International Conference at the Vienna University of Economics and Business: Gender Responsive Budgeting: Theory and Practice in Perspective November 6 – 8, 2014

Session 1: GRB in the era of crises, austerity and reconfiguration of the public sector

The big picture makes a big difference: Taking into account changed framework conditions for budgetary policies at European level

Discussion Paper

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1. Introduction

The practice of Gender Responsive Budgeting, especially if carried out in the context of work by public administration, but also many initiatives by CSOs, often doesn't take into account the gender impacts of macro-economic policies. Too often the focus is only on a departmental or sectoral perspective which systematically excludes the overall attention to public finance dynamics over time and the role of macroeconomic policies and macroeconomic policy rules.

Over the course of the past two decades, macroeconomic policies and policy rules have been changed decisively in the European Union (comp. Klatzer/Schlager 2011, Klatzer/Schlager 2014). Even though changes were ongoing since the construction of the Eurozone in the 1990s, since the financial crisis of 2008 fiscal policy as well as structural policy rules and processes have been profoundly transformed.

The effects of macroeconomic policies are, however, by no means gender-neutral. The EU fiscal policy rules and macroeconomic policy coordination processes do have gender inequalities and biases inscribed in the rules, processes and institutional changes. And impacts of these policies on the living conditions of women and men and on gender equality are profound. The room for manoeuvre at national level is severely limited and highly screwed in neoliberal policy directions.

For this reason, it is important to address macroeconomic framework conditions - particularly those at the European level in the form of fiscal rules, recommendations and prescriptions – and macroeconomic policies in any Gender Responsive Budgeting work. This paper is intended to highlight the gendered influence of EU economic governance on national budgetary and economic policies and direct attention to the need to include macroeconomic policies in GRB work. The scope of the paper is on fiscal and structural policies, while monetary policy, also of importance for gender relations, are not covered here. Furthermore, it highlights possible venues and approaches to increase the focus on macroeconomic policies in the context of Gender Responsive Budgeting.

The paper is structured as follows: It sets out by highlights main changes in economic governance at EU level that have an impact on public finance and the room to manoeuvre at state level in EU member states (chapter 2). Subsequently, key features of the changes in economic governance from a gender perspective are summarized (chapter 3). And finally, chapter 4 brings forward main implications of changing framework conditions for the practice of GRB. The main focus of this paper is to highlight the gendered influence of EU economic governance on national budgetary policies and direct attention to the need to include macroeconomic policies in GRB work.

2. EU level Economic Governance and Macroeconomic Policy Frame

The European Union has used the situation in the aftermath of the profound financial and economic crises since to reform its economic governance. This has led to significant reorganizations of economic policy coordination and economic governance in the European Union involving fundamental changes in Member States budgetary and economic policy processes (comp. Klatzer/Schlager 2011, 2014). The new economic governance regime comprises a set of rules and procedures on economic and budgetary policies at the EU level and in particular for the Euro Area Member States. While claiming to improve economic policy and budgetary coordination as well as increasing competitiveness, fundamental reconfigurations of framework conditions, institutions and policy rules have taken place. These reconfigurations are occurring in a highly gendered terrain as will be shown in chapter 3.

The main changes of the new economic governance within the EU are a combination of a strengthening of existing instruments and the introduction of new ones:

(1) The transformation of the SGP introducing significantly strengthened rule-based fiscal policies and considerably limiting the room to manoeuvre for discretionary budget policy decision making at member state level. The expenditure rule in the preventive arm, a debt rule in the corrective arm and severely increased sanctions for countries of the Eurozone, lead to one-sided enforcement of austerity measures and to the obligation of rapid reduction of deficits, largely independent of the situation in the business cycle. Even in times of economic crises, debt and deficit reduction obligations remain. Institutionally, the role of European Commission (EC), especially the General Directorate for Economy and Finance (DG ECFIN) has been strengthened and quasi-automatic sanctions for Eurozone

countries increase the pressure to cut public expenditures. Also, there is a shift in the budgetary process away from the – national – parliamentary level to the Council of the Ministers of Finance (ECOFIN), and its two committees (Econonomic and Financial Committee (EFC) and Economic Policy Committee (EPC), where the key budget decisions are being taken. Both levels are influenced by financial and economic lobbies and elites (think tanks), so that the influence of the citizens and voters get more and more lost.

