Gender Budget Initiative

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Background papers

Commonwealth Secretariat

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Gender-Neutral, Gender-Blind, or Gender-Sensitive Budgets?

Changing The Conceptual Framework to Include Women's Empowerment and the Economy of Care

Introduction

The Budget, on the face of it, appears to be a gender – neutral policy instrument. It is set out in terms of financial aggregates – totals, and sub-totals of expenditure and revenue, and the resulting Budget surplus or deficit. As usually presented, there is no particular mention of women, but no particular mention of men either.

However, this appearance of gender-neutrality is more accurately described as gender-blindness. The way in which the National Budget is usually formulated ignores the different, socially determined roles, responsibilities, and capabilities of men and women. These differences are generally structured in such a way as to leave women in an unequal position in relation to the men in their community, with less economic, social and political power.

The presence of gender differences and inequalities means that a gender-blind Budget in practice tends to have different impacts on men and women, boys and girls; and in turn they tend to have different responses to the Budget. Depending on how the Budget, and the public services which it finances, are structured, the outcomes for men and women can be unequal. For instance, although the Education budget of a country may have no intention of favouring boys over girls, the actual outcome may in fact favour boys over girls, as the data in Box 1 shows.

If the Budget is gender-blind, then this not only contravenes goals of gender equality, it also makes it more difficult for the Budget to have positive impacts on economic growth and human development. A gender-sensitive Budget makes good economic sense, because it enhances the contribution the Budget can make to economic growth, human development and to the empowerment of women. This is discussed in more detail in the companion to this paper (Elson 1996).

The existing conceptual frameworks and statistics used to create budget scenarios are gender-blind. They fail to recognise that:

- women's contribution to the macroeconomy is underestimated because of missing and biased markets and incomplete statistics.
- there is an unpaid economy (which has been variously labelled 'domestic', 'social reproduction', 'reproductive') in which women do most of the work of maintaining the labour force and keeping the social framework in good order – both vital services for the paid economy.
- the parameters of aggregate production, savings, investment, imports and exports in the paid economy may be sensitive to different patterns of gender relations and gender distribution of resources.

Research is under way to develop gender-sensitive conceptual frameworks and national economic statistics which can reveal linkages and feedbacks between gender relations and macroeconomic outcomes. (See, for instance, Waring, 1989; Cagatay, Elson and Grown (ed), 1995; Special Issue of *Feminist Economics*, November 1996).

Here we draw upon that research to clarify a conceptual framework within which the issue of a gender-sensitive budget may be approached, with emphasis on

- measuring women's contribution to the economy
- engendering macroeconomic models
- gender and Budget strategy

Box 1
Incidence of Public Expenditure on Education

Public expenditure per male	Public expenditure per female
Pakistan 56 rupees	26 rupees
Kenya 670 shillings	543 shillings

Source: World Bank, 1995:27

Measuring women's contribution to the macroeconomy

More of women's work than of men's work is not counted by national economic statistics because a great deal of women's work does not take place in large market oriented formal sector establishments. Instead it consists of:

- subsistence production
- informal sector employment
- domestic or 'reproductive' work
- voluntary community work

Subsistence production is production for home use of goods which in principle could be marketed – such as food, clothing, pottery. In principle it should be included in the measurement of the gross national product (GNP). But in practice it is frequently omitted because statistical surveys do not properly count it.

Informal sector employment is market-oriented employment in small workshops, family businesses, subcontracted work undertaken in the home ('homeworking') and work as domestic servants. It includes three types of occupational status – employee, self-employed, (both of which are paid) and unpaid family worker (in which the worker does not herself receive money) but the family member (often the male household head) directing the business does receive payment. In principle, informal sector employment should be included in the gross national product, but like subsistence production, it is often omitted because of the shortcomings of statistical surveys.

Domestic work or 'reproductive work' is the work of managing a household, cooking, cleaning, fetching fuel and water, keeping home, clothing and domestic equipment in good repair, and caring for family members and friends and neighbours. In principle, it is excluded from the gross national product: it is defined in the UN System of National Accounts as lying outside the production boundary. But it is vital for keeping the social framework in good repair, and for maintaining and reproducing the labour force.

Voluntary community work includes unpaid activity in all kinds of civic associations, both secular and church based. It includes everything from self-help groups of mothers getting together to run a children's play group or secure improvements in neighbourhood safety, to support work for large international charities. Again these activities are in principle excluded from the GNP – and often are regarded as leisure activities. But for many poor people, especially poor women, such activities are vital to get access to needed resources and provide some security. Voluntary work makes a vital contribution to sustaining the social framework, particularly the sense of civic responsibility.

Reproductive work and voluntary community work could in principle be done by men or women – but these kinds of work have been socially constituted as more the responsibility of women than men in most countries.

As reported in the Special Issue of *Feminist Economics* November 1996, a great deal of progress is being made in many countries in measuring women's subsistence and informal sector activity, so as to include it in the GNP; and in measuring women's domestic or reproductive work and voluntary work so as to construct a SATELLITE ACCOUNT measuring unpaid output. (See Box 2 for estimates of the market value of women's unpaid work in relation to GNP).

Box 2

Accounting for the unpaid economy

Estimates for developed countries suggest that unpaid work produces an output equivalent to at least half of GDP.

Global estimates suggest that women's unpaid work produces an output of $11 trillion per annum, compared to a global GDP of about $23 trillion.

Source: UNDP, 1995:97

Neither national accounts, nor satellite accounts, in themselves can indicate what policies are appropriate. A conceptual framework or model is required in which to use them. But statistics are important for making inputs and outputs visible – without this visibility it is difficult to get them included in models and seen as significant by policy makers.

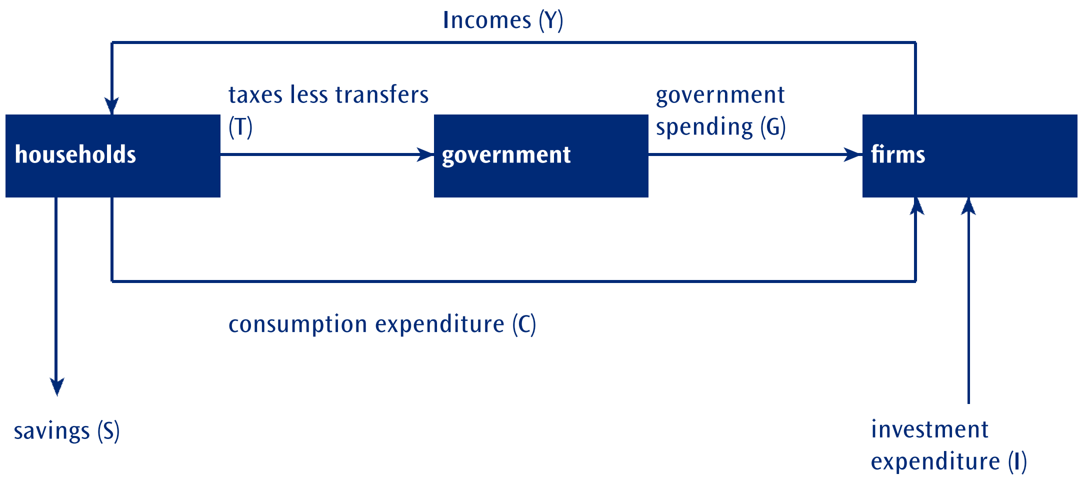
Engendering macroeconomic models

The circular flow of income is the simplest way of modelling an economy. The complex computer-based models used to create budget scenarios are almost invariably more complex versions of a vision of the macroeconomy as a circular flow of income which is represented in diagram 1. In this vision of the economy, production and investment is carried out by market-oriented firms. This generates cash income for the households which own, or work in, firms. Households then either save their income, or consume it by spending it on goods produced by firms. Households are assured to act as if they were completely unified, pooling their incomes and making savings and consumption decisions so as to maximise the total benefit to the household as a whole.

The role of government is to levy taxes, make transfer payments, and provide public services. The model simplifies this role by assuming taxes are paid by households and transfer payments such as pensions, child benefits, unemployment benefits are made to households, while public services are provided by government, using goods and services produced by firms. The economy operates so as to equate savings and investment, but not necessarily at full employment of those who want paid work, and full utilisation of the

Diagram 1

The circular flow of national income: *a gender-blind model*



capital stock produced by previous investment. The extent which economies automatically tend to full employment is a matter of considerable debate among economists. But all are agreed that episodes of unemployment can last a long time.

