

# A gender mainstreaming approach to the analysis of the financial crises

by *Ambra Barboni*

Despite that scholars and politicians all agree on the main drivers of the current economic crisis, they come up with different counter strategies on the ground of which type of lens they look through. However, it seems that glass stores are out of 'neoliberal' ones, while there is a revival of Keynesianism, not exactly brand-new, but still very much appealing to many.

The lecturers straight from Hamline University, who were recently hosted by Modena and Reggio Emilia University, belongs doubtlessly to the latter. Julian Schuster, dean of the Business School, and Fahima Aziz, professor of the Department of Economics, gave an impressive picture of the ongoing downturn, albeit their research focuses significantly differ. On the one hand, the dean analyzed the macroeconomics, by providing for a scholarly snapshot of the different (mis)interpretations of Keynes' thought across decades.

Aziz Fahima made an extensive use of aggregate data to eventually advocate public policies interventions, but she clearly stated the need for further researches at the micro-level to address the actual impacts of this recession right where they hit the hardest, on 'main street'.

In September 2009, the unemployment rate dramatically rose up to 9.7% in the United States, according to the figures released by the National Bureau of Labor Statistics. Such recession exacerbates an already harsh situation: in the US, almost

13.2% of the population is living below the federal poverty line (US Census Bureau, *Income, Poverty and Health Insurance Coverage in the United States: 2008*, September 2009) and the labor market shows among the highest wage differentials of the industrialized countries.

According to the lecturer, a wide-spread discrimination, accompanied by some intrinsic features of the female labor supply could make the situation even worse, especially for women workers.

As one can infer from the literature about past events, crisis are not gender and race neutral: the major social costs are borne mainly by minority groups.

For example, during the US recession following the explosion of the internet bubble in 2001, the employment to population ratio went down for men more than for women, but it also recovered quicker for men in the aftermath of the crises.

There are some factors which are especially alarming when investigated from the perspective of the ongoing recession.

First, in 2008, on average, women's labor force participation rate increased to 60% (following a historical trend which shown a significant increase since the 33% in the 50s), while male participation declined to 70%. The lecturer addressed two potential explanations of the progressive convergence of the two labor market participation rates: the 'opting out' effect and the distribution of the labor force

across industries. The latter deals with the figures showing how the crises negatively affected some male-dominated industries (construction and manufacturing) more than traditional female jobs, mainly concentrated in sectors (education and social services), which are less volatile to demand changes. Additionally, decisions concerning the allocation of time within the family can explain such uneven trends: many men lost their jobs with the recession and women – even those standing outside the labor market for years – entered the market making an ‘opting-out’ choice. Further researches about the part-time and underemployed women workers rates could be useful to better understand such trends.

Secondly, if it is true that both men and women wages slowed down with the recession, there is the threat of a disproportionate wage gap. If women do participate in the labor market, they are paid less, due to some features of the female labor supply, such as discontinuity and a greater degree of elasticity, which lead to lower wages, as supported by scientific evidences from the Robinson’s monopolist market power model and after. The wage gap between male and female workers is even widened by some characteristics of the US labor market, namely a strong occupational segregation rate.

Also, there are some women workers who are subject to a ‘double disadvantage’, since they belong also to an ethnic minority. The participation rate of black women workers, who pioneered the participation of females in the labor market when the option between ‘working’ and ‘stay at home with children’ was still a matter of status, steadily declined since the late 1990’s. Also taking into consideration that in the current crisis, African American women account for the highest incidence of sub-prime insolvent loans – 61%, which means more than six out of ten borrowers were not able to pay back their mortgages – among all social groups (broken down both by gender and ethnicity), all those variables can contribute to hamper the living conditions of such minority.

According to Aziz’s words, the governmental responses are targeted and effective. The recovery package and further redistributive and pro-labor policies issued under Obama’s administration are needed to ensure more spending power for women – whose shopping skills and attitude can be globally appreciated. What is still lacking are policies promoting equitable wage structures among gen-

ders and across races. Especially women workers, who mostly concentrate in low-unionized industries, would extensively benefit from the adoption of legal initiatives aimed at easing union participation.

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