

**Linking what's new –  
Gender Budgeting and Participation for Gender Equality**

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### New Public Management and the challenge of the gender gap

In modern times municipalities and regions all over the EU face similar challenges. They have to support economic activity and stimulate regional economic growth, they have to cope with demographic change and the ageing of population, they have to sustain social cohesion and prevent unemployment and poverty. Last not least they have to foster policies which are directed towards a sustainable future. Every citizen expects to enjoy well-being in a society promoting social justice and taking care of a healthy environment.

Within a frame of common European priorities the EU member countries pursue paths between traditional identity and the openness to move ahead. This is true not only for policies but in the same way for the methods to spend public money. Currently, experts and practitioners (not only) in the EU are discussing new concepts and procedures to adapt public management to modern requirements. They try to identify the most urgent needs and define priorities in order to fulfil the task of comprehensive governance.

The EU is primarily an economic community, although there have always been hopes and efforts to intensify the political profile of the European unification. While in the traditional state public authorities are functioning as providers of many goods and services, in modern countries strong forces insist that the market should be given preference in as many concerns as possible. Currently, the majority of politicians and economists concede that even social services should be shifted to the market. Market goods are supposed to be very precisely adaptable to the needs of their users, and private providers are supposed to be more efficient and less expensive.

I am an economist, and so I hope you are indulgent with my tendency to look at Gender Budgeting from an economic point of view. Let me look at my home town as an example of current developments. The city of Cologne converted, after a period of experiments, 2008 the total of the municipal budget from traditional to New Public Management. For the administrators of municipal finance, the identity of our community switches from a place with a gorgeous medieval cathedral to a corporation whose output is arranged in 17 groups of municipal products. Of course we try to match the expenditure with the return, and necessarily we realize that the monetary constraints define what we can afford. A very

popular slogan here and elsewhere is that we have to save our resources in favour of our children and grandchildren.

Cologne still is a wonderful place to live, especially for those who have enough money to buy what they need. Otherwise, we have in Cologne many groups of the population who have to be supported because they lack sufficient spending power. The primary step is to target the products which have to be subsidized in order to be available for everybody. I don't need to say that not only in Cologne or in Germany, but all over the world women have less money than their male counterparts. With the targeting of public money, we reach the first area where **gender** comes into the picture of efficiently managing public affairs.

#### Gender inequality is deeply rooted in the traditional approach of the market economy

This is the point where it is useful to have a glimpse into economic theory. Economists still refer to households instead of persons. Economic agents are not male or female, but households, and the famous homo oeconomicus is to be seen as the link between the economy and real life. It is he who bears the achievement as well as the well-being of his household in the socioeconomic framework of the market economy. No need to say that this basic assumption of economic reasoning is far away from depicting modern reality.

In all European countries women as well as men are individuals of their own right not only before the law, but increasingly in economic terms. Women and men can't be conceived as family-bound users or customers of market goods and public services. In the contrary, both genders are autonomous partners of the local authority in supplying the basic means of public life. It has to be acknowledged that their functioning is indispensable not only for the family, but as well for the community.

On the blueprint of an economic point of view which is not capable to handle unsold goods and services, the economic approach of Municipal Public Management is in danger to cause serious imbalance. In a community where the citizen is not the (patriarchal) household but an individual person of either sex or age the economic level definitely falls short of capturing adequate governance. Dealing with municipal resources, Municipal Financial Management therefore urgently has to be supplemented by **gender** aspects. This is preferably, but not exclusively true for the sector of family-oriented social services.

### Gender Equality is as well an issue of human rights as of economic growth and competition

Referring to Gender Budgeting, the Council of Europe points to the gender bias of economic theory and shapes gender equality as a fundamental human right. Otherwise, it must be seen that in gender equality concerns the EU always places the economic aspect in the foreground. Let us recall Article 119 of the treaty of Rome in 1957. The rule of equal pay was the starting point of gender equality in the newly founded Union. France had reminded that gender pay gaps were likely to distort the competition between the industries of the member states. It was decided that unjustified gender gaps should be totally removed in favour of unhampered economic growth stimulated by unhampered competition.

I dare to say that right from the start, European unification revealed the interdependence of promoting gender equality and the rules and goals of the enlarging economy. In the foreground, strengthening the position of women in the labour market is primarily a demand of social justice. On the other hand, the independence of wives and mothers of family support lowers poverty risks and thereby diminishes social burdens for the economy and the state. Speaking in economic terms, family members are dependents of household income which originally (and partly up to date) is in total awarded to the male householder. From the economic point of view, the self-reliance of wives and mothers therefore reduces primarily costly public subsidies and interventions when households fall short of male assistance.

