Contribution to Momentum 2013

Economic Governance in the European Union –
Regress for Gender Equality instead of Progress?¹

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Introduction

In June 2013, EIGE, the European Gender Equality Institute published its first Gender Equality Index (GEI). The synthesized indicator, combining indicators in six core domains, namely work, money, knowledge, time, health and power shows that the EU is only half-way towards gender equality. Among the most interesting messages coming out of the GEI is, that gender inequality in power is highest; with the greatest distance from gender equality in economic decision making (EIGE 2013)². Economic power is male dominated, even much more male dominated than political representation. In this article we argue, that in spite of these marked inequalities, economic governance and crisis policies do not take into account gender relations and thus undermine efforts towards more gender equality. Since the 1990s, feminist economists do research on gendered impacts of macroeconomic policies and feminist conceptualization of macroeconomics. Main stream economics is often quoted as ‘male stream economics’. Contributions by Isabella Bakker (1994) conceptualising the ‘strategic silence’ about gender in economics provide both a stocktaking of early work as well as an outline of a broad research agenda. Especially neoliberal structural adjustment programmes and policies in the global South promoted during the 1980s and 1990s have stimulated intensive work on gender impacts of macroeconomic policies (see for example World Development, 1995). Yet, the strategic silence (Bakker, 1994) – the failure to acknowledge that macroeconomic policies and economic reform occurs on a gendered terrain – persists up to date. Based on a vast literature on gender and macroeconomics (see among others Bakker, 1994; Bakker et al., 2011; Benería, 2003; Bettio and Smith, 2008; Elson, 2002, Elson and Cagatay, 2000; Elson and Warnecke, 2011; Gubitza, 2006 and 2012; Klatzer and Schlager, 2011b; Löfström, 2009; Williams, 1994), our article looks at macroeconomic governance at the level of the European Union (EU) from a feminist perspective. It thus extends the feminist economist theoretical contributions on the relationship between economic policies and processes and individual well-being developed in the global South to the current political and economic change occurring within the EU.

Since 2010 a range of new policies implemented at the EU level in response to the financial and economic crisis are contributing to a swift transformation of framework conditions for macroeconomic policy-making for its member states.

The new economic governance comprises a set of rules and procedures on economic and budgetary policies introduced since 2010 at the EU level and in particular for the Euro area¹.


² Hartmann argues in his new book: Soziale Ungleichheit – kein Thema für Eliten, that the political elites in Germany were always a corrective for the conservative and impenetrable economic elite.
Under the banner of improving economic policy and budgetary coordination as well as competitiveness, fundamental reconfigurations of framework conditions, institutions and policy rules are taking place.

The main argument presented here is that the new economic governance in the EU does not only fundamentally change the room for manoeuvre for economic policy decision making, but also fundamentally constrains framework conditions for gender equality policies and thus bears profound implications for equality outcomes and women’s empowerment.

While gender equality and equal treatment of women and men have been declared a ‘fundamental tenet of the European Union since its inception and the principle of gender equality is central to all its activities’ (European Commission, 2011: 4), our analysis suggests otherwise. Even though the core of gender equality and gender mainstreaming policies and legal acts are not altered or affected as such, the macroeconomic governance of the EU has not only significant impact on the living conditions of women (and men), but engages in fundamentally altering economic decision making processes. This has significant impact on participatory spaces. We argue that EU macroeconomic policies are eroding gender equality and women’s empowerment in Europe and reversing gains of the past decades. Crucial dimensions of gender equality and women’s empowerment are negatively impacted, not only social and material well-being and division of labour, but also political spaces. The mechanisms of systematic reproduction of injustice (Young, 1990) are reconfigured and strengthened along gender lines.

New Economic Governance Regime of the European Union

The financial and economic crises since 2007 have led to significant reorganizations of economic policy coordination and economic governance in the European Union. While important contributions to the analysis of specific austerity programmes on women and gender equality have been done elsewhere – see e.g. the edited volume by Karamessini and Rubery (2013) for recent stocktaking – gender implications from the macroeconomic policy regime changes are virtually absent from the debate. Our objective is to contribute to the latter by presenting a broader gender analysis of EU macroeconomic policy regime and point attention of feminist scholars and activists on these profound alterations of the economic policy space.

Key features of the European Union macroeconomic governance

Until 2010, the main macroeconomic policy coordination instruments at EU level were the Stability and Growth Pact (SGP), the Integrated Economic Policy and Employment Guidelines, as well as the Europe 2020 strategy, the follow-up to the Lisbon strategy.