In this vision, households do not produce. Their only function is to save or spend. They are only consumers. Nor does government spending create growth for the future. Its main role is to redistribute income and to increase aggregate demand (if G is greater than T: a budget deficit) or reduce aggregate demand (if T is greater than G: a budget surplus). The stock of natural resources, the stock of labour, and the social framework of civic responsibility is taken for granted and no work is required to maintain these resources.

Of course, in many cases, especially in the agricultural sector, the household and the firm are fused together in a family business. But conceptually, the model distinguishes the family aspect from the business aspect.

Imports and exports can be introduced into the model, in a similar way to savings and exports. Imports, like savings, are treated as a leakage from the economy, a withdrawal of funds, while exports, like investment, are treated as an injection of funds into the economy. For simplicity, net import expenditure is attributed to households; while export demand is met by firms. The economy is in equilibrium provided that the value of savings plus imports is equal to the value of investment plus exports. But equilibrium does not guarantee that full employment, absence of poverty, and adequate human development will always be achieved.

Gender and the circular flow of income

Gender can be introduced into such a model by disaggregation. The most obvious disaggregation is to distinguish male and female-headed households and male and female-headed firms. The financial flows into and out of these gender-differentiated units could then in principle, be distinguished. It would be possible to answer questions such as:

- what proportion of government spending is directed to female-headed firms and what proportion to male-headed firms?
- do male-headed firms display different investment and export behaviour from female-headed firms?
- do male-headed firms display different income generating behaviour from female-headed firms?
- if public procurement policy were changed so as to offer more opportunities to female-headed firms, what would be the implications for investment, exports and income flows?
- what proportion of national income accrues to female-headed, and what to male-headed households? are the shares in income the same as the shares in population? or do female-headed households get disproportionately less income?
- does the savings and expenditure behaviour of male and female-headed households differ? for instance, do female-headed households have a greater tendency (given the same level of income) to spend in ways that directly benefit children; or to save a larger proportion of their income; or to consume less imports?
- does the incidence of taxes and transfer payments differ as between male and female-headed households?
- would human resource development be improved by a redistribution of income to female-headed households?

A gender disaggregated *Social Accounting Matrix* could in principle be constructed to conduct this kind of analysis. This would require the allocation of resources to reanalyse existing household surveys and surveys of business (such as the census of production).

However, this kind of disaggregation has limitations. It does not look within households and firms so as to analyse gendered patterns of decision making within them. There is abundant evidence that neither households nor firms are units in which all share common goals and pool all their resources. Moreover, within male-headed households and firms there can be widely differing degrees of women's empowerment.

Within male-headed households, there is a strong tendency for income streams and consumption and savings patterns to be gender differentiated. A great deal of case study evidence suggests, for instance, that in a wide variety of settings, extra income going to the mother in a two parent household is more likely to be spent in ways that directly benefit children than extra income going to the father (Dwyer and Bruce (ed), 1988). More generally, the nature of the decision making role of women is likely to be a critical factor in the pattern of household expenditure and savings.

Within male-headed firms, there is a strong tendency for men's pattern of working life to be taken as the norm; and for the organisation of production and income in ways that best suit men, even if there is thereby some loss in productivity (Tibaijuka, 1994, Bruegel and Perrons, 1995). Here again, the nature of the decision-making role of women within male-headed firms is likely to be important in the pattern of income generation (eg pressure for investment in the skills of all the workforce not just men; pressure for investment in technology that enables women as well as men to have safer, less stressful, more productive working lives).

To incorporate this dimension of gender into the model of the circular flow of income, it would be necessary to disaggregate male-headed households and firms according to women's degree of decision making power within them, ie according to criteria of women's empowerment. We could then ask the same set of questions as before, but in terms of male-headed households and firms with high and low degrees of women's empowerment. However, there are many more practical difficulties in constructing a social accounting matrix disaggregated according to degree of women's empowerment. There are more difficulties in defining and measuring degrees of women's empowerment within male-headed organisations, than there are in determining whether an organisation is male-headed or not (even though the latter is not always straightforward). Conventional household and firm surveys do not collect data in ways that focus on empowerment questions; and quantitative surveys have considerable limitations as instruments for investigating decision making. Consideration needs to be given to testing a variety of possible proxy variables.

The principle of disaggregation could also be applied to the government, distinguishing male and female-headed committees, departments and services; and distinguishing male-headed committees, departments and services according to the degree of women's empowerment within them.

A more detailed examination of budgetary decision making processes, distinguishing different levels of government, would make it possible to answer questions on such as: Is a greater voice for women in budgetary policy associated with different patterns of taxation, transfer payments and government spending? Do these differences have implications for macroeconomic and human development outcomes?

Limitations of gender-disaggregated models of the circular flow of national income

No matter how much this model is modified by gender disaggregation and consideration of women's empowerment, one major flaw remains. It ignores the domestic (or 'reproductive') work and voluntary community work, which together constitute an unpaid 'care' economy. This unpaid care economy is vital in developing and maintaining the health and skills of the labour force; and in developing and maintaining the social framework: the sense of community; of civic responsibility; the rules, norms and values that maintain trust, goodwill and social order.

These activities tend to be taken for granted and not brought into the discussion of economic policy. They are often thought of as 'social roles' rather than economic activities. But they are economic in the sense that they require the use of scarce resources; and in the sense that they provide vital inputs to the public and private sectors of the economy. These activities are also gendered, in the sense that they are almost invariably regarded as a special responsibility of women; and as women have begun to focus a macroeconomic policy, it is the absence of the care economy in macroeconomic thinking they have noted (Sen,1995).

We can incorporate the care economy into macroeconomic thinking by focusing on the circular flow of national *output* seeing national output as a product of the interaction of three sectors, the private sector commodity economy; the public service economy; and the household and community care economy. The creation of wealth in a country depends on the output of all three sectors. Sometimes there is a tendency to assume that the wealth-creating sector is the private commodity economy; while the public service economy and the household and community care economy spend what the private commodity economy has produced. This mistaken view results from considering the circular flow of national income (diagram 1) in isolation from the circular flow of national output (diagram 2). The three sectors of the economy are interdependent. The private

Box 3

Women's voices in Budgetary Policy

The Women's Budget Initiative in South Africa produced the following assessment for their country:

South Africa is in many ways outstanding in terms of the representation of women in public life – it stands seventh in the world in terms of the proportion of women in the national parliament. There are three women cabinet ministers out of a total of 27 and two deputy ministers. A quarter of the members of the national parliament are women. However, there is still a relative absence of women in positions of power to influence decision makin in public expenditure and taxation.

Within the central government, the key institutions are the Department of Finance, the Department of State Expenditure, and the National Budget Committee. The crucial position in these institutions are the Director Genera the Deputy Director General and the chief directors. In the Department of Finance, there is one woman at this level; in the Department of State Expenditure there are none. The National Budget Committee in 1995/96 had about twenty permanent members, of which four were women (two of them members of parliament). In the national parliament, the chair person of the Joint Select Committee on Finance is a woman, but women account for less than a quarter of the members of the Committee.

At the provincial level, there are no female premiers, 14 women members o Executive councils out of a total of 90 (16%), and 83 women members of Provincial legislatures out of a total of 334 (25%). Overall women account for just over a quarter of the members of provincial Finance Committees.

As Debbie Budlender, Project Editor for the Women's Budget Initiative points out:

"Admittedly, not all women are sensitive to gender issues. The presence of mor women in powerful positions will not necessarily guarantee a more women-friendly budget. However, there is a greater likelihood that with more women, more of the issues will be raised".

commodity economy would be unable to create wealth for use by the government and by families and communities, if the government and families and communities did not in turn create wealth for use by the private sector. The wealth of a country consists not only of the commodities produced by the private sector, but also the public services produced by the government (law and order, communication networks, health and education) and by the care economy (human capacities, social cohesion). This interdependence is shown in diagram 2.