(2) The introduction of the *new process of macroeconomic surveillance* with the macroeconomic imbalance procedure (MIP) constitutes the second element of shifting main influence over macroeconomic decisions and structural policies to the European level. The competences of EC and the Council, namely the ECOFIN Council comprised of economic and finance ministers of the member states, to determine specifications of economic policy measures to be taken with quasi automatic sanctions in the case of non-compliance represent a decisive strengthening of economic policy coordination. The definition of what constitutes a macroeconomic imbalance and which economic policy measures have to be taken is shifted towards bureaucratic mechanisms, namely the DG ECFIN of the EC and the ECOFIN and its committees as well.

(3) The introduction of the *European Semester* with streamlining the timing of major economic and budgetary policy surveillance procedures at the European level and subsequent decisions at national level harmonizes the timing of surveillance in the frame of the SGP and the macroeconomic surveillance. It brings about a narrow ex-ante coordination and strict surveillance and enables strong interference of the EC and the ECOFIN Council in budget and economic policy priorities of member states. Democratic decision making procedures at member state level are being narrowed and Parliamentary votes in budget and structural reform matters will to a large extend be limited to rubberstamp specifications from the EU level. In Fall 2014, further work is under way to increase the compulsory character of EU level country specific recommendations for structural reforms – including reforms of labour markets, wage setting, rent systems, pension and health systems as well as social benefits – in the fame of the competitiveness compact proposals to be adopted soon according to the plan of European policy makers.

(4) The establishment of a *Fiscal Compact* outside the European Treaties, enshrined in a treaty under international law, namely the Treaty on the Stability, Coordination and Governance (TSCG) in the Economic and Monetary Union – bringing together all member states except Great Britain and the Czech Republic. The core element is the Fiscal Compact in title III of the treaty. The TSCG has major further implications on fiscal policy by mainly further reducing room to manoeuvre and introducing rule-based procedures which de facto enforce zero deficits and confirming the harsh debt reduction obligations already enshrined in the reformed SGP. The debt brake consists of the obligation to have an annual structural deficit

below 0.5 per cent of GDP if debt level is above 60 per cent of GDP, or up to 1 per cent of GDP if the debt is below 60 per cent of GDP, of an automatic correction mechanisms and the establishment of an independent fiscal surveillance institution at national level. The Fiscal Treaty introduced new voting rules for opening excessive deficit procedures ensuring that MS have to follow the proposal of the EC unless it is clear beforehand that a qualified majority is against it. This is of relevance because it implies stronger control from the Commission and the imposition of sanctions if member states do not comply with guidelines from the European level. Furthermore, countries under excessive deficit procedure have the obligation to submit budgetary and structural reform programs to the EC and the ECOFIN Council for approval.

In summary: The new economic governance within the European Union is characterized by

- rule-based fiscal policies that de facto have a much stronger legal validity than constitutional laws at national level because changes at EU level – often to be taken with unanimity – are much more difficult
- lopsided focus on deficit and debt reduction, a coercion of permanent austerity which leads to downsizing of the public sector and especially social benefits and services
- strengthening of structural reforms – in the name of increasing competitiveness – aimed at deregulation and liberalization of markets in particular also reducing labour market regulations and increasing flexibilization of rules and workers as well as putting downward pressure on wages.
- a high degree of transfer of influence over delicate economic and budget policy decisions to small elite groups within bureaucracy lacking democratic legitimacy with considerable increase of powers of the finance lobbies and bureaucracy in the EC and in member states.
- the creation and reinforcement of such non-transparent processes without possibilities of democratic influence and control is another core characteristic of the new economic governance regime.

Economic policy rooms for manoeuvre are radically constrained and compliance is ensured by significant financial fines (up to 0.5 per cent of GDP in the case of the SGP). *Discipline* is imposed in the sense of enforcing currently predominant economic policies of monetarist and neoliberal focus, for Eurozone member states enforced by means of hefty fines. Also, it is also accompanied by increased 'discipline' at individual level as systemic risks of unemployment and poverty are increasingly passed on to individuals who at the same time are confronted with increased control, cuts of benefits and severe sanction in case of non-compliance with the strengthened rules.

