



The global financial crisis: are women more likely to be pushed into chronic poverty?

Although in the short-term it is the working poor who are most visibly affected by the crisis, harmful household coping strategies and compounding vulnerabilities threaten to push many, particularly many women and their dependents, into chronic poverty.



Women harvesting cotton in India. © Ray Witlin / World Bank

What is Chronic Poverty?

The distinguishing feature of chronic poverty is extended duration in absolute poverty. Therefore, chronically poor people always, or usually, live below a poverty line, which is normally defined in terms of a money indicator (e.g. consumption, income, etc.), but could also be defined in terms of wider or subjective aspects of deprivation. This is different from the transiently poor, who move in and out of poverty, or only occasionally fall below the poverty line.

United Nations Secretary-General Ban Ki-Moon recently stated about the global economic crisis, *'it is not the chronic poor who are most affected, but the near and working poor whose lives had improved significantly over the past decade'* (MacFarquhar, 2009). Evidence of this can be seen in a recent World Food Programme (WFP) five-country study on the effects of the financial crisis on families, some of whom were already going hungry as a result of the earlier food and fuel crises. The groups found to be most affected were unskilled workers in urban areas, families who rely on remittances from abroad, workers laid off from the export sectors and those working in mining and tourism (FAO, 2009). However, the most critical information to emerge from the WFP report, and similar studies interrogating the effects of the crisis in low-income countries, relates

to the harmful coping mechanisms being adopted by a wide variety of poor households. These distress-induced strategies have considerable implications for the development of 'poverty traps'; as short-term needs are prioritised over long-term strategies for sustainable living (CPRC, 2008). The five poverty traps, as defined in the second Chronic Poverty Report are poor work opportunities, insecurity, lack of political voice, social discrimination, and spatial disadvantage. By increasing future costs and undermining current capacities and resources, distressed and often hazardous short-term coping mechanisms have the potential to push many more vulnerable persons and households into one or more of these traps and therefore increase their potential exposure to chronic poverty.

Identifying which households are utilising such strategies highlights



not only a story of wide-spread vulnerability amongst poor households in the long-term, but also a very strong gender dimension to the way in which households are being affected and the way in which they are responding. These gender differentials make many women and their dependents highly vulnerable to potential poverty traps.

Poor work opportunities

The nature of a person's employment, whether formal or informal, and the sector in which they work can have a profound impact on their potential to be affected by the global economic crisis. Women are exceptionally vulnerable in many countries, due to their disproportionate representation in what the ILO refers to as '**vulnerable employment**'; unpaid workers in household enterprises, own-account workers, micro business operators, subcontracted home-workers and domestic service workers (ILO, 2009). The impacts upon such sectors are hard to ascertain but evidence from past crises suggests that these forms of employment are acutely affected by economic shock (ILO, 1999). There is also the danger that with increased job losses in the formal economy, displaced male workers may push more female workers into precarious and less viable positions.¹ These insecure and/or hazardous forms of employment can expose women to exploitation, increasing ill health and to time poverty.

Additionally, as employers tighten their belts, **women's wages** are often the first to be reduced. Women are already subject to a global gender pay gap of 22 percent (Glenn *et al.*, 2009) and they are often the first to lose their jobs² (Emmett, 2009). In its labour market predictions for 2009, the ILO has stated that the global unemployment rate for women could reach 7.4 percent, compared to 7.0 percent for men (ILO, 2009). This is closely tied to the sectors in which women and men work; women make up the majority of the export manufacturing workforce in a number of low income countries (Antonopoulos, 2009; Emmett, 2009; Dejardin and Owens, 2009). In a case study of the gendered impacts of the crisis in Asia and the Pacific we see that within the seven industry groups in the region experiencing the negative effects of the global crisis³, women dominate the workforce at a ratio of two to five female workers for every male worker (Dejardin and Owens, 2009).

In times of economic strain and household joblessness **unpaid work burdens** for women

rise even more, as families are forced to rely more heavily on unpaid care or women are required to work longer hours in supplementary employment. But taking on greater hours of paid market work can compromise time for care; sometimes at the expense of the welfare of children and the whole family (Antonopoulos, 2009; Dejardin and Owens, 2009). Less time for care and/or burden shifting, whereby more household responsibility falls upon children, can have considerable ramifications for a child's long term development and their potential to escape future poverty.

Social discrimination and lack of political voice

Women are not only liable to experience discrimination in the work force; across society there are a number of gendered social practices which place women in a more precarious position in the face of lower household incomes. Research indicates that male unemployment is directly linked to the perpetration of **domestic violence** (Renzetti and Larkin, 2009). This has severe implications for female victims as studies have shown that domestic violence can affect women's employment; physical injuries can impair one's ability to work, whilst psychological distress can impact upon concentration, attendance and job retention (Swanberg *et al.*, 2005; Norton *et al.*, 1998) and results in degraded overall health of women and their children⁴ (Lalasz, 2004). Degraded maternal health can impact on children as mothers are less able to provide care, to accompany children to and from school or health clinics and/or as they are prohibited from working which exacerbates the declining income and consumption of the household.