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

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

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

(3) The introduction of the European Semester with streamlining the timing of major economic and budgetary policy surveillance procedures at the European level and subsequent decisions at national level harmonizes the timing of surveillance in the frame of the SGP and the macroeconomic surveillance. It brings about a narrow ex-ante coordination and strict surveillance and enables strong interference of the EC and the ECOFIN Council in budget and economic policy priorities of member states. Democratic decision making procedures at member state level are being narrowed and Parliamentary votes in budget and structural reform matters will to a large extend be limited to rubberstamp specifications from the EU level.

(4) The establishment of a Fiscal Compact outside the European Treaties, enshrined in a treaty under international law, namely the Treaty on the Stability, Coordination and Governance (TSCG) in the Economic and Monetary Union – bringing together all member states except Great Britain and the Czech Republic. The core element is the Fiscal Compact in title III of the treaty. The TSCG has major further implications on fiscal policy by mainly further reducing room for manoeuvre and introducing rule-based procedures which de facto enforce zero deficits and confirming the harsh debt reduction obligations already enshrined in the reformed SGP. The debt brake consists of the obligation to have an annual structural deficit below 0.5 per cent of GDP if debt level is above 60 per cent of GDP, or up to 1 per cent of GDP if the debt is below 60 per cent of GDP, of an automatic correction mechanisms and the establishment of an independent fiscal surveillance institution at national level. The Fiscal Treaty introduces new voting rules for opening excessive deficit procedures ensuring that MS have to follow the proposal of the EC unless it is clear beforehand that a qualified majority is against it. This is of relevance because it implies stronger control from the Commission and the imposition of sanctions if member states do not comply with guidelines from the European level. Furthermore, countries under excessive deficit procedure have the obligation to submit budgetary and structural reform programs to the EC and the ECOFIN Council for approval.

(5) The Euro Plus Pact, a political agreement which was later referenced in some of the legal documents above, aims at strengthening structural reform policies in areas of member state competences. The Pact commits signatories to even stronger economic coordination for ‘competitiveness and convergence’. The surveillance of implementation of the commitments is integrated into the European semester and the Commission monitors it. The provisions of the Euro Plus Pact lead to increased pressure for reforms towards liberalization of markets under the code word of
increased competitiveness and it is intended to put pressure on wages and foster labour market reforms (Feigl and Templ, 2010). Furthermore, the Pact includes agreements to reform pension and health care systems as well as social benefits with the perspective of financial sustainability, which basically is a code word for reducing benefits and payments under these schemes.

(6) The intergovernmental Treaty Establishing the European Stability Mechanism (ESM), signed in February 2012, introduces the so called permanent emergency parachute. The ESM established a new institution tasked to give financial support to member states with difficulties to finance the public budget via financial markets. Financial support is linked to strict conditionalities and macroeconomic adjustment programs which are negotiated and controlled by the EC. Finance ministers of the Eurozone have negotiated the treaty and put themselves into the decisive positions within the ESM. Institutionally the ESM has been set up in a way that it is completely obscure and not accountable to democratic institutions. The ESM cooperates closely with the IMF and the ECB but excludes the European Parliament. There are no possibilities of democratic control by the EP and there is no regular control institution set up, but the administrative council of the ESM can elect its own control organ. Although a stability mechanism to help member states in financial trouble can be seen as a useful instrument, the problem with this Treaty is that the ESM establishes a new institution with great power outside established standards of rule of law. Also, countries receiving money from the ESM are obliged to sign the Fiscal Treaty.

In summary: The new economic governance within the European Union is an example of Stephen Gill’s (1998) concept of ‘new constitutionalism of disciplinary neo-liberalism’. It is characterized by rule-based fiscal policies that de facto have a much stronger legal validity than constitutional laws at national level because changes at EU level – often to be taken with unanimity – are much more difficult. Lopsided focus on deficit and debt reduction, a coercion of permanent austerity which leads to downsizing of the public sector as well as strengthening of structural reforms – in the name of increasing competitiveness – aimed at deregulation and liberalization of markets in particular also reducing labour market regulations and increasing flexibilization of rules and workers as well as putting downward pressure on wages. What takes place is a high degree of transfer of influence over delicate economic and budget policy decisions to small elite groups within bureaucracy lacking democratic legitimacy with considerable increase of powers of the finance bureaucracy in the EC and in member states. The creation and reinforcement of such non-transparent processes without possibilities of democratic influence and control is another core characteristic of the new economic governance regime.

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

The analysis of gender dimensions of the EU macroeconomic governance regime presented here follows a multidimensional approach. As presented in table 1, the frame focusses on four dimensions, namely (1) gendered contents of governance mechanisms as institutions and processes of decision making, (2) gender biases of economic policy rules, (3) gendered implications of the transformation of the state as well as the impacts on women and men. The latter is rather well documented, but often the exclusive focus of gendered analysis of crisis policies (e.g. Karramessini/Rubery 2013). Furthermore, a comprehensive analysis also needs to take into account the repercussions of the prevailing gender order on macroeconomic performance, an aspect which needs to be further explored in the European context.