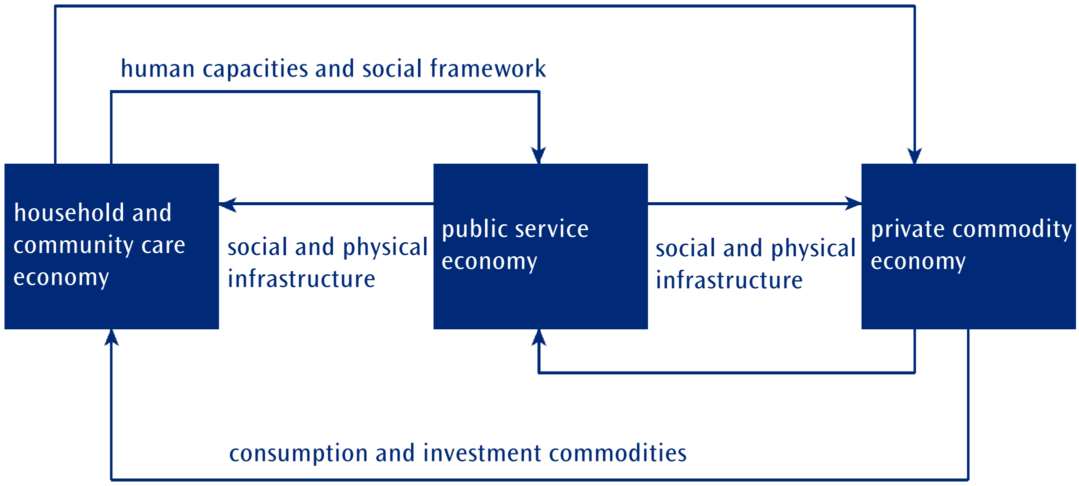
The private sector *commodity economy* produces market-oriented goods and services primarily in response to the profit motive. It includes the private formal sector and the informal sector. In principle, these sectors should be fully covered in the national accounts. In practice, there is under counting of informal sector activities. Men and women both work in the commodity economy. Overall the formal part of it is relatively male-intensive though less so than formerly and the informal part relatively female-intensive. The public service economy produces a social and physical infrastructure which is used for consumption and investment in the commodity economy and the care economy. These services correspond to public sector output in the national accounts. The public service economy is market-oriented to the extent that its employees are paid wages, and it is financed through taxation, user charges and borrowing (and, sometimes, by increases in the money supply). But it is less market-oriented that the commodity economy because it delivers many services free at the point of consumption. Ideally it should be citizen-oriented, but unfortunately it is often bureaucrat-oriented. Men and women both work for wages in this sector. Overall it is less male-intensive than the formal commodity economy, though probably more male-intensive than the informal commodity economy.

The *care economy* produces family and community-oriented goods and services as part of the process of caring for people. Work in the *care economy* is not paid, though it may be supported by transfer payments from the government (such as pensions and child benefit). It is regulated by social norms rather than by commercial or bureaucratic criteria. This economy is excluded, as a matter of principle, from the UN System of National Accounts. Both men and women work in the care economy, but overall it is relatively intensive in the use of female labour. The care economy contributes to the welfare of the individuals receiving care, but it also contributes to the activities of the commodity economy and the public service economy by supplying human resources and by maintaining the social framework (supplying what some economists call human capital and social capital to the commodity economy and public service economy). The relative size of the three sectors can vary depending on the level of development and economic strategy pursued.

Like all pictures which draw boundaries, this picture is something of an oversimplification, since the commodity economy is not totally guided by commercial principles; and the public service economy does not always serve the public; nor is the care economy totally guided by selfless altruism. Nevertheless, there is an important difference between being paid to look after children as a private sector nanny or child minder, or as a public sector nursery school assistant, and looking after one's own children (for further discussion, see Himmelweit, 1995;

Diagram 2

The circular flow of national output: ***a gender aware model***



Folbre, 1995; McCloskey, 1996). This is not only a personal difference. The costs of child care in the commodity economy and the public service economy show up in the national accounts, and are taken into consideration in policy decisions. But the costs of child care in the care economy do not show up in the national accounts are therefore not taken into account in policy decisions. As a result, there is no clearly visible answer to the question "Who pays for the kids?" raised by American economist, Nancy Folbre.

One way of providing an answer that makes sense to economists is through the extension of *input – output analysis* to include the inputs used by and outputs provided by the family and community care economy. This analysis is in progress for Australia (Ironmonger,1995).

As we have pointed out, conventional macroeconomic models (which are based on diagram 1) ignore the care economy as a producer of human capabilities and upholder of the social framework. They do include a household sector in the framework but only as a source of personal consumption and personal savings. The only constraint which the household sector can impose on such models is the constraint of insufficient demand to buy the output of the market-oriented economy. In effect by ignoring the care economy, macroeconomists treat it as if it is able to supply whatever quantities of human capacities and social support are required by the commodity economy and the public service economy, regardless of the level of investment in the care economy. If it can do this, then it is safe to ignore it from the point of view of macroeconomic policy, and macroeconomists are right to do so. The assumption is equivalent to an assumption that women's time is available in unlimited quantities, (in more technical terms, that the supply of women's labour is perfectly elastic) (Elson, 1995a). In effect, conventional macroeconomic theory treats the care economy in the same way the Lewis model of development treats the "traditional" sector as a sector that can supply whatever is required without the need for investment. In the Lewis model (Lewis 1954), the ultimate vision is of the "modern" sector completely taking over from the "traditional" sector. But that is neither desirable nor possible in the case of the care economy, since by their very nature human capacities and the social framework cannot be and should not be produced entirely along commercial or bureaucratic lines.

There will always be and should always be an important role for the care economy. The question is rather whether there will be sufficient resources in the care economy to enable it to respond to the demands made on it. If the care economy is overburdened, there will be negative feedbacks to the commodity and public service economies which will reduce their productivity and increase their costs, because of inadequate maintenance of human resources and of the social framework. The tangible signs of this will be work days lost and lower productivity through ill health and stress; rising public and private expenditure on insurance, policing, social workers, repairs to make good damage to public and private property and health services to make good damage to human capacities. These negative feedbacks will affect the level and growth of output of the public and private sectors. Beyond a point, investment in the care economy will be necessary to increase its capacity – it cannot be treated as a bottomless well from which water can always be drawn. This investment can come both through the provision of public sector services and through the provision of decent jobs in the private commodity economy.

Much of the investment required by the care economy is best supplied through public services free at the point of delivery since it consists of social and physical infrastructure (health and education services, water, sanitation, lighting , roads, electricity etc) which need to be accessed by women who do not have much purchasing power. Historically, the improvement of productivity in the care economy has gone hand in hand with provision of such public services (Folbre, 1994). But the public service economy is financed by taxes on the formal sector commodity economy which overall is male-intensive; whereas the public services most important to the well-functioning of the care economy tend to be more used by women. This creates the conditions for a potential mismatch between the level of public investment required to improve the productivity of the care economy, and the level of tax revenue forthcoming to finance this. It creates the conditions which may generate budgetary strategies which rely on expenditure cuts which simply transfer costs from the public sector service economy where they do show up in the national accounts to the care economy where they do not show up in the national accounts but are visible to those who think to look, in a deterioration in the health and capacities of families and communities. Ultimately these policies will be self-defeating if they are pushed too far – the social framework will give way, or other categories of public expenditure (on police and prisons for instance) will rise, undermining the budget strategy.

Budget strategy and human development

A useful guide to empirical findings on the relationship between budget deficits/surpluses, growth and poverty is provided by two recent papers for the ILO, Van der Hoeven (1995) and Pyatt (1993). Connections can be made between the framework of analysis they use and the gender aware framework developed in the previous section. Let us first consider their findings.

i Sound macroeconomic policies do have a positive impact on the rate of growth.