3. Overview of gendered shifts and gender implications of EU Economic Governance rules

The analysis of gender dimensions of the EU macroeconomic governance regime needs to follow a multidimensional approach. An assessment needs to take into account gender impacts at different levels, namely (1) gendered contents of governance mechanisms as institutions and processes of decision making, (2) gender biases of economic policy rules, (3) gendered implications of the transformation of the state as well as (4) the impacts on living conditions of women and gender equality. While the analysis of specific austerity programmes on women and gender equality receives some attention in the context of Gender Budgeting work – e.g. the continued work of the UK Women's Budget Group – further gender implications from the macroeconomic policy regime changes are virtually absent from the debate. Our objective is to shed light on the importance of a substantial attention of Gender Responsive Budgeting work to include gender analysis of EU macroeconomic policy regime and focus on the profound alterations of the economic policy space.

Table 1: Dimensions of Gender Analysis of Macroeconomic Governance

Gender Dimensions	Aspects of the Gender Dimensions
1. Gender Bias of Economic Policy Objectives and Rules	- Deflationary Bias - Male Breadwinner Bias - Commodification Bias - Risk Bias - Creditor Bias - Stabilization Bias (Outsourcing of Stabilization Functions)
2. Gendered Content of Economic Governance Mechanism	- Institutions and Actors - Processes - Participation of Women and Men
3. Gender Implications of Transformations of the state	- Employment/dismissal in the Public Sector - Size of the Public Sector - Cave Outs/Privatizations - Public Services - Provision of Care Services - Changing Role of the State
4. Impacts of Macroeconomic Policies and Policy Reform on Well-being and Living	- Employment and Unemployment - Working Conditions and Income

Conditions of Women and Men	- Poverty, Social Exclusion / Marginalisation - Accumulation of Wealth and Indebtedness - Unpaid Work and Care Work / Care Chains - Legal and Social Equality - Migration - Violence

Source: Elson/Cagatay 2000, Elson/Warnecke 2011, Klatzer/Schlager 2012 (own compilation).

Gender Biases in Economic Policy Objectives and Rules

The macroeconomic rules and priorities do have enshrined gender biases. The European Central Bank is committed to price stability and does not pursue the goal of high employment, a clear example of the ***deflationary bias*** identified by Elson and Cagatay (2000). Even with inflation rates of less than 1,5 per cent, while unemployment rates are at record levels of more than 12 per cent in the Eurozone and youth unemployment at 24 per cent in April 2013 (Eurostat 2013a,b), the ECB is still not inclined to pursue growth and employment promoting policies or equality between women and men, even though its statutes and the legal basis would leave room for that (article 127 of the Treaty on the Functioning of the European Union in combination with article 3 of the Treaty on the European Union).

Even though the EU follows the target of increasing women's employment rates, the extent to which it undermines the foundations of the ***male breadwinner model*** is limited (Lewis et al., 2008; Plantenga et al., 2009; Smith and Villa, 2010). Data from EU countries shows that in spite of increased female labour market participation rates, the quantity and quality of women's employment has not changed, jobs are becoming more insecure and precarious, especially women's jobs are part- time and earn low income. Both, the flexibilization of labour markets and the limited security attached to it are gendered (Lewis and Plomien, 2009).

The consolidation efforts in the EU with regard to public budgets are heavily focused on the expenditure side, bringing about large cuts in public spending. Even though the size is different across different member states, the trend is the same in all EU countries, very much influenced by the new debt and deficit rules. Thus, there is a strong pressure towards reducing the role of public provision of services. The ***commodification bias*** is prevailing. Severe cuts in public health provision as for example in Latvia, Greece and UK are only some of many examples in this respect.

The ***risk bias*** is rising in Europe as a consequence of EU recommendations in the frame of the economic governance. Under the preventive arm of the SGP, the EC is focusing on long term projections about the economic and budgetary implications of ageing population to presumably demonstrate the demographic threat to long term sustainability of public finances. A major recommendation of the EC to almost all EU member states is to reduce age-related expenditures covering pensions and long-term health care. This is in sharp contrast with the experience during the financial crises which has demonstrated the inability of financial and housing markets to serve as a prudent retirement provision. With market based solutions, high risks and losses are carried by individuals. Instead of promoting public pensions schemes which would shield from market risks and market failures, these schemes are framed as a demographic burden and subsequently dismantled. Poverty of the elderly, especially of women, whose at risk of poverty rates are higher than men's (23.1 per cent compared with 17 per cent across the EU in 2011, based on Eurostat, 2012b) is likely to exacerbate as a consequence of this policy. Interestingly, the ***creditor bias*** as has been observed in the US in the aftermath of the financial crisis (Young et al., 2011) is not as evident in most European countries. This might be due to the fact, that the promotion of subprime mortgages has not been that prevalent in Europe, many countries focused instead on public support to housing construction.

