

## TOPIC: Gender and fiscal policy (taxation and budgets)

**Conceptual rating:** INTERMEDIATE TO ADVANCED level

**Suggested module objectives:**

1. Put gender budget initiatives in a “deeper” perspective through developing gendered analyses of fiscal policy (on both the expenditure and revenue sides of the equation).
2. Offer gendered policy alternatives to the neo-liberal thinking re: goals of fiscal policy.
3. Explore the real-life consequences of this debate as it applies to “policy space” (fiscal space) and “sound” fiscal policies in IMF loan conditions.
4. Examine different financing of development strategies and the gendered implications, including privatization.

**Key concepts:**

1. Neo-liberal model of the role of the State and related fiscal policy goals.
2. Gendered analysis of various fiscal policy elements that are often less well understood such as taxation, privatization, deficit reduction targets, etc.
3. Policy space – definition and challenges to that politically and economically for Southern governments.
4. Fiscal policies that can promote gender equality, growth and development.

**Cross references:**

- ***Link with Module 1:*** Basic introduction of macroeconomic policy. The treatment of fiscal policy here could be a good foundation for Module 10.
- ***Link with Module 4:*** Gender budgeting. This module provides a good look at a concrete alternative approach to national budgets.
- ***Link with Module 8:*** Trade and finance linkages. Some aspects of trade liberalization can have a major detrimental impact on budgets.

**Time required:** 2 hours

**Suggested methodology: Large and small group DISCUSSION. LIVE ILLUSTRATION/MOVEABLE SCULPTURE. Mini LECTURE.**

**Relevant readings:**

- Alexander, Nancy, "How to Expand Public Investment: UNDP weighs in on the World Bank rethink of the way in which 'Fiscal Space' is conceived", GCI.
- Bayliss, Kate and Kessler, Tim, "Can Privatization and Commercialisation of Public Services Help Achieve the MDGs? An Assessment", Working paper #22, July 2006. [www.undp-povertycentre.org](http://www.undp-povertycentre.org).
- Braunstein, Elissa and Heintz, James (2006) "Gender Bias and Central Bank Policy; Employment and Inflation Reduction." Working Paper 06-1.
- Budlender, Debbie, "Gender Budgets: What's in it for NGO's?" Gender and Development, Vol 10, No. 3, November 2002.
- Cagatay, Nilufer, "Gender Budgets and Beyond: Feminist fiscal policy in the context of globalization", *Gender and Development*, Vol. 11, No.1, May 2003.
- Floro, Mria, Cagatay, Nilufer, Willoughby, John and Erturk, Korkurt, "Gender Issues and Concerns in Financing for Development". [www.un.org/womenwatch/ianwge/collaboration/2006/am](http://www.un.org/womenwatch/ianwge/collaboration/2006/am).
- Grown, Caren, 2006. "What Gender Equality Advocates Should Know about Taxation", AWID Spotlight 7, 2006.
- Latigo, A. 2002. "A Conceptual and Analytical Framework for Gender Mainstreaming in National Accounts and National Budgets – Words Need Numbers to Influence Them". The African Center for Gender and Development of the Economic Commission for Africa.
- Rowden, Rick and Thapliyal, Nisha (2007), IMF Still Blocking Progress on HIV/AIDS, Health and Education. New Report Outrages Aid Advocates. Policies and Priorities, Volume 2, Issue 1.
- Rowden, Rick (2005). "Changing Course, Alternative Approaches to Achieve the Millennium Development Goals and Fight HIV/AIDS; September 2005; Action Aid International USA.
- Roy, Rathin, et. al., "Fiscal Space for Public Investment. Towards a Human Development Approach", UNDP, 2006.
- Seguino, Stephanie, "Financing Gender Equality: Macroeconomic Policies for Leveraging Resources", paper prepared for the UN General Assembly Second Committee, Nov. 12, 2007. [www.un.org/ga/second/62/sseguino.pdf](http://www.un.org/ga/second/62/sseguino.pdf).
- Stotsky, Janet Gale, "Budgeting with Women in Mind. Why Using the Budget to Empower Women Makes Good Economic Sense." Finance and Development, Vol. 44, No. 2.
- Stotsky, Jane Gale, "Gender Bias in Tax Systems", IMF Working Paper, 1996.
- Stotsky, Janet Gale, "Gender Budgeting", IMF Working Paper 06/232, 2006.