However, it is not easy to deduce from the evidence any general prescription about the appropriate size of budget deficit/surplus. The main reason for this is that not only does the budget affect the rate of growth, but also the rate of growth affects the budget. Public expenditure and public revenue are not wholly within the control of even the best organised government (i.e. they are not wholly exogenous to the growth process). The rate of growth affects the amount of revenue any particular tax structure will generate; and the amount of expenditure that any particular structure of social security benefits will generate. If growth falters, revenues will tend to fall and expenditures rise, thus tending to increase the budget deficit, irrespective of fiscal policy. There is thus a problem of two-way causation, which makes drawing policy conclusions difficult. Much depends on the specific circumstances of particular countries. Budget deficits can have negative impacts on savings and investment (”crowding out” in the jargon of economics), and thus reduce growth. But this is not always the case. Taxes can be designed in ways that support savings and investments, and a deficit in the public sector can counter-balance a surplus in private sector which could otherwise lead to a deficiency in aggregate demand and an under-utilisation of the economy’s productive potential. In this way, budget deficits may sometimes encourage private sector savings and investment (”crowding in” in the jargon of economics).

ii Fiscal contraction (reduction of budget deficits) can have a negative impact on economic growth and poverty

This negative impact comes via a reduction in spending on public sector investments in infrastructure and human resources, which in turn has a negative impact on private sector investments, which is discouraged because of lack of complementary factors ;of production. And also via a negative impact on demand in the market which discourages more long term investment, and leads to unemployment. In the jargon of economics in many circumstances public sector investment does not discourage (or “crowd-out”) private sector investment. Rather, public sector investment encourages (or “crowds-in”) private sector investment, both through supply side and through demand side effects.

iii Public sector services can have positive growth externalities

The “new growth theory” (sometimes called “endogenous growth theory”) shows how expenditure on certain kinds of public sector services can have an even more powerful positive impact on the rate of growth by creating external effects which raise the productivity of private sector investments and counteract any tendency for increased private sector investment to result in declining marginal productivity of capital. One example is public expenditure on education and training. This not only raises the productivity of an individual who receives the education, but also the productivity of all the people with whom that individual interacts. (For instance, if I am computer-literate, it enable other people to save time and effort by communicating with me via computers. This effect is external to me, and I cannot capture all the economic returns to investment in my computer literacy. This will tend to lead me to under-invest in my computer literacy if I have to finance the necessary training myself. Public provision of the training will overcome this problem and through positive externalities tend to raise the rate of growth. This implies that public expenditure on education should be treated as investment, rather than consumption)

iv National Budgets can simultaneously promote both high and sustainable rates of growth and a more equal distribution of income and better human development

The key to doing this suggests Pyatt (1993) is to design budget policy so as to maintain sufficient effective demand to create a buoyant labour market, while at the same time re-directing the pattern of public expenditure towards investment in human resources, appropriate physical infrastructure and environmental protection. This means it is important to consider not just the size of the deficit, but also the combination of expenditure and revenue which produces it. If the main emphasis in improving the management of the budget is placed on cutting back expenditure which paying little attention to the need to raise more revenue, then it is likely to be more difficult to combine growth and human development. As Pyatt (1993) argues,

> *"it is probably the wrong emphasis in most countries for two reasons. One is that the need, and even the desirability, of cutting back on some categories of expenditure must be set against the need to increase expenditure under some other heads. There is therefore a case for a shift in the pattern of expenditure which does not imply a reduction in the aggregate given the option to raise more revenue. The other is that there is a tendency in practice for expenditure cuts to fall on the poor, while increases in taxes fall more on the rich".(p40)*

Pyatt concludes that budgetary policy should reflect a concern for efficiency in the use of resources and a concern to mobilise new resources while reorganising the pattern of expenditures.

This is an excellent point of departure, but a gender-analysis needs introducing into the design of policy so as to ensure that:

i efficiency in the use of resources is properly defined. All too often efficiency is defined only in relation to the use of paid labour in the private and public sectors of the economy. Caring labour in families and communities is left out because it does not have a market price. Measures which seem to increase efficiency in the use of paid labour can in fact simply be transferring costs to the unpaid care economy. The overall effect can be a reduction in efficiency, resulting from human resource depletion and deterioration of the social framework

ii mobilisation of new resources takes account of the fact that women's labour is not an under-utilised resource, but an over-utilised resource, in limited supply; and that households are internally differentiated and tend *not* to pool *all* their resources. This means that the impact of different taxes will vary by gender – income tax will have more immediate impact on men, while VAT on basic household consumer goods will have more immediate impact on women. The ultimate incidence will depend on intra-household relations.

iii reorganisation of the pattern of expenditures takes account of the fact that some externalities are gender specific. Given the existing division of labour, women's work in the care economy produces services with benefits far beyond families, raising productivity in the private commodity economy and the public service economy. There is a particular need to enable women to increase their productivity in the care economy, but there are no market prices signalling the returns to such investment.

iv the issue of sustainability is understood very broadly, going beyond financial sustainability to encompass the sustainability of the social framework, and of the economy of care that is so important in maintaining it.

Gender and Budget strategy

A key issue of aggregate budgetary policy is the extent to which a budget deficit is sustainable. This is conventionally judged in terms of whether it will tend to lead to financial problems, such as accelerating inflation; balance of payments crises; an increasing and unsustainable debt burden. Inflation and balance of payments problems are likely if the public and private sectors are already fully utilising their capacity; labour is fully employed; and the government keeps increasing the money supply to finance a growing deficit. If the deficit is instead financed by borrowing, this will be less inflationary, but may tend to drive up interest rates especially if financial markets have been deregulated. This in turn means that more and more future tax revenue will be preempted to service the debt. It may also deter private investment, "crowding out" private investors because they cannot afford the high interest rates. The sustainability of a budget surplus is not conventionally judged to be a problem because a surplus does not tend to lead to financial problems. But it may lead to unemployment, low levels of capacity utilisation, and an overburdening of the care economy, with consequent social and economic problems, and a breakdown in social cohesion.

The likely sustainability of a budget deficit can be tested by using a computable macroeconomic model to simulate the likely outcomes with a range of different values for variables. But the answers will depend on the assumptions built into the model on such issues as the extent to which increases in money supply lead to inflation; or increases in borrowing drive up interest rates; or increases in interest rates deter private sector investment. Negative feedbacks from overburdening the care economy are not built into such models.

The sustainability of a budget deficit in practice is also influenced by more intangible factors such as the climate of opinion and the institutional structures of a country; what Taylor (1988) calls the Social Matrix, and Khan (1993) calls the interface between institutional organisation and policy regime. That is, the sustainability depends on the configuration of power and values as well as on the size of the deficit itself. The extent to which any given deficit leads to financial problems is influenced by factors such as the organisation of financial markets and "market sentiment", and the organisation of wage negotiations and the degree of importance attached to the "social wage" provided by public sector services. It is influenced by whether there are co-operative or competitive responses to Budgetary policy, and the kind of "social bargaining" that takes place about policy. There are important feedback effects from the expectations and actions of major players in the economy. For instance, the sustainability of a deficit in a country with deregulated financial markets depends a great deal on the 'confidence' which dealers in those markets have in the sustainability of the deficit. If they decide it is not sustainable then they will tend to take actions – such as moving their funds overseas – which make their fears self-fulfilling (Campos and Pradhan, 1996, Appendix 1). In a deregulated economy a great deal depends upon expectations in the financial markets about how an economy works, what kinds of things will lead to a financial crisis and what can be assumed to be constant no matter how budgetary policy operates.

One of the factors that is usually assumed to be constant is the social framework of norms, rules and values (what some economists call the 'social capital'). For instance to work well an economy needs there to be a fund of goodwill, trust, and acceptance of and obedience to the law; plus some institutions that provide social stability and security, even though the economy is changing; institutions that can cushion individuals against shocks and see them through times of transition and restructuring.

Family and community institutions in the care economy are important pillars of the social framework, generating and maintaining it. However, the social framework may not be invariant to the macroeconomic policy – high and rising deficits that generate hyperinflation may tend to lead the social framework to crumble; but so also will severely deflationary policies in which the deficit is cut rapidly and extensively, creating widespread unemployment and idle capacity. Some economists are now beginning to pay attention to the interrelation between macroeconomic polices and the social framework (which they tend to call "social capital") and to ask whether in some circumstances too rapid a deflation, as well as too rapid an inflation, runs down to dangerous levels the fund of goodwill and acceptance of social norms that is needed for economies to function well. They do not however connect the maintenance of the social framework to women's unpaid work in the care economy as we have done here.