Table 1: Dimensions of Gender Analysis of Economic Governance Regimes

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Implications of Gender Order (Gender Relations) on Macroeconomic Performance


Gender Biases in Economic Policy Objectives and Rules

The macroeconomic rules and priorities do have enshrined gender biases. The European Central Bank is committed to price stability and does not pursue the goal of high
employment, a clear example of the *deflationary bias* identified by Elson and Cagatay (2000). Even with inflation rates of less than 1.5 per cent, while unemployment rates are at record levels of more than 12 per cent in the Eurozone and youth unemployment at 24 per cent in April 2013 (Eurostat 2013a,b), the ECB is still not inclined to pursue growth and employment promoting policies or equality between women and men, even though its statutes and the legal basis would leave room for that (article 127 of the Treaty on the Functioning of the European Union in combination with article 3 of the Treaty on the European Union).

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

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

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

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

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

From a gender perspective the power shift in influence over macroeconomic policies has severe implications. While also in the past power shifts towards finance ministries could be observed, with the new regime in the EU there is a decisive leap forward. The finance bureaucracy in the European Commission (DG ECFIN) and in member states (finance ministries) receive large new powers in budget and economic policy decision making. This marks a shift in gender relations and power structures as well, as these institutions of finance bureaucracy not only are dominated to a much higher degree by men as many other parts of the bureaucracy, but are still highly dominated by masculine norms and traditions (Schuberth, 2006; Sauer, 2010). Especially national parliaments loose in influence due to these rule based, bureaucracy dominated procedures. This has considerable influence on the representation and the influence of women in relevant decision making processes. Even though women are far from being represented equally in parliaments, there has been a considerable increase of women in parliaments compared to other spheres of power. And now, as women have started to enter economic and finance policies in parliaments and in national governments, the power over crucial decisions moves elsewhere. Contrary to the persuasive work of feminist political theorists to engender democracy (Phillips, 1991) the bureaucratic and political practice in the EU not only continues to privilege the male, but even suggests deterioration. A picture which is confirming trends identified in feminist analysis of power relations and influence. While the degree of women and their influence in traditional democratic institutions has slowly increased over the last decades, the effective decision making power has not only shifted towards selected EU institutions and but also to other international institutions like the IMF, multinational enterprises and finance institutions and markets. These constitute terrains of masculinity and male dominated power, increasingly gained power over political decision making processes (compare also Colin Crouch’s (2004) post democracy analysis).
Furthermore, the new regime will strengthen the surrender to the judgement of the financial markets (Klatzer and Schlager, 2011a), bringing more volatility to the Eurozone area. As the new mechanisms is bundling information about important economic developments and the DG ECFIN in the EC gets – in alliance with the ECOFIN Council – virtually the sovereignty of interpretation over and appraisal of the quality of economic policies of member states. Given the current neoliberal ideology prevailing within the DG ECFIN, it can be expected that deviations from the neoliberal canon will be assessed as ‘wrong’ or ‘bad’ macroeconomic policies. This assessment will not only be decisive in the process of imposing sanctions but also largely influence market reactions. In combination with still weak advances to regulate financial markets and markets power over interest setting for sovereign debt, the new regime will further strengthen the power of financial markets over budget and economic policy decisions – especially by means of downgrading and speculative attacks.

The power shifts within the EU can be observed for all member states, however, it is being further reinforced for Eurozone members through financial sanctions. But for EU states which need financial support, the shift is most pronounced. The economic policy dictate of the Troika – in the form of the EC, IMF and ECB – marks the top of the power concentration without any democratic control or legitimization. The EU countries which so far have received financial support to ensure their solvency, Greece, Ireland, Portugal and Cyprus have been forced to sign memoranda of understanding on economic reform with common patterns: deregulation of labour markets and wage cuts, including minimum wage cuts, other structural reforms and massive cuts in public expenditure and public employment as well as measures to save banks. In all three cases the Troika has imposed conditionalities without giving national parliaments or the European Parliament a chance to participate in negotiations. With the new European Stability Mechanisms this form of authoritarian power concentration and concurrent masculinization is being legally ensured and strengthened by international treaty. It is interesting to see, that the male dominated ECB is included in the new rules and procedures, the European Parliament, which represents the European people and – at least to a minor extent – pursues gender equality priorities, is not involved in the decision making procedures.

