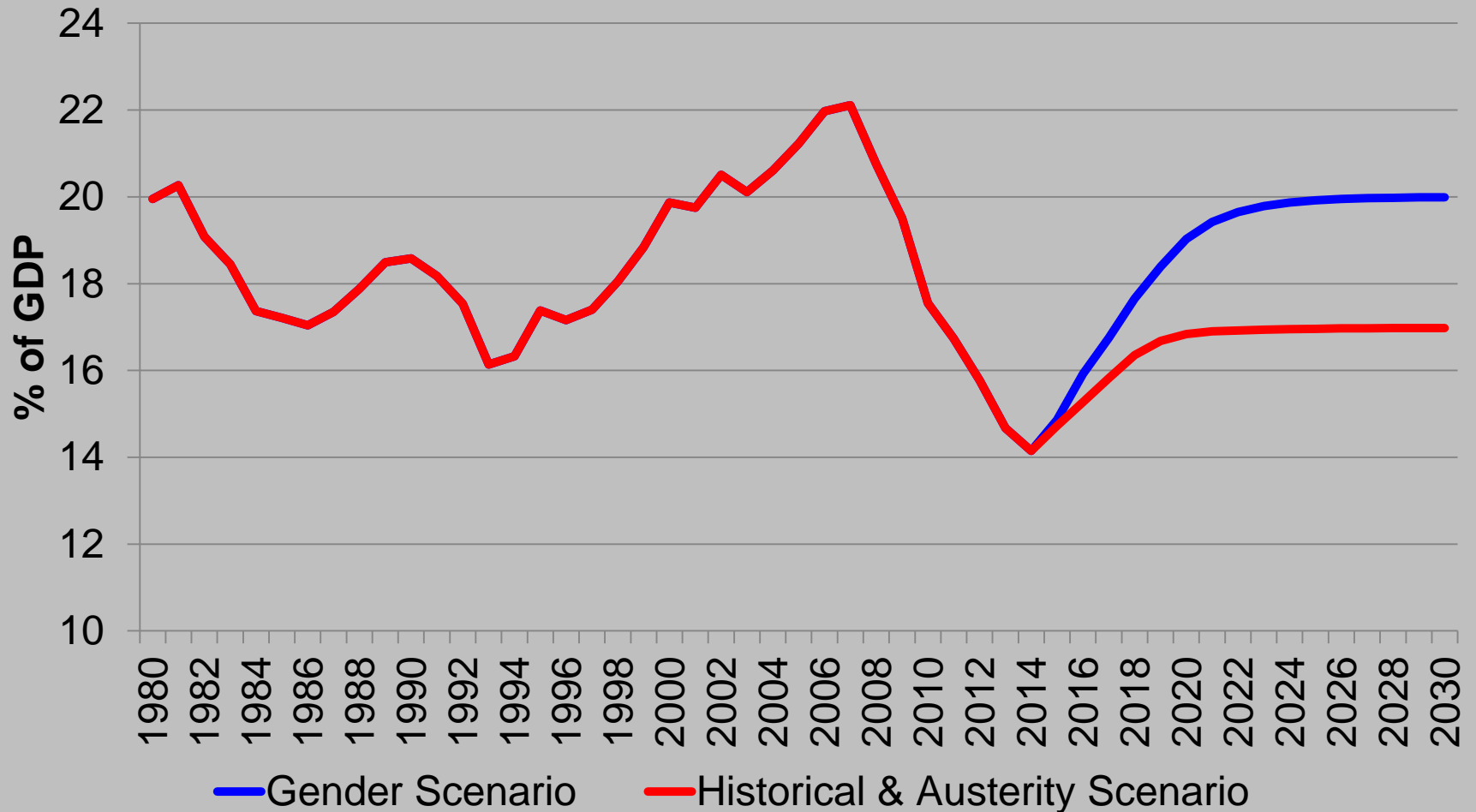
2) Gendered expansionary macroeconomic scenario

- Program **disproportionate** decrease in female unemployment;
- Assume **govt investment and expenditure** (plus private investment) are **key drivers for stimulating future growth** and for generating jobs for both men and women;
- **Redirection of investment** towards **social, human and physical infrastructure**.

