Feminist Economics Research Notes

Volume 19 Issue 3 2013

Economic Crisis, Gender Equality, and Policy Responses in Spain and Canada

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While national budgets appear to be gender neutral, they can actually perpetuate the persistent economic disadvantages women face, especially during periods of global economic crisis. To explore how large tax and spending programs affect women, Kathleen Lahey and Paloma de Villota compare the probable gender impact of major budgetary policies enacted in Canada and Spain in response to the 2007–08 global economic crisis and subsequent recessions. As background, they note that before the crisis Spain and Canada pursued divergent political agendas: Canada's conservative government, elected in 2006, began permanently reducing the size of government by slashing revenues and continued that policy throughout the recession, while Spain's social democratic government (2004–11) embarked on programs aimed at increasing social inclusion and gender equality.

Using women's shares of market incomes (from labor and capital) and after-tax incomes as equality indicators, the authors find that neither Spain nor Canada lived up to their international commitments as signatories to the UN Convention on the Elimination of All Forms of Discrimination against Women and the Beijing Platform for Action to undertake gender-based analyses when developing interventions in response to the crisis. However, if Spain's initial attempts to carry out gender-equal crisis policies had been maintained, they would have had less damaging effects on women in the long term than the policies Canada put in place.

Lahey and de Villota use national-level taxation, budgetary, and spending data to demonstrate how gender gaps can be expanded -- or minimized – in large tax and spending programs that respond to economic disruptions. Comparing the distributional effects of major changes to personal income tax, corporate income tax, and VAT systems by gender, the authors find that when tax cuts are designed to reach only those with positive tax liabilities, they will disproportionately benefit those with moderate and high incomes, and will provide limited benefits to those with low incomes. In both Spain and Canada, women's earnings are concentrated in the first tax bracket, which means that as compared with men, women are structurally under-benefited from such tax cuts. For example, in Canada, across-the-board rate cuts delivered no tax benefits to 40% of women. In Spain, where rates were actually raised to generate additional revenue, women bore a smaller share of the tax burden since the largest rate increases were to those with the highest incomes.

Similarly, corporate income tax cuts overwhelmingly benefit men, because men own and control the substantial majority of corporate shares. In addition, corporate tax cuts only benefit companies with positive tax liabilities. During the recession, Canada made a series of permanent cuts to corporate tax rates, but did nothing to assist small and medium enterprises (SMEs) with credit problems and losses, where more women are involved as shareholders and CEOs. In contrast, Spain used credit support to financially stabilize companies, especially SMEs, thereby increasing women's chances of benefiting from these policies.

On the spending side, the authors demonstrate that when major infrastructure spending programs are limited to building and renovation projects, they do not serve women's social and economic needs. Not only do the benefits of such programs go overwhelmingly to companies that hire more men than women, but the projects tend to reflect male interests (sports facilities) and not women's. By contrast, in Spain, in regions where substantial allocations to social infrastructure and spending (educational and care facilities and services) were made during the crisis, women's labor force participation rates increased; elsewhere, women's participation was much lower.

The implications of this study? Countries that formally incorporate gender-budget analysis into all major policy processes are more likely to benefit women to a greater extent than when gender effects are ignored, and women's needs will be addressed more effectively when gender is kept in the forefront of the policy process.

Read the article in full at
www.tandfonline.com/doi/full/10.1080/13545701.2013.812267#.UrF9kPRdX_M