- Stotsky, Janet Gale, “How Tax Systems Treat Men and Women Differently”. Finance and Development, March 1997.
- Stotsky, Janet Gale, Powerpoint Presentation for the HBF Summer School: “Overview of IMF Fiscal and Tax Policies”.
- UNIFEM, “Gender Responsive Budgeting and Women’s Reproductive Rights: A Resource Pack”, 2006. Available in English; French and Spanish
- UNIFEM, 2006, “Gender Responsible Budgeting: Concepts and Principles” A PowerPoint Presentation of the UNIFEM GRB Initiative.
- Williams, Mariama, “Civil Society and the New Aid Modalities: Addressing the challenges for Gender Equality, Democracy and Participation”, 2007.
- Zuckerman, Elaine, 2005. “An Introduction to Gender Budget Initiatives” Gender Action.

**Preparation and supplies needed:**

- Newsprint pad/flip chart paper and markers to record certain parts of the discussion
- Review suggested reading material.
- Make signs, find props and possible costumes, gather money (real or fake) for the live illustration/moveable sculpture.
- Research the state of fiscal policy in your country. Are there active debates? Campaigns? What role, if any, is the IMF or WB playing in your country re: setting terms for fiscal policy? Are there documents that would be helpful for participants to read in order to understand the situation? If so, duplicate these.
- Duplicate material for small group work. Determine if reading can be done in advance and distribute it to participants accordingly.
- Develop questions for small groups. Write on newsprint/flipchart paper. (Suggestions appear in section describing how to conduct session.)

**Suggested content to be covered:**

- Review suite of options Southern nations have for financing development (external and internal financial resources).
- Review standard components of neo-liberal agenda related to fiscal policies and liberalization (cuts in public expenditures; shrink deficits; privatization; shrinking revenues as a result of tariff cuts or elimination, decreases in capital gains taxes to promote an investment climate, and cuts or elimination of revenues from state owned enterprises).
- Review political and economic implications of neo-liberal agenda for suite of options for financing development, including the evidence of gendered consequences of these various aspects.

- Explore in greater detail gendered dimensions of least well-known aspects of fiscal policy, for example: taxation; fiscal space arguments (and the link between greater gender equality and economic growth and development).
- Use ActionAid material to examine current struggles over fiscal space, fiscal policies and the gendered consequences of restrictive IMF fiscal policy conditions.
- Discuss alternative fiscal policy formulations that can promote gender equality, growth and development (e.g. arguing that public investments can “crowd-in” private investment, the need to rethink how fiscal space is conceptualized, global taxation and redistribution of income, debt cancellation, opposing “anti-deficit radicalism”, reallocating military spending, etc.)

### **Description of how to conduct the session:**

1. Welcome by host group(s) and introduction of facilitator(s); provide any needed logistical information; outline goals for session.
2. Depending on size of group, invite participants to introduce themselves, share an expectation or question they bring. (Record expectations or questions on newsprint, if you are doing this step, and refer to them throughout the session.) If the group has met before, consider omitting or shortening this step.
3. **LIVE ILLUSTRATION (MOVEABLE SCULPTURE).** You will need about 10 volunteers for this SILENT moveable sculpture. Facilitator is the sculptor. Person A is: foreign debt. Have that person stand on a chair or a table, so that the person is higher than everyone else in the sculpture. Person B is: Minister of Finance (MOF) with some money in hand. MOF is surrounded by a circle of 3 people facing the MOF holding hands. These three people have signs on their backs with writing large enough so audience can see. Signs read: Efficiency; Revenues; Grants and Loans. There are 3-4 people outside the circle, surrounding it seated or on the ground with hands out, reaching toward the MOF – people who are ill, elderly, wanting an education, generally in need of a government service or program of some kind. There is at least one person representing a corporation sitting comfortably by a desk – feet on it – also outside the circle. Here is the action: People in need move their hands, trying to get MOF’s attention, reaching out for some money. People in circle, hold hands and just keep moving around in a circle around MOF. Every 5 seconds the facilitator rings a bell or sounds a buzzer. The MOF reaches over the moving circle and gives some money to Person A. Very occasionally, MOF may give someone some money outside the circle at other times, but it is not much. Do this for about 30 seconds maximum.
4. **Large group DISCUSSION.** De-brief the live illustration. What did people see? What was happening? Use this to explain the concept of “fiscal space” (also known as “policy space”), and what actions can expand or contract it.