Gendered Content of Economic Governance Mechanism

The EU governance mechanisms represent strict lock-in mechanisms which severely punish deviation of the predominant economic paradigm, weakening of the already very weak democratic legitimization of economic policy making at the European level, shifting towards authoritarian rules and installation of bureaucracy as the new economic policy sovereign and further surrender of states to 'market forces". Power over economic policy making is concentrated in the hands a few actors and institutions, this is the core of changes and constitutes a rupture – even though gradually prepared over the years – with forms of economic policy making up to date. In sum, this constitutes a further erosion of the already curtailed room to manoeuvre of member states in economic policy matters.

The new rules and procedures give much power to bureaucratic institutions, and in particular financial bureaucracies in Finance Ministries and the EC. This marks an increasing trend inside bureaucracies: it is an accelerated step to reach a new level in an already long observed trend of power concentration in Finance Ministries, reflected also inside the European Commission bureaucracy where influence over economic (and social) policies in all fields is increasingly concentrated in the DG ECFIN.

The new economic governance steering mechanisms have immanent gender political contents. From a gender perspective the power shift in influence over macroeconomic policies has severe implications. While also in the past power shifts towards finance ministries could be observed, with the new regime in the EU there is a decisive leap forward. The finance bureaucracy in the European Commission (DG ECFIN) and in member states (finance ministries) receive large new powers in budget and economic policy decision making. This marks a shift in gender relations and power structures as well, as these institutions of finance bureaucracy not only are dominated to a much higher degree by men as many other parts of the bureaucracy, but are still highly dominated by masculine norms and traditions (Schuberth, 2006; Sauer, 2010). Especially national parliaments loose in influence due to these rule based, bureaucracy dominated procedures. This has considerable influence on the representation and the influence of women in relevant decision making processes. Even though women are far from being represented equally in parliaments, there has been a considerable increase of women in parliaments compared to other spheres of power. And now, as women have started to enter economic and finance policies in parliaments and in national governments, the power over crucial decisions moves elsewhere. Contrary to the persuasive work of feminist political theorists to engender democracy (Phillips, 1991) the bureaucratic and political practice in the EU not only continues to privilege the male, but even suggests deterioration. A picture which is confirming trends identified in feminist analysis of power relations and influence. While the degree of women and their influence in traditional democratic institutions has slowly increased over the last decades, the effective decision making power has not only shifted towards selected EU institutions and but also to other international institutions like the IMF, multinational enterprises and finance institutions and markets. These constitute terrains of masculinity and male dominated power, increasingly gained power over political decision making processes (compare also Colin Crouch's (2004) post democracy analysis).

Furthermore, the new regime will strengthen the surrender to the judgement of the financial markets (Klatzer and Schlager, 2011a), bringing more volatility to the Eurozone area. As the new mechanisms is bundling information about important economic developments and the DG ECFIN in the EC gets – in alliance with the ECOFIN Council – virtually the sovereignty of interpretation over and appraisal of the quality of economic policies of member states. Given the current neoliberal ideology prevailing within the DG ECFIN, it can be expected that deviations from the neoliberal canon will be assessed as 'wrong' or 'bad' macroeconomic policies. This assessment will not only be decisive in the process of imposing sanctions but also largely influence market reactions. In combination with still weak advances to regulate financial markets and markets power over interest setting for sovereign debt, the new regime will further strengthen the power of financial markets over budget and economic policy decisions – especially by means of downgrading and speculative attacks.

The power shifts within the EU can be observed for all member states, however, it is being further reinforced for Eurozone members through financial sanctions. But for EU states which need financial support, the shift is most pronounced. The economic policy dictate of the Troika – in the form of the EC, IMF and ECB – marks the top of the power concentration without any democratic control or legitimization. The EU countries which so far have received financial support to ensure their solvency, Greece, Ireland, Portugal and Cyprus have been forced to sign memoranda of understanding on economic reform with common patterns: deregulation of labour markets and wage cuts, including minimum wage cuts, other structural reforms and massive cuts in public expenditure and public employment as well as measures to save banks. In all three cases the Troika has imposed conditionalities without giving national parliaments or the European Parliament a chance to participate in negotiations. With the new European

Stability Mechanisms this form of authoritarian power concentration and concurrent masculinization is being legally ensured and strengthened by international treaty. It is interesting to see, that the male dominated ECB is included in the new rules and procedures, the European Parliament, which represents the European people and – at least to a minor extent – pursues gender equality priorities, is not involved in the decision making procedures.