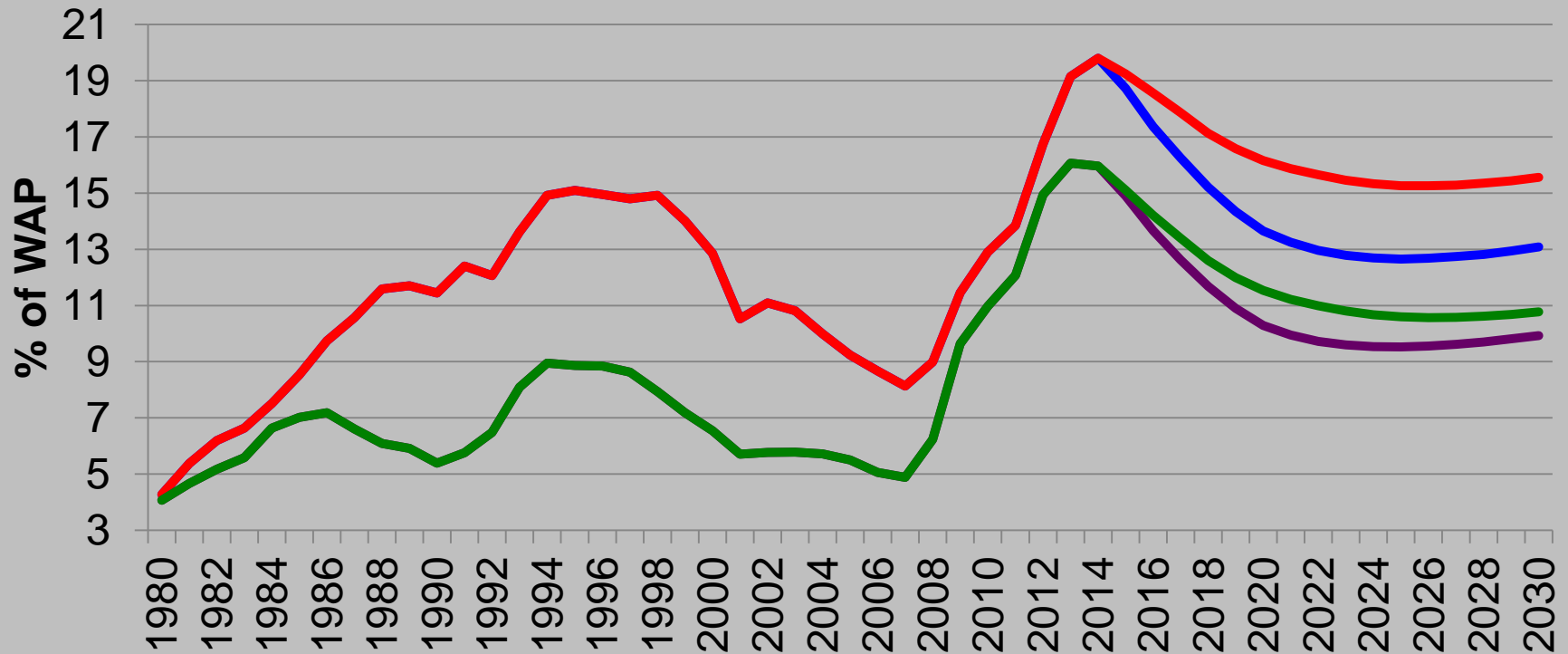
GOVERNMENT EXPENDITURE % OF GDP EUROZONE PERIPHERY



PRIVATE INVESTMENT % OF GDP EUROZONE PERIPHERY

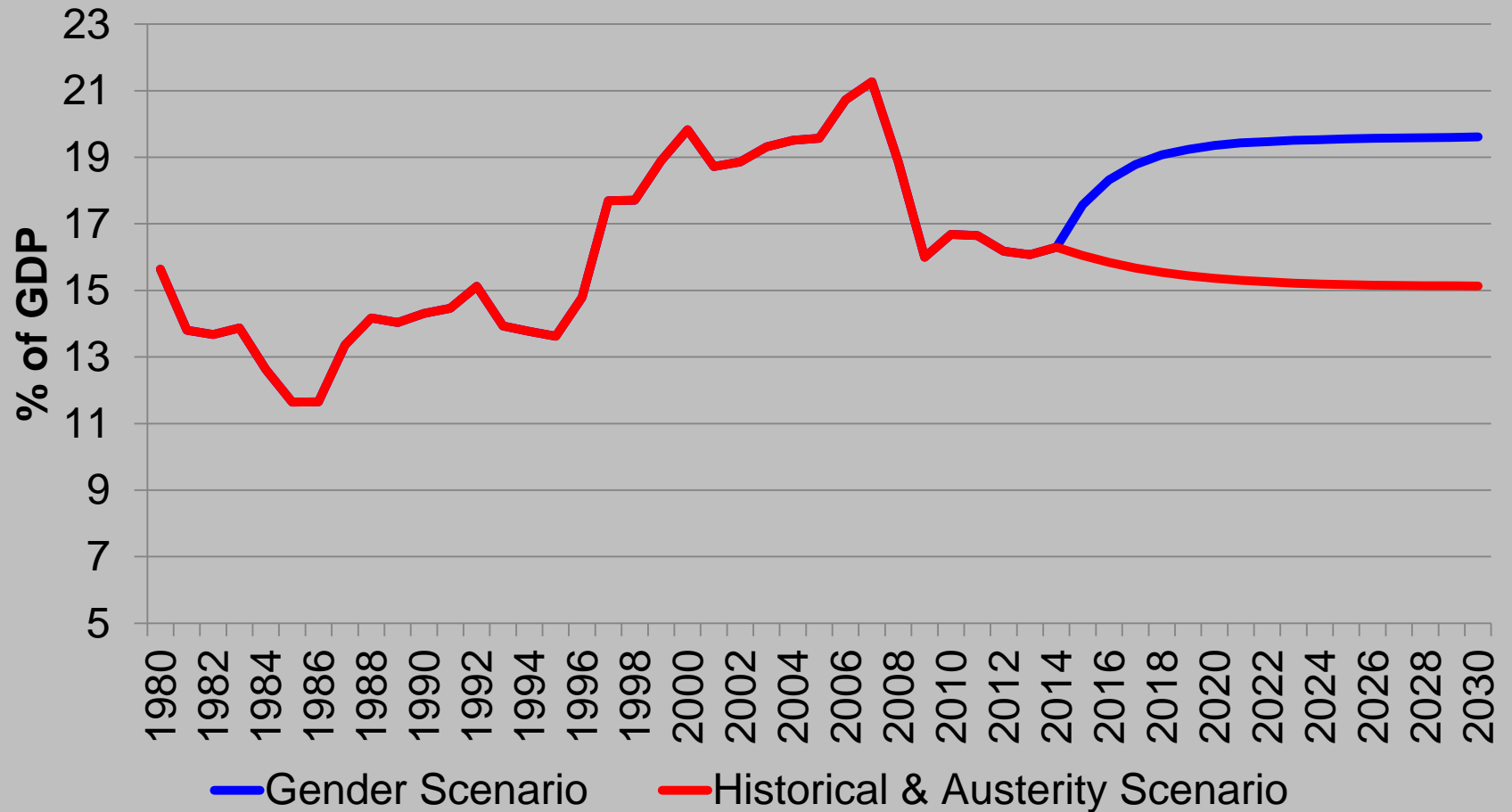


FEMALE AND MALE ADULT UNEMPLOYMENT RATE EUROZONE PERIPHERY



- Female Gender Scenario
- Female Historical & Austerity Scenario
- Male Gender Scenario
- Male Historical & Austerity Scenario

GOVERNMENT REVENUE % GDP EUROZONE PERIPHERY



RESULTS

ADDITIONAL EMPLOYMENT BY 2020

Female Employment:



Male Employment:



Job creation vs stagnation continues to

2020

AVERAGE GDP GROWTH (2015-2020)