- What does the WB and IMF assume is the goal of fiscal policy? How was that depicted in the live illustration? What are the standard components of fiscal soundness? What are some typical policy conditionalities in this regard? If you are looking at this with a gendered analysis, what would you see as the consequences and goals of “liberalization” and fiscal prudence?
5. **Mini LECTURE.** Discuss taxation and a gendered analysis of biases in different forms. Discuss gendered consequences of handling budget deficits in different ways (loans, increased taxation, grants, cutting expenditures...). If it hasn’t come up yet, discuss the UNDP’s arguments for increased public expenditure and what this might mean for gender equality. Include a discussion of evidence that social investments to promote gender equality translate into stronger growth and development for developing countries.
  6. **Small group DISCUSSION.** Break into smaller groups for discussion of Action Aid material on IMF policy conditionality and HIV/AIDS and education spending. If small group time is limited, assign certain sets of questions to different groups to ensure all questions get considered by at least one group. Some sample questions: What kinds of fiscal policy conditions are these countries facing with the IMF? In what ways does the IMF have political and economic leverage to ensure their conditions are met? What are the consequences of these prescriptions on health, education, and employment (do a gendered analysis of this)? What do advocates propose as alternative policies? What are the economic and political arguments for alternatives? What do you think about the alternatives and the arguments?
  7. **Large group DISCUSSION.** De-brief the small group discussions. Probe and question, fill in gaps in analysis as needed. As appropriate, and if desired, add recommendations from Cagatay, Alexander, etc.. If you have found material related to your own country, close the session spending some time talking about this and the state of any existing political or academic challenges, proposed alternatives, and/or campaigns.
  8. If this is part of a larger economic literacy effort, link this session to the next one. Provide logistical details related to the next session, as appropriate. Thank the audience for their participation.

**Ideas for alternative methodologies/modification of the level of discussion:**

- **For a more advanced audience OR a more activist group:** Bring information about your country’s sources of revenues and tax policies. Invite small groups to do a gender analysis of this side of the ledger. OR focus on a gendered analysis of financing for development options using the Seguino, Floro et. al, and Williams’ papers as the primary background readings.
- **For a more basic to intermediate audience:** Do the live illustration and de-brief it. Use it to move into a Mini LECTURE on fiscal space (some people also refer to this as “policy space”), more “liberal” public investment spending that will promote gender equality and growth, and gender biases in taxation.

Cut out small group case study work, but close with reference to this material to bring the points home in a real life example.

**Some useful organizations or websites related to this topic:**

[www.actionaidusa.org](http://www.actionaidusa.org) ActionAid's US office is coordinating a 3-country pilot to address macroeconomic policy requirements related to national budgets that are a part of IMF programs in Kenya, Sierra Leone and Malawi. Periodic analyses and news reports of developments appear on their website.

[www.dawnnet.org](http://www.dawnnet.org) DAWN has a long-standing interest in the role and nature of the State and the implications for gender equality and development. Their website offers link to some of their research and publications in this area.

[www.gender-budgets.org](http://www.gender-budgets.org)

[www.genderandmacro.org](http://www.genderandmacro.org). In addition to their own publications and research findings, they have an excellent list of other links.

[www.umass.edu/peri](http://www.umass.edu/peri)

[www.unifem.org](http://www.unifem.org)