As regards the design of processes, major shifts can be observed: with the increasing importance of bureaucratic processes, in particular at the European level, these processes are becoming much less transparent. The processes of surveillance, both with regard to financial policies in the frame of the SGP as well as with regard to economic developments and reforms in the frame of the MIP, are taking place within the EC and within the preparatory committees of the ECOFIN Council, especially in the Economic and Financial Committee as well as in the Economic Policy Committee. It is virtually impossible to obtain any information and documents before they are adopted which closes important spaces for democratic participation, but opens spaces for specific interests and well-connected lobby groups who have access to the respective actors.

Overall, it can be noted that the masculine finance bureaucracy at national and European level has considerably increased power and influence and is being established as the new sovereign over economic policies in the frame of the new economic governance architecture.

The analysis of the contents of the important steering instruments, the national reform programs (NRPs) and the country specific recommendations of the European Commission, clearly confirm the subordinated role of gender equality, "the gender dimension has a low profile in all the documents developing the Europe 2020 strategy and the European Semester" (European Parliament 2012, 7). None of these instruments sets specific targets related to gender equality.

An analysis of 2012 NRPs (European Parliament 2013, 29ff) highlights the following: While most member states (MS) have no (45% of MS) or little mentioning of women respectively gender equality in the NRPs, only 2 MS (Estland and Luxemburg) show signs of systematic integration.

The Country Specific Recommendations (CSR) for 2012/2013 (Council 2012) directed to MS are dominated by recommendations on fiscal consolidation, promotion of growth and competitiveness, "reforms" of health, pension and tax systems as well as "modernisation" of public administration; the potentially enormous impacts of these recommendations on women and gender relations are not mentioned at all. Women are mentioned instrumentally when it comes to reaching EU 2020 objectives: increasing the labour market participation of women is explicitely recommended to five countries (IT, HU, NL, AT, PL), four countries should increase care services to integrate women better in the labour market and for one country (AT) a reduction of the gender pay gap is recommended. It is also recommended to three MS (BG, AT, SLO) to increase pension age of women to that of women, without addressing the impacts on women or taking into account existing discriminations.

Gender implications of transformations of the state and consequences for material well-being

Rule-based austerity policies lead to severe cuts in public expenditure. This not only leads to cuts in the provision of public services and a reduction of public employment, but also to an increased change in the public sector and the state as a whole. This is clearly manifest in a reduction of the public sector as a whole, outsourcing and retrenchments of public activities as well as privatizations and a market like restructuring of public services (universities, public transport, health services).

The understanding of the state is one of a "competitiveness state", which is guided by international competition and acts authoritarian. With this understanding of the state, the masculinisation of politics, the state and society (Sauer 2010) is progressing. The changes have a series of gender relevant characteristics (comp. Genetti 2010, 142):

- Orientation of neoliberal discourses and practice on male norms
- Reprivatisation and refeminisation of social reproduction
- Changes in the meaning of private and public
- Emergence of a new hegemonic gender order and a new gender regime

The shift in the conception and role of the state from a welfare state towards a state safeguarding competitiveness is connected with large gender biases. What we see is a re-masculinisation of social relations (Gubitzer 2007; Kreisky 2001; Sauer 2010). Characteristics loaded with masculinity, like increasing reliance on market mechanisms for the provision of social services, overemphasis on competition – among states and individuals, the reinforced role and influence of male-dominated and masculine elites in financial markets and multinational enterprises (see Connell, 2010), the influence of private business interests, non-transparent club like mechanisms of (see Schunter-Kleemann, 2001) of preparing decisions in times of crises are some of the elements contributing to re-masculinisation. The neoliberal rationality of the social has contributed to the erosion of women as the subject of public policy (Brodie and Bakker, 2008). Women as being underrepresented in structures of representation do not have the power and space to argue for their needs. The increasing dominance of the financial market sector worsens this situation. This field is extremely male dominated, and ‵social actors and their interests are denied representation in financial governance‵ (Young and Schuberth, 2011: 138).