Nevertheless economists who are worried about depreciation of social capital do see the need to consider the sustainability of the budget deficit/surplus in a wider framework, not just emphasising its implications for financial variables such as the rate of inflation and the balance of payments, but also for growth and human development. There is an urgent need to develop operational maroeconomic models that take account of these feedbacks. The work of Palmer (1995); Elson (1995b) and Walters (1995) can be drawn on as a point of departure.

Changing Budget Priorities

To move from gender-sensitive models to gender-sensitive practices means changes in Budget priorities. As Pregs Govender (member of the South African parliament) writes in her introduction to the *Women's Budget*, 'The budget reflects the values of a country – who it values, whose work it values and who it rewards… and who and what and whose work it doesn't' (Budlender (ed.) 1996:7). To bring about changes in priorities, development of new tools to appraise budgets and the building of broad based coalitions to support the use of these tools to bring about change, as discussed in detail in the companion to this paper (Elson, 1996).

Yet the first stage in changing priorities is to change understandings. Here we have looked at national Budgets through women's eyes, disclosing interconnections which are missed from gender-blind visions. Including women's empowerment and the economy of care within macroeconomic policy frameworks can contribute to the sustainability and development in ways that in the long run can benefit us all.

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Integrating Gender Issues into National Budgetary Policies and Procedures within the Context of Economic Reform

Some Policy Options

Introduction

Over the past decade there has been a growing recognition of the the importance of macroeconomic policy in shaping women's living standards and their prospects for economic empowerment. Macroeconomic policy can worsen or I prove the living standards of different groups of women and contribute to narrowing or widening gender gaps in incomes, health, education, nutrition etc. The Commonwealth was a pioneer in recognising and investigating the implications of macroeconomic policy for women (Commonwealth Expert Group, 1989).

There has also been growing recognieion of the way in which gender inequality can constrain the outcomes of macroeconomic policy. For instance, by constraining women's supply response to economic reforms, and by constraining women's ability to invest in human resource development (Haddad et al, 1995; Cagatay, Elson, Grown (ed), 1995; World Bank, 1995; Palmer, 1995).

The integration of a gender perspective into macroeconomic policy has therefore both an equality and an efficiency dimension. The aim is to contribute to the better design of policy. A better designed macroeconomic policy would create a virtuous circle in which macroeconomic policy itself contributes to the reduction of gender inequality, and hence lessens gender constraints to successful macroeconomic outcomes. The aim is the simultaneous improvement of growth and human development performance in ways that also contribute to the empowerment of women.

This paper offers some options for the integration of a gender perspective into fiscal policy which is one of the most important areas of macroeconomic policy. The focus is on the national budget with the main emphasis on public expenditure. A wide range of possible options is examined, which may be selected according to national circumstances.

Gender Inequality as an Efficiency Issue

There is growing awareness that gender inequality is not only costly to women, but it is also costly to children, and to many men. It exacts costs in lower output, lower development of people's capacities, lower leisure and lower well-being. If women were economically empowered, it would be possible for each country to have some combination of more output, more development of people capacities, more leisure and higher levels of well-being. In that sense gender inequality is inefficient.

Research on agricultural productiviey in Africa shows that reducing gender inequality could significantly increase agricultural yields.

For instance, giving women farmers in Kenya the same level of agricultural inputs and education as men farmers could increase yields obtained by women farmers by more that 20 per cent (Saito and Spurling, 1992).

Research on economic growth and education shows that failing to invest in education lowers gross national product (GNP).

- Everything else being equal, countries in which the ratio of female-to-male enrolment in primary or secondary education is less than 0.75 can expect levels of GNP that are roughly 25 per cent lower than countries in which there is less gender disparity in education (Hill and King, 1995).

Research on gender inequality in the labour market shows that eliminating gender discrimination in occupation and pay could increase not only women's income, but also national income.

- For instance, if gender inequality in the labour market in Latin America were to be eliminated, not only could women's wages rise by about 50 per cent, but national output could rise by 5 per cent (Tzannatos, 1991).

Gender inequality also reduces the productivity of the next generation – the World Bank reports mounting evidence that increases in women's well-being yield productivity gains in the future.

- The probability of children being enrolled in school increases with their mother's educational level and extra income going to mothers has more positive impact on household investment in nutrition, health and education of children than extra income going to fathers (World Bank. 1995).

Research shows that gender inequality hampers a positive supply response to structural adjustment measures by:

- reducing women's incentives to produce tradable goods and increasing womenls time burdens (Brown, 1995).

Women's time burdens are an important constraint on growth and development – women are an over-utilised, not an under-utilised resource. The benefits of reducing this gender-based constraint can be considerable.

- For instance, a study in Tanzania shows that reducing such constraints in a community of smallholder coffee and banana growers increases household cash incomes by 10 per cent, labour productivity by 15 per cent, and capital productivity by 44 per cent (Tibaijuka, 1994).

It is important to be clear that recognising gender inequality as an efficiency issue does not mean seeing women instrumentally as a resource to be used by others for increasing productivity and growth. Rather the message is that if women themselves have more control over resources there will be gains for society as a whole; but if gender inequality persists, there will be continuing losses for society as a whole.

Macroeconomic Policy and the Gains from Integrating Gender Equality Concerns

Macroeconomic policy can increase, reduce, or leave unchanged the losses to society from gender inequality. It can do this both through direct efforts and indirect effects. Let us return to some of the examples of the previous section and see how this might happen, through affects which alleviate or exacerbate gender inequality.

Productivity of women farmers in Africa

Macroeconomic policy could increase this by promoting a higher level of agricultural inputs and education for women and reduce this by resulting in a lower level of inputs and education for women. An increase in provision could come directly, by an increase in public expenditure on schooling and extension services for women, and an increase credit (and possibly input subsidies) to women. An increase could also come indirectly, if macroeconomic policies promoted increases in family income which permitted families to educate daughters to the same extent as sons; or promoted increased provision of physical infrastructure (like water, sanitation, electricity) which releases more of adult women's time for learning how to use new inputs. However, macroeconomic policy could also result in a lower level of education and inputs for women farmers. This might come directly from reductions in public expenditure on education, and restrictions on credit and abolition of subsidies. It might come indirectly through policy-induced falls in family income which restricted ability and willingness to educate daughters; or by promoting reduced provision of physical infrastructure – increasing women's total time burdens so that they were less able to spend time learning how to use new inputs.

Gender disparities in education

Macroeconomic policies can increase losses in potential GNP if they increase gender gaps in education. This can happen directly through reduced expenditure on education, and indirectly through increases in family poverty. However, losses can be reduced if macroeconomic policies promote increases in expenditure on education especially at the primary level; and at the same time reduce family poverty, so that families can afford to send daughters to school.

Labour market inequalities

Macroeconomic policy can reduce labour market inequality directly by extending public sector employment for women, since gender inequality in employment in the public sector is generally less than in the private sector. It can reduce labour market inequality in pay and conditions indirectly by promoting female-labour-intensive growth. However, care has to be taken that inequalities in total workload – paid and unpaid – are not at the same time increased.

The supply response to structural adjustnent measures

Macroeconornic policy can intensify rather than alleviate the ways in which gender inequality constrains women's supply response to structural adjustment measures. Gender inequality can constrain the supply response if women have many other demands on their time – producing food, fetching water and fuel, caring for children; and if they have the prime responsibility for cushioning their families against insecurity and change. These constraints will be intensified directly if macroeconomic policy reduces provision of social and infrastructural services and therefore increases women's time burdens. They will be intensified indirectly if macroeconomic policy increases the insecurity and change to which families are subject.

The gains from integrating gender equality concerns

As these examples show, it is important to analyse whether macroeconomic policy increases or reduces the losses to society from gender inequality. There are clearly gains to society if macroeconomic policy can be designed in ways that reduce gender inequality.

The gains to society from the reduction of gender inequality can be taken in a mixture of ways:

- increased output of goods and services;
- increased leisure;
- increased capacities to enjoy good health, to exercise skills and participation in decision making, to live a satisfying life;
- increased conservation of the environment.

Macroeconomic Policy and the National Budget

Macroeconomics looks at an economy as a series of aggregates of goods and services: the GNP, exports, imports, savings, investment, public expenditure on services and income transfers, public revenue (from taxes and user changes).