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

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

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

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

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

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

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

The impacts of fiscal austerity and the reduction of public services on women are not specific to the current situation in Europe. As we have described earlier, the experience during structural adjustment programmes in the global South and the Asian crisis 1997/98 have followed much of the same pattern. During the Asian crisis banks have been saved by huge public subsidies and the subsequent fiscal consolidation resulted in a ‘downloading of risks to the kitchen’ (Elson, 2002: 1), with a massive increase of unpaid work of women. Women compensated income loss through the provision of unpaid work. Many services previously bought in the market or provided by the state have again been transferred to the unpaid household sphere. Budget cuts in health services and education resulted on the one hand in job losses for women and on the other in increased unpaid work to compensate for these services. Women have been affected by the crisis in by austerity packages in a manifold way and have shouldered the costs of the crisis to a higher degree (Elson, 2001).
These experiences have been repeated in the current crisis in many European countries. As women in the EU have on average lower income, higher exposure to risk at poverty, as well as (again) higher unemployment rates, a larger share in unpaid care services and lower endowment with capital and wealth, women are much more affected by the current policies. Similar effects can be observed in different EU countries. In the UK for example, it is estimated by researchers at the House of Commons Library that women will pay over 72 per cent of the cuts in welfare benefits and changes to direct taxes in the budget introduced in June 2010 by the new Conservative/Liberal Democrat coalition government (The Guardian, 4 July 2010; WBG, 2010). The analysis of the UK Women’s Budget Group (WBG) of austerity plans for 2011 and subsequent years (WBG 2011, 2012, 2013) showed that until 2014/15 an average household will have lost public services amounting to 6.8 per cent of its income. Female pensioners however will suffer a loss of public services representing 11.7 per cent of their income, while the loss of female single parents amounts to 18.5 per cent of their income. Women ‘pay’ for an estimated 72 per cent of changes in taxes and reductions of expenditures introduced in 2010 (WBG, 2011). This includes the increase of the pension age for women to 66 years, increases of sales tax from 17.5 per cent to 20 per cent, job losses in public sector, cuts of financing for 95 per cent of women’s organizations and institutions serving the interests and needs of women as well as the abolition of the Women’s National Commission, which represented women’s interests vis-à-vis the government (WRC, 2011). According to own estimates, 25 per cent of women’s institutions will have to close down due to lack of funding.

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

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

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

Our analysis of the different dimensions of the gendered implications of the new EU economic governance demonstrates how macroeconomic policies at the EU level have a negative impact on gender equality and gender relations. The contribution of this article has been to highlight how policies in response to the crisis at macroeconomic level in the European Union contribute to a reconfiguration of the existing gender regimes. We show that the new rules and regulations of the EU economic governance, and decision making mechanisms contribute to forming power structures that are reconfigured and strengthened along gender lines. The crisis is being used to reinforce patriarchal hierarchies and hegemonic masculinity. We are confronted with a reconstruction of the state and of politics under masculinistic accidentals. Those who caused the crisis emerge as experts to solve the crisis, and thus can retain and enlarge their power.

The main institutional reconfiguration shifts power over priority-setting for macroeconomic and budget policies from democratically elected and representative institutions at member state level to bureaucratic institutions at the EU level. This is a power shift which is highly gendered. Women lose decisive influence in the terrain of political decision making. Hard-won and slow progress in participation in decision making processes is being undermined. Women still are underrepresented in traditional democratic institutions. But with the shifts in economic governance even these strides towards participation are being lost as power and influence over economic policy making is shifting away from national governments and legislators to new institutions. And the institutions gaining power and influence are male dominated and have a masculine connotation. The binding of fiscal policies to rules in the EU, the silent neoliberal revolution of the ‘European crisis constitutionalism’ represents also a constitutionalization of gender blindness and the strategic silence in European economic policies with its gender biases and reinforced downloading of costs and risks to women.

European economic governance is gender politics with the cards close to one’s chest. The focus on debt and deficit reduction leads to a fiscal squeeze in EU member states which translates in extensive cuts in public expenditures, and especially in social services as well as significant reductions in public employment. This accelerated the trend of weakening the welfare state arrangements. With the new EU governance masculine steering mechanisms are being introduced and strengthened, and economic policy prescriptions still are based on tacit – feminized – shifts of costs and risks. With the new economic governance the EU is creating economic and social problems as well as increasing democratic deficits. But even more, the economic governance brings about new gender policy challenges and constitutionalizes hegemonic masculine structures. Economic and social policies pursued in the light of the European economic governance bring about off-loading of risks to individuals and in particular to women and embody significant risks of negative impacts on gender equality.
References


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1 The Euro area is the group of 17 EU member states which have adopted the Euro as their currency.