The EU plans to continue the dramatic reductions of its debt levels mainly by reducing state expenditures leading to reductions of the size of the welfare state. In its horizontal assessment of the stability and convergence programmes of member states, which have to be submitted in the context of the SGP and the European Semester, the EC comes to the following conclusions: if all public consolidation plans of all member states are realized , there will be a drop in the EU wide share of public debt relative to GDP from 91 per cent in 2012 to 54 per cent in 2030, based on the no-policy-change-assumption of the EC. Consolidation predominantly takes place by reducing expenditures (with exceptions of Belgium and Italy), around 65 per cent of consolidation in the Eurozone and more than 80 per cent or consolidation in the whole EU is based on expenditure cuts. 25 member states (exception Finland and Luxemburg) have planned a decreasing public expenditure quota. And most member states plan retrenching of investments, the Baltic States, Poland and Bulgaria even considerable cuts in public investments (European Commission, 2012c). Based on evidence from previous and current austerity packages it becomes clear that the reduction of public employment has stronger impacts for women (Karamessini and Rubery, 2013; European Parliament, 2013; WBG, 2013). Wage and staff cuts in the public sector work against more gender equality: These reductions hit women harder, as in the public sector the wages for women are on average higher and the gender pay gap is much smaller than in the private sector. Many women are working in the health and social sector, which are confronted with considerable retrenchments, so they have to face job losses and increased work pressure (Elson, 2002; Karamessini and Rubery, 2013; European Parliament, 2013).

The new fiscal rules do not specify requirements that cut of public services effect the provision of care and social services, in theory it could be military or economic subsidies as well or instead. But in times of austerity there is frequently a reduction of expenditures in social spheres and we can observe this pattern in Europe as well (OECD, 2011). In the context of the Euro Plus Pact and the discourse about 'sustainability of public finance' the reforms of health and social and pension systems are explicitly targeted, which de facto means substantial benefit cuts. This involves a shifting of costs to the private sphere, where women compensate for reductions of public services with their unpaid work. Those who can afford it, shift the burden to – in some cases undocumented – female immigrants who often have even worse work conditions and high dependency relations with their employers (Benería, 2007). Due to the gendered division of labour and roles within society among men and women, it is women who rely to a larger degree on public services in many fields. The implications of the fiscal policy rules on members states which actually force them to down-size their public sectors thus will lead to an increased necessity to compensate with services from the private sector, either in form of market services for the more affluent population or in form of increased reproductive work for households and communities, where women will bear a major part of it. As argued in the context of the commodification bias, care work is shifted from public sector back to families for a large part of the population who cannot afford to pay for market services. So they have to substitute services through unpaid work. Women have to compensate their income losses and their losses in public services, thus they suffer from 'overfull employment" based on the excessive demands on their time and energy (Bakker, 2011: 43). Equally, past experience shows that lack of public services leads to a growing informal sector to provide care with predominantly women working under conditions of precarity and exploitation.

The impacts of fiscal austerity and the reduction of public services on women are not specific to the current situation in Europe. As we have described earlier, the experience during structural adjustment programmes in the global South and the Asian crisis 1997/98 have followed much of the same pattern. During the Asian crisis banks have been saved by huge public subsidies and the subsequent fiscal consolidation resulted in a 'downloading of risks to the kitchen' (Elson, 2002: 1), with a massive increase of unpaid work of women. Women compensated income loss through the provision of unpaid work. Many services previously bought in the market or provided by the state have again been transferred to the unpaid household sphere. Budget cuts in health services and education resulted on the one hand in job losses for women and on the other in increased unpaid work to compensate for these services. Women have been affected by the crisis in by austerity packages in a manifold way and have shouldered the costs of the crisis to a higher degree (Elson, 2002).