On the bottom, the economic empowerment of women compensates the inability of traditional structures to secure the welfare of women and children and thereby the cohesion of generations. Once more we should consult economic theory. In the eighteenth century Adam Smith who is said to be the father of current economic reasoning minded that personal services were unproductive, consuming resources which should be spent to upgrade the stock for the production of material wealth. Of course, he didn't think of female services in the family: they didn't emerge from the dark. At his time, the achievements of the household were attributed solely to the male head of the family. He thought of remunerated work of (male) servants and professionals who rendered services destined to furnish a surplus of well-being and leisure.

Don't blame me for blaming the short-sightedness of the industrialized mode of doing economics. Adam Smith was a pioneer in exceeding the limits of workshop-based manufacturing. His goal was to speed up the production of tradable goods in order to extend

the wealth of (European) nations. His theories represented the reasoning of the area of enlightenment when everything not fitting into 'rationality' was eliminated. Among philosophers and scientist it was consented that women were irrational. It seemed to be rational that they didn't enter the economic picture.

The theories of the early economists were embedded in the spirit of the 18<sup>th</sup> century. They initiated a long-lasting period where women were invisible and considered to be economically inferior. Female tasks and achievements, hidden in the private household, remained a blank space in economic theory. Only in the last decades feminist economists try to fill the gap. They symbolize the missing part of economic thinking by the term *care*. Care is not dedicated to produce tradable goods, but supports relationships, personal well-being and health. It loses its quality for the human part of maintaining life when it is subject to the rules of material production. Care-work is time-consuming and resists any attempt to be accelerated.

Accordingly, in economic terms the inner-household activities are entirely unproductive. Housework isn't compatible with the term *labour/work*, but assists consumption and helps to make both ends meet. Providers of unpaid work are not considered to be suppliers, but are rated as users or consumers, and the expense for their maintenance is said to be consumptive. This is the main reason why private and public budgets are reluctant to support caring activities and the provisioning of old and young generations. At the margins of the economic focus, paid and unpaid caring-work shares the prejudice usually applied to women: it doesn't need special attention.

In order to evaluate the current valorization of gender aspects in the frame of economic development, it should be recognized that the household as the basic economic unit has to be split up into the functions performed by men and women. It is necessary that the gendered parts of household activities (the 'productive' and the so-called non-productive) be manageable by open-minded and future-oriented policies. Not only men and women, but at the same time their work is to be included in the analysis. It has become inappropriate to attribute the gendered functions of the household simply to individual behaviour.

When experts complain about what they call 'the crisis of reproduction', they think of child poverty, shortage of time, weakening of social cohesion, widening of the social gap between individuals and families, environmental deterioration, fainting of the quality of life. There are

only few – mainly women – researchers who beware of globally accusing global capitalism or the shortcoming of moral values. They recall that modern economics are based on the sorting out of ‘unproductive’ human activities into the realm of the non-economic, consumption, leisure, individual choice. At this point the family enters the arena.

One could say that the unproductive part of sustaining life has subsequently been dropped in the process of industrial growth. In the family it is subject to gender-based strategies. The self-esteem of men being rooted in productivity and power, it’s primarily women who deal with the non-economic bequest of economic progress. Increasing time constraints and stress interfere with their capability to provide well-being and care. On the tide of ever-enlarging markets the family – women and their children, the aged and other groups who need intensive care - has to cope with the fallout of the growing economy.

Will New Public Management be able to handle the dangers of such developments? Very easily, decisions based on economic principles may even aggravate the bulk of women’s burdens. Maybe this is the reason why mainly women deal with the opportunities and risks of Gender Mainstreaming, Gender Budgeting and the role of Civil Society when it comes to find innovative solutions for ever-increasing problems.

## **Municipal Strategies for the sake of economic stability and social cohesion**

### The role of Gender Mainstreaming and Gender Budgeting

While gender relations play an important role in the current constellation of societal problems, it is important to evaluate Gender Mainstreaming and Gender Budgeting. Both strategies are urgently recommended by the European Union as well as by the World Bank, the Commonwealth Secretariat and other agencies of international economic cooperation. Their common goal is to bridge the gender gap in taking advantage of the opportunities of economic growth and enlarging markets.

It is expected that gender-oriented policies help to smoothen the impact of the ongoing world-wide industrialization and the liberalisation of trade and financial markets. Everywhere, small-scale production and family-bound provisioning are in danger to loose their anchoring. More women than men are bound to open up new resources in order to secure their life. More women than men are already poor.

## - Gender Mainstreaming

Currently, Gender Mainstreaming is the most recommended strategy to protect women and their families from the deepening of the gender gap. It is destined to broaden the access to new opportunities for both genders and to overcome barriers hindering primarily women in taking advantage of current developments. Nevertheless, in Germany and other European countries conservative voices doubt that Gender Mainstreaming is the right strategy to win a better future. People think that bridging gender differences means contesting male or female identities and change male or female behaviour. They don't understand what should be wrong with being a man or a woman. It is very hard to make them accept that Gender Mainstreaming means changing structures which retain women and men from developing their full capacities.