Another way in which social discrimination plays out in the household is through changing **consumption patterns**, when households are faced with lower income or increased prices of food. An IDS report published earlier this year noted a significant decrease in the quality and diversity of food across all communities⁵ (Hossain *et al.*, 2009). But unpacking this further, there is evidence that reductions in food are different depending on household status; women are often the first to reduce their food intake despite the potential ramifications this may have for maternal and infant health (Holmes *et al.*, 2009). In Indonesia, during the economic crisis of 1997/98, child weight-for-age measurements remained constant throughout the period, despite sharp rises in food prices. This was because many mothers became 'shock absorbers of household



food insecurity', reducing their own consumption despite the resultant effects of increased maternal wasting and anaemia (Block *et al.*, 2004; Quisumbing *et al.*, 2008 in Holmes *et al.*, 2009).

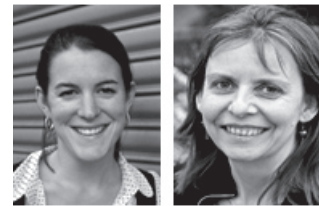
Insecurity and spatial disadvantage

In many countries, women's particular vulnerability in the face of income decline is compounded by their **lack of assets** and spatial disadvantage. In a number of crisis studies, the selling of assets has been identified as a direct result of the way the global recession is affecting respective countries (Hossain *et al.*, 2009; African Development Bank, 2009; FAO, 2009). Selling assets is a key means of finding short-term income, even if at the expense of long-term security, whilst shoring up assets is integral to the buffering of chronic poverty and to prevent its intergenerational transfer (Bird, 2007). Nevertheless for many women, drawing upon assets is not an option; in 2000 it was estimated that less than one percent of the world's landed property is owned by women (Lee-Smith and Hemmati, 2000). In a large number of low-income countries, property ownership and asset inheritance is transferred down the male or patrilineal line; although formal land reform (for example in Uganda and Rwanda) has tried to make ownership systems more equitable, in the majority of low-income countries with such

traditions, customary practice prevails (Bird and Espey, forthcoming). This leaves many women and particularly female-headed households in an increasingly insecure position.

Conclusion

Low levels of nutrition, precarious income and employment and lack of assets – all posited as direct effects of the crisis – have been shown to offset the 'threshold effect' (Ravallion, 2008) meaning that a future negative shock could push a poor household past its 'tipping point' and launch it into a situation of persistent poverty. It is clearly too soon to measure chronic poverty in the context of the current crisis, but previous research relating to this phenomenon can help us to identify early warning signs and individual factors that come together to produce poverty traps. However, effective identification of these early warning signs, and the identification of mitigating actions, requires that we recognise the gendered dimensions that play out within these household strategies. Women's lack of representation, in terms of political voice, household bargaining power and accessible asset rights, alongside their dual responsibilities as income earner and carer, leaves them particularly susceptible to bearing the brunt of household impacts. Ultimately, this may increase their vulnerability to poverty traps and therefore chronic poverty.



This CPRC Opinion is written by Jessica Espey and Caroline Harper

Additional resources

- Harper, C., Jones, N., McKay, A., Espey, J. (2009). *Children in times of economic crisis: past lessons, future policies*. ODI/CPRC Background Note. ODI/CPRC Background Note. Available at: <http://www.chronicpoverty.org/news/story/20091016-new-blog-the-global-financial-crisis-identifying-the-chronically-poor-in-low-income-countries>.
- Harper, C. (2009). *The global financial crisis: identifying the chronically poor in low-income countries*. CPRC blog. Available at: <http://www.chronicpoverty.org/news/story/20091016-new-blog-the-global-financial-crisis-identifying-the-chronically-poor-in-low-income-countries>.

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Endnotes

- 1 This may exacerbate the gender imbalances in secure employment; at the global level, the share of vulnerable employment in total female employment was 52.7 per cent in 2007, as compared to 49.1 percent for men (ILO, 2009:11)
- 2 Oxfam International found some revealing trends; Nicaragua's export processing zone, where female labour is prevalent, lost 16,000 jobs in 2008; more than half of the 40,000 jobs lost in the Philippines come from export processing zones where 80 per cent of workers are women; and Sri Lanka and Cambodia have each lost 30,000 mostly female garment industry jobs to date-in both countries the garment industry accounts for at least half of export earnings (Emmett, 2009).
- 3 These are textiles, garments, footwear & leather products, electronics, car manufacturing and auto-parts, hotels and restaurants and construction (Dejardin and Owens, 2009).
- 4 A study carried out in 9 developing countries found that the children of abused women were more likely to die before five years of age (Lalasz, 2004).
- 5 This study, which examined the impacts of the 'Triple F' crisis, drew upon a prism of five particular countries; Bangladesh, Indonesia, Jamaica, Kenya and Zambia (Hossain *et al.*, 2009).