These experiences have been repeated in the current crisis in many European countries. As women in the EU have on average lower income, higher exposure to risk at poverty, as well as (again) higher unemployment rates, a larger share in unpaid care services and lower endowment with capital and wealth, women are much more affected by the current policies. Similar effects can be observed in different EU countries. In the UK for example, it is estimated by researchers at the House of Commons Library that women will pay over 72 per cent of the cuts in welfare benefits and changes to direct taxes in the budget introduced in June 2010 by the new Conservative/Liberal Democrat coalition government (The Guardian, 4 July 2010; WBG, 2010). The analysis of the UK Women's Budget Group (WBG) of austerity plans for 2011 and subsequent years (WBG 2011, 2012, 2013) showed that until 2014/15 an average household will have lost public services amounting to 6.8 per cent of its income. Female pensioners however will suffer a loss of public services representing 11.7 per cent of their income, while the loss of female single parents amounts to 18.5 per cent of their income. Women 'pay' for an estimated 72 per cent of changes in taxes and reductions of expenditures introduced in 2010 (WBG, 2011). This includes the increase of the pension age for women to 66 years, increases of sales tax from 17.5 per cent to 20 per cent, job losses in public sector, cuts of financing for 95 per cent of women's organizations and institutions serving the interests and needs of women as well as the abolition of the Women's National Commission, which represented women's interests vis-à-vis the government (WRC, 2011). According to own estimates, 25 per cent of women's institutions will have to close down due to lack of funding.

Ireland is another example of tight fiscal austerity. The picture of impacts remains the same: women's organizations suffer budget cuts between 15 and 30 per cent of GDP and many have had to close already. Single mothers, single women and elderly women are particularly affected by the crisis and by expenditure cuts. An over proportional reduction of income is expected for these groups as well as sharp cuts in welfare expenditures (NWCI, 2011).

Even if gender impact assessments of austerity policies are missing in most countries, the policies implemented do have very similar characteristics as an overview by OECD displays (OECD, 2011: 45 et sqq.): The highest expenditure cuts affect social expenditures (social transfers, health services and pension payments). As regards revenues, the focus is on increasing consumption tax rates. Taxes for the financial sector are rare, whereas cuts of public personnel are very frequent.

The currently imposed economic governance regime in Europe perpetuates the need for cuts in public expenditure and thus will lead to a shrinking public sector. In times of low growth, high unemployment and increasing opposition of people (see for example Alter Summit, 2013), there is a particular drive towards burdening the costs on those who show least resistance respectively have least access to political elites. And in particular, costs are being 'externalized' as far as possible by shifting burdens to unpaid work. All this shows how closely neoliberal fiscal policies focused on budget consolidation and shrinking public sectors is linked to backlashes in gender equality. Women not only have to burden the bulk of the deterioration, the fact that this widens gender inequality is also ignored.

4. Implications for doing Gender Budgeting

In summary "European economic governance is gender politics played with the cards close to the chest" (Klatzer/Schlager 2014, 496). The focus on debt and deficit reduction leads to a fiscal squeeze in EU member states that translates into extensive cuts in public expenditures, especially in social services, as well as significant reductions in public employment. This accelerated the trend of weakening welfare state arrangements. With the new EU governance masculine steering mechanisms are being introduced and strengthened and economic policy prescriptions are still based on tacit – feminized – shifts of costs and risks. With this new governance the EU is creating economic and social problems as well as increasing democratic deficits. Furthermore, the economic governance brings about new gender policy challenges and constitutionalizes hegemonic masculine structures. Economic and social policies pursued in the light of the European economic governance bring about the "down-loading of risks to the kitchen" (Diane Elson). In particular the household and informal sectors of the economy, where women have the lion share of work, are functioning as stabilizers of the economy.

Therefore, for Gender Responsive Budgeting there are two important aspects following out of that: (1) GRB can only be effective if taking into account the macroeconomic context and EU level economic governance implications; (2) there is an urgent need to develop an extended macroeconomic perspective taking into account unpaid and informal work. Otherwise, there is a danger that micro-level efforts of improving budget allocation for issues of importance to women and gender equality are largely off-set by macro level developments.

Challenges and perspectives for further work on GRB:

While not every single dimension can be included in every GRB initiative, the challenge for GRB work still is to develop approaches and methods to analyze the macroeconomic policy frame in general and EU level fiscal governance implications for state level public finance and economic policies in particular.

Going back to the initial tools developed for GRB work (Elson 1999), one of the key GRB tools proposed was a Gender-Aware Medium Term Policy Framework, aimed at creating a medium term macroeconomic policy framework incorporating differentiated roles of men and women in economic activity (Elson 1999, 11). The approaches suggested in the frame of this tool to engender macroeconomic models to analyze economies as gendered institutions have not been widely implemented. The macroeconomic perspective has so far been integrated in only a few GRB initiatives. There is a need to further develop an understanding of GRB that makes clear that GRB work has to involve gender analysis of the fiscal policies respectively macroeconomic policy context. We would even like to suggest that any GRB work and especially institutionalization of GRB within governments needs to include assessments of macroeconomic and fiscal policies on women and on gender relations.