AUSTERITY

Core: 1.6%

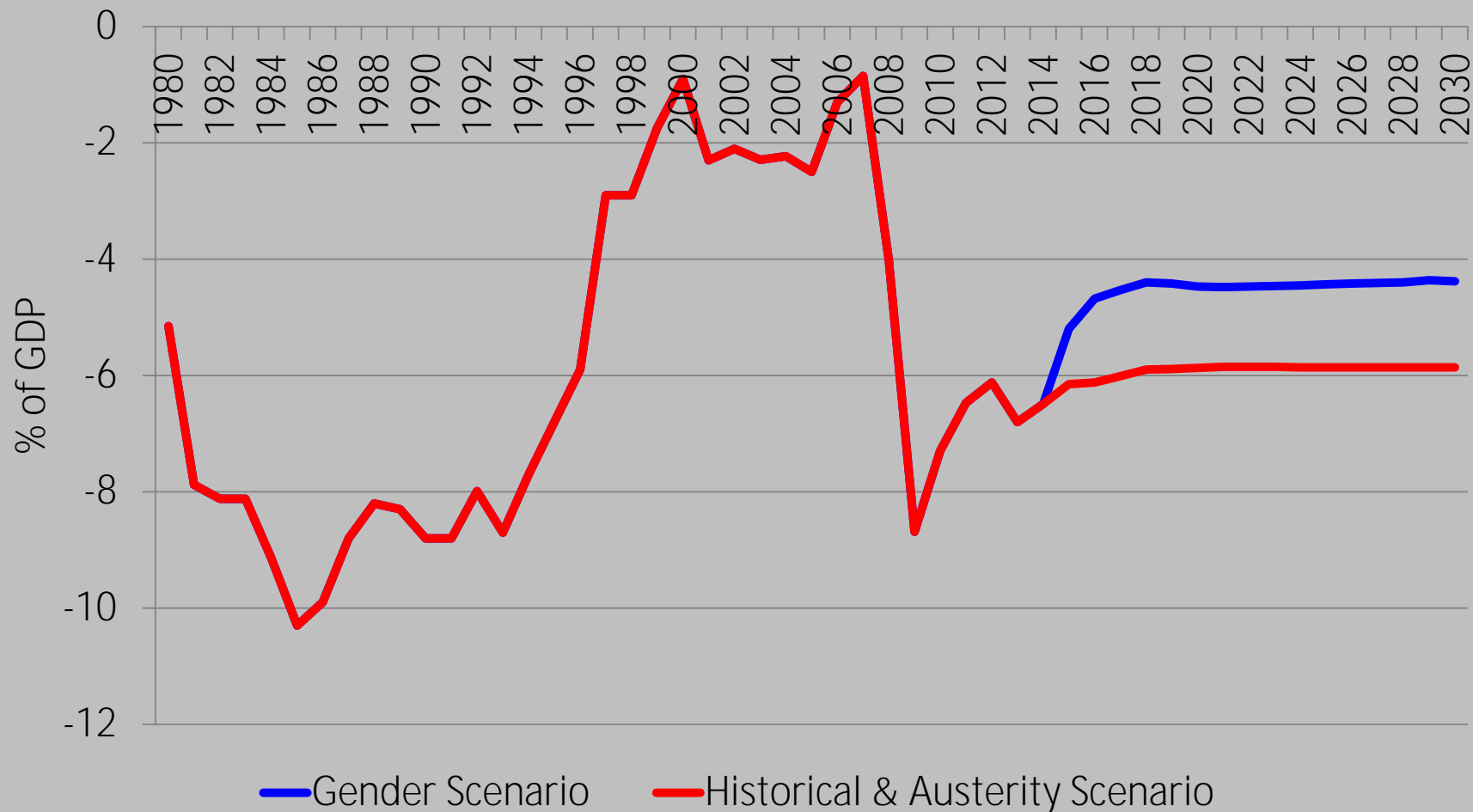
Periphery: 1.6%

GENDER SCENARIO

Core: 3.1%

Periphery: 3.5%

GOVERNMENT SECTOR NET LENDING % OF GDP EUROZONE PERIPHERY



**POLICIES FOR
GENDERING ECONOMIC
RECOVERY**

EUROPEAN LEVEL

INVESTMENT

- ✓ Juncker plan not sufficient
 - Double size
 - Bring in gender and social dimensions
- ✓ Increase role of EIB and the European Budget (size and allocation of resources)

REVENUE

- ✓ Generate additional revenue by taxing financial transactions and combatting tax fraud

NATIONAL LEVEL

- **Public investment** in social care for young and old, as well as physical infrastructure.
- Maintain pre-crisis spending levels.
- Support family-friendly working patterns and childcare provisioning.
- Finance this via more **progressive taxation of wealth and assets**.
- Role for **national development banks** to support private investment.

CONCLUSIONS

Comparison between austerity and gendered scenarios reveals the long-term implications in various dimensions.

Business as usual:

will impair job creation and could lead to regression in terms of gender equity in the labour market, as well as poor economic growth outcomes.

Gendered alternative:

generates strong positive effects in terms of employment generation and economic growth and is fiscally sustainable.