Macroeconomic policy generally attempts to steer the economy as a whole so as to achieve sustainable improvements in national output and incomes (e.g. full employment, rising incomes, stable prices). Irnprovements will not be sustainable if they are based on unsustainable deficits in the balance of payments and in the national budget (which brings together public expenditure and public revenue). So a great deal of attention is focused on these twin deficits, as well as on the rate of inflation, the rate of unemployment, and the rate of growth.

There has sometimes been a tendency to assume that there is no need for macroeconomic policy to pay explicit attention to human development objectives. Problems of poverty and inequality would be resolved by "trickle down" of benefits from the macroeconornic aggregates. However, there is growing recognition that "trickle down" is not automatic; and that concems of poverty and inequality, including gender inequality, need to be brought directly into the framework of macroeconomic policy.

There are three key forms of macroeconomic policy:

- exchange rate policy (e.g. currency appreciation and depreciation);
- monetary policy (e.g. money supply and interest rates);
- fiscal policy (e.g. taxation and public expenditure).

These three types of policy are used in combination in stabilisation and structural adjustment programmes and in restructuring economies to meet the challenges of changing international patterns of investment and production. Fiscal policy is the most promising entry point for gender-integration.

There are a variety of instruments of fiscal policy:

- **Revenue Instr uments** : Taxes: e.g. income tax, expenditure tax (e.g. VAT), wealth tax, land tax, tariffs on imports, capital gains tax, inheritance tax. User charges: e.g. for electricity, water, education, health.
- **Expenditur e Instr uments** : Transfers: e.g. pensions, unemployment benefit, maternity benefit. Subsidies: e.g. food subsidies, export subsidies. Services: e.g. law and order, health, education, roads.

Typically these are all brought together in a national budget which is prepared annually and sets out tax and expenditure plans for the coming year. If expenditure is greater than revenue there is a deficit; if revenue is greater that expenditure, a surplus. It is often accompanied by a review of budget outcomes and macroeconomic performance in the previous year; and projections of budget outcomes and macroeconomic performance for future years, in a medium term framework. For countries undergoing stabilisation and structural adjustment programmes this will be related to the Policy Framework Paper.

The budget, on the face of it, appeaars to be a gender-neutral policy instrument. It is set out in terms of financial aggregates – totals, and sub-totals of expenditure and revenue, and the resulting budget surplus or deficit. As usually presented, there is no particular mention of women, but no particular mention of men either.

However, this appearance of gender-neutrality is more accurately described as gender-blindness. The way in which the national budget is usually formulated ignores the different socially detemined roles, responsibilities, and capabilities of men and women.

The existing conceptual frameworks and statistics used to prepare national budgets are gender-blind (See, for instance, Waring, 1989, Cagatay, Elson and Grown (ed), 1995). They fail to recognise that:

- women's contribution to the macroeconomy is underestimated because of missing and biased markets and incomplete statistics;
- there is an unpaid economy (which has been variously labelled 'domestic', 'social reproduction', 'reproductive') in which women do most of the work of caring for and maintaining the labour force and the social fiamework or social capital (neighbourhood networks and voluntary organisations, formal and informal) – both vital services for the pald economy;
- the parameters of aggregate production, savings, investment, imports and exports in the paid economy may be sensitive to different pattems of gender relations and gender distribution of resources.

Integrating Gender into the National Budget: Some Policy Options

Formulation of a national budget involves decisions at three levels:

i **Aggr egate macro-economic strategy** . Is the overall deficit or surplus appropriate? Is the medium-term framework sustainable?

ii **Composition of expenditures and revenues** . Is the mix of spending and taxing appropriate?

iii **Ef fectiveness of service delivery** . Does the public sector provide the required level and pattern of services to firrns, families and communities?

A range of tools for integrating gender at these three levels of decision making are available. They can be used alone or in combination, depending upon the circumstances of the country. The most readily implementable options relate to efficiency of service delivery and composition of expenditures, but some tools are also available in relation to taxation and aggregate macroeconomic strategy. A comprehensive strategy could use the full range of tools to produce a gender-aware budget statement and a gender-aware medium term economic strategy, implemented by a Gender Management System. But more partial strategies can also bring about considerable improvements.

Integrating Gender into the Appraisal of the Effectiveness of Service Delivery

The effectiveness of expenditure is conventionally judged in terms of the achievement of intended results at lowest possible cost. From a gender perspective, it is important to ask: "results for whom?" and "costs for whom?". Do the outcomes meet the needs of women as well as men; are men and women equally satisfied with the quality of services provided? Is quality assessed in ways that take account of the needs of users for "user-friendly services"? Are the costs and benefits measured in a comprehensive way? Do the intended results include reduction of gender inequality? A range of techniques are available or might be developed for addressing these questions:

- needs assessments;
- analysis of 'quality of service' indicators;
- beneficiary assessments;
- assessment of'invisible' costs;
- assessment of benefits of equal opportunities in service delivery.

Needs assessments

Needs assessments attempt to establish what is needed and where it is needed and are typically carried out by gathering quantitative data on the demographic characteristics, income levels, and services available in localities throughout the country and combining these into poverty indicators of various kinds. The problem is that the data are often not disaggregated by gender, and the needs are not defined from the point of view of the users of services. Moreover, the need for time is not generally considered and time-poverty is neglected. However, a useful point of departure is provided by some of the more participatory and gender-aware World Bank Poverty Assessments (e.g. World Bank 1994); and by a variety of case studies conducted by Women's Studies Institutes and women's organisations, using participatory appraisal methods.

Analysis of quality Service indicators

This is typically done by constructing a series of quantitative indicators (enrolment rates in schools; bed occupancy rates in hospitals; number of connections of households to water and sanitation system). There are well known problems: it is easier to measure inputs than outputs (all of the above measures are really input measures: we really need to know how many students passed their exams; how many patients were cured; how many households had reliable supplies of clean drinking water?) Moreover, behaviour changes as to maximise score on the chosen indicators – but this may lead to worsening of indicators not chosen; for instance, the time needed to access the service is often neglected. In addition, the indicators may not measure the qualities that matter most to users of the services. It is obviously essential to make sure the indicators are disaggregated by gender.

Beneficiary assessments

A beneficiary assessment tries to ascertain the views of actual and potential beneficiaries, to see how far service provision meets their own perceptions of what their needs are. Beneficiary assessments are best conducted using qualitative interviewing or focus group methods. Care must be taken to conduct them in ways that permit and encourage women to express their views. It is particularly important to assess whether measures which are supposed to improve effectiveness actually do improve the quality of service from a beneficianes perspective.

Assessment of'invisible' costs

From a gender perspective it is important to define costs so as to include costs in terms of time as well as money costs. Many current changes in the organisation of service delivery appear to improve efficiency but in reality transfer costs from the monetary budgets of the public sector, where they are visible, to the time budgets of women in farnilies and communities, where they are generally invisible. Every proposal to improve the efficiency of a service should be scrutinised for the real extent of its "cost saving" measures. For instance, when medical services are reorganised so as to save costs by discharging patients more rapidly from hospitals – does this simply transfer costs of care from paid hospital staff to unpaid women in families and communities? If so, this is not a saving in costs, but a transfer of costs.

Assessment of benefits of equal opportunities in service delivery

Public sector employrnent policies can help to transform gender relations throughout the economy by innovative equal opportunities and family-friendly employment practices. A gender-blind cost benefit calculus may see these policies as "too expensive". A gender-sensitive cost-benefit calculus will see that such policies set standards and promote better practices throughout the economy, reducing the extent of gender discrimination in labour markets, and enhancing women's ability to invest in the human resource development of their children, with resulting efficiency gains.

Public sector procurement policies can also help offset existing gender disadvantage, producing benefits that ripple through the larger economy. Procurement policies in some countries (such as South Africa) are already linked to equal opportunities policies directed at reducing disadvantages of race as well as gender. Measures include:

- simplifying the tender process;

- easier access to tender information;
- unbundling of large contracts.

Consideration may also be given to the use of 'price preferences', and quota or target systems.