The framework presented in table 1 above with 4 dimensions of gender implications of Macroeconomic Governance and a broad range of aspects in each of these dimensions offers an overview of what needs to be taking into consideration for a comprehensive approach.

In the context of the EU Member States, what is urgently needed is more attention to the EU economic governance from a gender perspective, both at EU level to the rules and processes enshrined in the Stability and Growth Pact, the fiscal compact, the Competitiveness Compact etc., as well as at country level implications. And at both levels the framework can support assessments.

In Member States, the annual country specific recommendations adopted at EU level play a large and increasing role in influencing budgetary and structural change policies. While recommendations differ according to countries and different Member States have different strategies to respond to recommendations and use the remaining room to manoeuvre, gender implications are strong in any case.

According to current Economic Governance rules, countries which adopted the fiscal comptact (all EU MS except Great Britain and the Czech Republic) have to submit draft Budgetary Plans to the European Commission (in Fall) and all EU MS have to submit Stability resp. Convergence Programmes in Spring. In theory, the EC even asks to make explicit distributional impacts of the draft Budgetary Plans, in practice, this doesn’t play any significant role. However, at no point, the EC carries out or asks for any Gender Impact Assessment of policies and budgets elaborated in the context of the Economic Governance regime throughout the policy cycle leading to EU level recommendations for MS (European Semester).

An essential element in assessing implications of macroeconomic fiscal and structural adjustment policies is to consistently reveal the gender biases in fiscal adjustment and structural adjustment policies. This involves questioning the current focus on debt and deficit reduction which is mainly focusing on expenditure cuts. Even within current rules, in principle, fiscal space can be enlarged by revenue policies that focus on raising taxes. Especially tax increases for high incomes, large wealth and inheritance would support more gender equality.

The overall fiscal frame and the justification of austerity policies is put into question by rather few GRB initiatives. Only selected GRB initiatives by CSOs address the need for increasing revenue by increasing taxes. Among these are, for example, the Canadian UNPAC group in Manitoba, with their very effective and attention-grabbing "femme fiscal"-campaign (Fridell/Turnbull 2014). Civil society GRB work in Austria is currently working in cooperation with a larger alliance called Wege aus der Krise (Ways out of the Crisis), bringing together a range of civil society organisations and trade unions. This alliance annually presents a civil society "Alternative Future Budget" focusing on future oriented investments and tax reforms. It, for example, includes proposals for raising public revenue by higher taxation on wealth and reintroducing inheritance taxes.

In summary, what is needed to take a fresh look at methods and approaches to well integrate attention to macroeconomic policies in GRB work, both in terms of assessments of implications of macroeconomic policies as well as in terms of gender sensitive planning.

Apart from analyzing impacts on women and gender equality, what is needed is the definition of standards for macroeconomic and fiscal policies promoting policy outcomes according to political and legal obligations. In the context of their work on Human Rights and rethinking macroeconomics, Balakrishnan/Elson/Patel (2010) have developed a set of guidelines for governments in meeting their economic and social rights obligations. According to Balakrishnan et al (2010, 30f) states have to observe the following key points in their macroeconomic approaches:

- the requirement for progressive realization
- the use of maximum available resources
- the avoidance of retrogression
- the satisfaction of minimum essential levels of economic and social rights, as well as women's rights
- equality and non-discrimination and
- participation, transparency and accountability.

The further development and application of these guidelines might offer a frame to establish criteria and indicators to assess fiscal strategies and provide guidance for desirable alternatives to current macroeconomic policy directions.

In terms of democracy and participatory spaces, increasingly rule-based budgetary and macroeconomic policy approaches of EU Economic Governance reduce the space for democratic deliberation in key arenas of political power. While participatory rhetoric – and limited practice – is on the rise with regard to priority setting in selected policy areas and selected local budget contexts, spaces for participation are closed at the macro level. Especially civil society GRB initiatives are called to widen their agenda to enter into struggles for reclaiming essential policy spaces such as fiscal policy decision making for gender responsive democratic processes and participation.

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