Integration of Gender into Appraisal of the Composition of Public Expenditure and Taxation

Different patterns of expenditure and taxation have different implications for women and men, and differentially affect their abilities to contribute to the production for the market and the care of families and communities. In the language of economies, these different patterns 'crowd in' or 'crowd out' supply responses of men and women to macroeconomic strategies.

Rhonda Sharp, an Australian policy analyst who has worked extensively on gender and Federal and State Budgets in Australia suggests a conceptual framework for reporting the expenditure of each government department within three categories of expenditure – expenditure specifically targeted at women; equal opportunity initiatives in the public sector; and gender impact of mainstream budget expenditure. Pictorially she presents it this way:

Public expenditure incidence analysis

A useful tool for helping to assess the distribution of public spending by gender is Public Expenditure Incidence Analysis (or Benefit Incidence Analysis). It can provide one way of assessing how gender-inclusive such expenditure actually is by comparing the distribution of spending between men and women, boys and girls.

The first step is to analyse the net unit costs of providing any service: i.e. the annual total costs of public provision of the service minus the proceeds of any cost recovery measures (e.g. user changes) and then to divide this total by the annual number of "units of the service provided (e.g. the number of hospital beds or school places). The second step is to analyse the pattern of utilisation of the services – for instance how many "units" were utilised by poor households and how many by rich households.

The information on net unit costs of service provision can be brought together with the information on utilisation rates to calculate the level of net resource transfer to poor households and to rich households. This statistic is called the Incidence of Public Expenditure by Income Group. In principle, this procedure could be extended to measure Incidence of Public Expenditure by Gender, by examining the pattern of utilisation of services by gender, as well as by household income grouping. This has been done for health and education in Ghana by Demetry et al (1995).

Data is required on the amount spent at national, regional and local level on provision of a particular service, collected from the relevant public service providers. This is often surprisingly diffcult to assemble and decentralisation of expenditure to lower tiers of government tends to make it more difficult. Contracting out of public services may also create data problems. Definition of an appropriate unit of service is relatively easy for some services, such as health (e.g. visits to doctor) and education (attendance at school). But very difflcult in the case of "overhead" type services, such as most physical infrastructure. Data is also required on utilisation rates from regular national household surveys. Unfortunately, not all household surveys collected data on utilisation of public services. The data may not be collected on a gender disaggregated basis. Thus, it may be necessary to improve the available data base in collaboration with the Ministry of Finance, the National Audit Commission (or similar body) and the Office of Statistics.

Tax and Benefit Incidence

Gender-disaggregated incidence analysis may also be conducted for taxation and income transfers. Here again it may be necessary to improve the available database and to improve understandings of the way in which household budgets are managed. Good studies of household budget management are available for a number of countries which reveal that full pooling and sharing of all household income is far from being the norm, so that in many cases men and women manage different income streams and have different expenditure responsibilities. As a result, in many countries, the incidence of income tax would fall more directly on men than on women; whereas indirect taxation (such as VAT) on basic household goods would fall more directly on women. Similarly, income transfers in the form of food subsidies or child benefits paid to care-givers impact more on women, whereas income tax allowances impact more on men.

Budgetary Institutions

Budgetary institutions play an important role in the determination of patterns of public expenditure and taxation; and economic reform increasingly includes reform of budget processes, with emphasis on improving accountability and transparency. It is therefore important to appraise the institutional gender-balance in budgetary decision making and the interface between the Gender Management System and the Budget Management System. Here an important tool is an analysis of the share of the total budget which goes to the Ministry Responsible for Women's Affairs, compared to other Ministries; and within each ministry, the share of its budget controlled by its Gender Focal Point (or comparable office). Gender cannot be 'mainstreamed' if those who have responsibility for mainstrearning gender are not given budget allocations with this goal. Consideration could be given to introducing purchaser/provider relations between Gender Focal Points or Ministries Responsible for Women's Affairs, and other offices

The Gender Focal Points could then have a budget with which to commission provision of gender-balanced services from the other sections of their Ministry.

Gender-aware policy appraisal

Gendet-disaggregated incidence analysis is not readily applicable to some forms of expenditure, because the services provided are not individually consumed but collectively consumed. Here gender-aware policy appraisal can be used instead. For example, much of the expenditure of the Ministry of Trade and Industry or Transport or Power will be difficult to subject to gender disaggregated benefit incidence analysis. But the types of facilities provided and policies pursued by these Ministries can be appraised from a gender perspective. The key question is whether the policies are likely to reduce gender inequalities and imbalances. A good model is provided by the Women's Budget Project in South Africa, a joint initiative of the Parliamentary Finance Committee and non-governmental organisations (NGO) groups.

Women's Budget Statement

A Women's Budget Statement can be an important tool for bringing together information on the implications of government expenditures for women. Such a statement does not produce a separate budget for women. Rather it attempts to disaggregate expenditure according to its impact on women. As pioneered in Australia, participating government departments were required to identify the impact of their proposed expenditure on women. A Women's Budget Statement was then synthesised by the Office of the Status of Women. The production of a Women's Budget Statement thus requires a high degree of co-operation and some degree of commitment throughout the machinery of government. The creation of the conditions for this probably requires a substantial and well organised coalition of supporters both inside and outside of government. A number of strengths and weaknesses of the system used in Australia, have been identified by Australian policy analysts (Sharp, 1990; Sawyer, 1996).

Strengths

- Educational role in sensitising departments to implications of their policies for women, and helping them to reduce their 'gender-blindness'.
- Lever for production of gender-specific data.
- Useful resource for women in government for entering into debates about specific budgetary policies.

TOTAL BUDGET

=

Specifically identified gender-based expenditures of government departments and authorities
- women's health programmes;
- special education initiatives for girls;
- employment policy initiatives for women;
- and so on

+

Equal employment opportunity expenditure by government departments and authorities on their employees
- training for clerical officers or women managers;
- rewriting job descriptions to reflect equal employrnent opportunity principles;
- provision of creche facilities;
- parental leave provisions;
- and so on

+

General or mainstream budget expenditure by govemment departments and authorities assessed for its gender impact
- Does the education budget, minus the above two types of expenditure, reflect gender equity objectives?
- Who are the users of hospital services?
- Who receives agricultural support services?

Weaknesses

- Inability to effectively analyse the impact of 'mainstream' expenditure on women – no guidelines were provided for Departments on how to do this.
- Inability to address issues of overall design of budgetary policy – e.g. how much should expenditure be cut – which expenditure should be cut.
- Ignores revenue side of budget and interactions between budget expenditure in different Ministries for overall situation of women.
- Does not provide quantifiable measures of improvements overtime.

The effectiveness of a Women's Budget Statement could be improved by making use of some of the analysis and indicators suggested in this paper. Indeed some of these measures have akeady been introduced in parts of Australia. For instance, for the 1989/90 South Australian Women's Budget, departments were asked to provide their own intemal indicators of progressive changes, and to detail the expected future outcomes of current expenditures but tackling the issue of overall budgetary strategy requires going beyond a Women's Budget Statement.

Integration of Gender into Appraisal of overall Budget Strategy and Medium Term Economic Framework

The appraisal of aggregate budgetary strategy revolves around the sustainability of the budget deficit or surplus. This is conventionally judged in terms of whether a deficit will tend to lead to financial problems, such as accelerating inflation; balance of payments crises; an increasing and unsustainable debt burden. The sustainability of a budget surplus is not always judged to be a problem because a surplus does not tend to lead to financial problems. But a deficit which is too low or a surplus which is too high, may lead to unemployment poverty and low levels of capacity utilisation. This overburdens families and communities, with consequent social and economic problems; and intensifies losses due to gender inequality.

The likely sustainability of a budget deficit is often tested by using a computable macroeconomic model to simulate the likely outcomes with a range of different values for variables. But the answers will depend on the assumption built into the model. Negative feedbacks from overburdening families and communities are not built into such models, nor are negative feedback due to the efficiency costs of worsening gender inequalities.

Maintaining the social framework

One of the factors that is usually assumed to be constant is the social framework of noms, rules and values (what some economists call the 'social capital'). For instance, to work well an economy needs there to be a fund of goodwill, trust, and acceptance of and obedience to the law; plus some institutions that provide social stability and security, even though the economy is changing; institutions that can cushion individuals against shocks and see them through times of transition and restructuring. However, the social framework may not be invariant to the macroeconomic policy – high and rising deficits that generate hyperinflation will tend to lead the social framework to crumble; but so also will severely deflationary policies in which the deficit is cut rapidly and extensively, creating widespread unemployment and idle capacity. Some economists are now beginning to pay attention to the interrelation between macroeconomic polices and the social framework and to ask whether in some circumstances too rapid a deflation, as well as too rapid an inflation, runs down to dangerous levels the fund of goodwill and acceptance of social norms that is needed for economies to function well.

A critical factor in the maintenance of the social framework is the unpaid work that women in particular devote to bringing up children to be responsible members of society; and in strengthening family and community networks and voluntary organisations. A critical factor in the destruction of the social framework is the amount of idle time that young men have because they are denied paid work.

Timc budgets and negaive feedbacks

A gender-aware budget strategy can be promoted by monitoring the time budgets of a country's citizens as well as the financial budget of the country. This inforrnation may be available from regular household surveys. If not, then time use questions, disaggregated by gender and age will need to be added. In the short run, useful data may be gathered by women's organisations using rapid appraisal techniques at selected sites.

Armed with time budgets, it is possible to frame another question to set alongside the question of the sustainability of the deficit in the national budget: is the deficit in women's time budget between the demands of unpaid work, and the time left available for it, sustainable? Or are the human resources of women, and girls, being depleted?

If this deficit becomes too high, there will be negative feedback effects to the market economy which reduce productivity and increase costs, very often leading to the need to increase public expenditure to repair damage to the social framework, for instance expenditure on insurance, policing, social workers, repairs to public property. Ultimately this undermines the sustainability of the budget strategy.

Thus if the budget deficit has been reduced by expenditure cutbacks which place great reliance on women's reproductive and voluntary work to substitute for public services, while at the same time making men surplus to requirements, then there is a danger that its sustainability will prove illusory in the long run. Certainly, budget policy will not be providing a good foundation for the longer run achievement of growth combined with human development, because it is depleting human and social resources. The same interactions might also occur if budget policy leads to high and accelerating inflation, which can also put too much strain on the time budget of the care economy, using up large amounts of time in reorganising household management in the face of corrosive uncertainties about prices.

The critical point is that a gender-aware approach to the overall budget strategy suggests that the maintenance of the social framework should not be taken for granted in judging the sustainability of budgets. Collecting time budget data is one way of making the connection. If time budgets look unsustainable, then this points to some reconsideration of the size of the national budget deficit, the tax-expenditure mix and the composition of expenditure.

Gender-aware altemative buldgets and medium terrn economics strategies

Development of gender-aware alternative budget scenarios is another possible tool. Depending on the nature of the model used to simulate budget outcomes, some of the parameters may well be sensitive to the configuratlon of gender control over resources and the distribution of resources between women and men. For instance, the evidence on gender equality as an efficiency issue suggests that the productivity of investment could be raised by changing the gender distribution of resources in favour of women. Moreover, if women have a greater propensity to save than men, redistributing income towards women would raise the aggregate savings rate. Exploring this possibility requires some technical knowledge of modelling and co-operation with the economists in the Ministry of Finance who work with the model used in any particular country.

A complementary strategy would be to examine the gender-responsiveness of the institutional structure or social matrix in which the overall budget strategy is embedded. If women have more voice in the social bargaining that impliclty or explicitly surrounds macroeconomic policy making, then more co-operative, less inflationary responses to any given deficit may result. For instance, owing to differences in their roles, women may have a different view than men of the tradeoff between wage increases and maintenance or improvement of public sector services that support their caring roles. They may be more prepared to accept limitations in wages increases in return for maintenance of public expenditure than men. A greater weight for women's point of view will, other things being equal, lessen the risk of an inflationary spiral. This is not something that can be brought about quickly, but it should be possible to create opportunities for women to express their priorities through instruments such as attitude surveys, focus groups, public meetings, and the media. This needs to be matched by an increase in the role of women in parliament and inside government in determining budget policy.

The outcome could be a number of different budget scenarios, depending on the gender distribution of resources and the level of empowerment of women. The relevance of this last point is that the possibility of budget policy that is "sound", while promoting a human-centred pattem of growth depends not only on seemingly mechanical economic factors, but also on social and political factors. Successful budget policy does require certain technical skills, and is constrained by available resources, but it is also an exercise in political economy, in social bargaining and coalition building, and creating informed consent ("social contracts", "social compacts") around a shared vision of development. An alternative gender-aware budget and medium term economic strategy may be a powerful focus for such a vision.

From Tools to Actions: Identifying Options, Setting Goals and Monitoring Progress

Decisions on budget policy are usually taken by a small group of Ministers and officials concentrated in the Prime Ministers office, Ministry of Finance, and Central Bank. Ministers and officials who are outside this group, need to engage in policy dialogue to promote the use of the tools identified in this paper to bring about changes in budget policy, so as to reduce gender inequality.

The Commonwealth Secretariat has already taken measures to facilitate this policy dialogue by submitting a report on Macroeconomic Policy and Gender Issues to the Commonwealth Finance Ministers Meeting, 24-26 September 1996.

Policy dialogue needs to be broadened through a multi-pronged strategy to address several target groups:

- spending Ministries;
- general public;
- women's groups;
- researchers, academics, policy analysts;
- gender analysts;
- economists;
- development co-operation agencies.

The aim would be to stimulate demand for integrating gender into budget policy.

Ministers Responsible for Women's Affairs may wish to increase understanding of how and why budgets can be made gender-aware, by:

- Organising a conference of officials from the Ministry Responsible for Women's Affairs and the Ministry of Finance together with local and intemational researchers, academics and policy analysts to discuss tools for integrating gender into national budget policy.

- Promoting a Workshop to bring together economists using rnacroeconomic models to design budget policy and economists and gender policy analysts developing gender-sensitive macroeconomic concepts, with the aim of producing a number of different gender aware budget scenarios.
- Organising a 'Budget Hearing' with women parliamentarians and women's NGOs to allow women to voice their views on the current budget.

Piloting the Use of Gender-Aware Budgetary Tools

To refine the tools identified in this paper and adapt them to the variety of different national conditions, it is desirable to conduct a series of pilot studies in 1997, to test the strengths and weaknesses of the forrns of appraisal identified here, and the possibility of using them to bring about change.

The pilot studies will ideally involve collaboration between the Ministry Responsible for Women's Affairs and the women's organisations; together with spending Ministries and the Ministry of Finance; with technical assistance from the Cornmonwealth Secretariat; and support where appropriate fiom development co-operation agencies.

The following types of pilot studies would seem to be particularly useful. Each study should result in recommendations for the gender-aware restructuring of public expenditure, so as to produce both efficiency and equity gains.

- beneficiary assessments, conducted in collaboration with women's NGOs and women parliarnentarians, of service delivery and budget priorities;
- gender disaggregated public expenditure incidence analysis conducted in collaboration with Ministries such as Education, Health, Agriculture and Water Resources;
- gender-aware policy evaluations of the policies supported by budget appropriations, conducted in collaboration with appropriate Ministries (e.g. Trade and Industry, Power, Transport) and women's organisations. This could cover employment and procurement strategy, as well as service delivery;
- production, in collaboration with the Ministry of Finance, of a Women's Budget Statement, analysing the gender implications of the pattem of public expenditure, drawing upon evidence produced by the three preceding pilot studies;
- analysis of the interaction of the national budget and the time budgets of different categories of men and women, boys and girls; this could be done in collaboration with the National Statistical Office using survey data; and in collaboration with women's organisations using rapid appraisal techniques;
- production of alternative gender-aware budget and medium term economic scenarios, in collaboration with the Ministry of Finance, taking account of the positive and negative effects of national budgets on the social frarnework (or social capital), and on women's supply response to economic reform.

The conduct of the pilot studies, and the use of the information generated, should be integrated with the Gender Management System being adopted in each country, in order to promote needed changes in budget policy at all levels.

The tools addressed here are mainly concerned with public expenditure, as recommended by the Commonwealth Secretariat Reference Group for this project. It might be appropriate to have a follow-up project to address transfer payments, taxes and user charges; and to focus as much on the developed as upon the developing countries of the Cornmonwealth.

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