If ever, stability-minded people (men and women) concede that women should gain more equality in the labour market in favour of social justice. At the same time these groups complain about the weakening of the family by the ongoing loss of moral values and women's desire to be independent. Seemingly, these people are convinced that the female half of humanity is attributed the power to dissolve the economic dilemma by individual option. This misunderstanding often ends up in blaming a woman for individual failure when her resources – power, time, money - didn't allow her to keep things straight.

We need conceptions which account for differences between women and men which are not based on what people (and the economic and sociological mainstream) think is a gift of nature or a fringe of marriage. Therefore should the approach of Gender Mainstreaming in no case be confined to the public sphere and the labour market. Only the perception of the non-economic part of human activities as a dimension of human resources will help tackle the problems arising from the gender-blindness of mainstream theories. It is a fundamental requirement to overcome androcentric approaches based on the patriarchal household of former times.

Gender Mainstreaming has the task to rearrange every-day life and the structures of public institutions so as to keep the balance between life and work when the extension of the global market threatens the support for everything which doesn't yield accountable (economic) return.

## - Gender Budgeting

The EU regards Gender Budgeting in the first place as an instrument of Gender Mainstreaming. Within this overall approach there are uncounted points of reference from which the Gender Responsive Budget can be seen. How do public budgets account for the difference between men and women and their different functions? Is there any consciousness for the need to pay attention to inner-household issues like unpaid care-work? Does public finance contribute to the empowerment of women and their function to secure the well-being of generations?

For all those who plan to implement a Gender Budget, it would (at least) be appropriate to know how the discipline of Public Finance deals with the household as the basic unit of economics. As far as I can see, the academic angle of the field has not done any research or even delivered helpful recommendations. Public authorities handling public money have to rely on themselves and the method of trial and error. Family-oriented tax policies and spending priorities are more or less a matter of culture and consent. This is equally true for the principles that guide everyday procedures.

Old rules which discern between ‘productive’ and ‘unproductive’ public spend certainly are outdated, but the priorities of economic growth and the ever enlarging market interfere with the willingness to ‘invest’ in social or consumptive needs. Institutions like the World Bank and other providers of money for development have tried out what it means to deny an adequate support for the ‘non-economic’. With their programs of Structural Adjustment they reduced the availability of resources for health care, education, protection of the environment etc.

It appeared that such policies were extremely harmful especially for women and children. Poverty rates went up, the burdens of women aggravated. More families than before kept their children out of school because the fees became unaffordable. Women entered the job market seeking to earn some extra money on top of their former market-oriented activities. There they faced low pay and discrimination. It became evident that financing for development had to account for the so-called non-economic needs.

Otherwise, the World Bank remains at stake for the productive use of public money. The bank urgently recommends the empowerment of women. For the bank, equality between men and women is the guarantee for economic growth which doesn’t damage social cohesion. World

bankers demand the modelling of what is called ‘smart economics’. They accentuate that investing in women secures not only monetary growth but at the same time the best of social return. Multifarious research shows that women use their money preferably for the welfare of their households instead of spending it primarily for personal consumption.

Is the Gender Budget the route to reclaim social attentiveness in the world of efficiency and growth? Are women designated to provide by themselves what formerly was the task of the patriarchal family? How does the Gender Budget deal with the male householder who still is the pledge of any mainstream structure? Is he just a leftover of periods far behind modern times, or is Public Finance attentive for the need to empower – in a different way - the male half of humanity for a common future?

It must be seen that the old structures don’t show how detrimental they are. A very plain example is income taxation in Germany which still privileges the one-earner family. A recent expertise of the government shows how it works: the incomes of both partners are added to a household-related total even when ‘earner B’ doesn’t earn her own money. In order to allow B to ‘specialize’ (whatever this might be), earner A (the male householder) gets considerable tax relief. This rule seduces women to stay in the home and keeps men from actively engaging in the family. It handicaps lone parents in double respect – they and their children suffer from shortages in time and money, while an increasing number of the so-called main earners live alone.

In the commercial sector of the economy the gender gap appears to be a matter of discrimination. This justifies that economic theory still ignores the problems arising from the economic congruence of the householder and *his* family. In the meanwhile, women grow to the outskirts bulwark of what could be said to be the capacity of any society to take care of generations. Economically speaking, gender equality could mean to balance the per capita resources of households headed either by a man or a woman. Even in terms of social justice we are far away from even thinking of this.

Instead, the idea that women enjoy the full support of a main earner and have enough time to fulfil what could be considered as inner-household duties is still in force. It relieves public budgets in times when public money runs short. One of the forerunners of European Gender Budgets not only on the level of the community is a Swiss expertise titled ‘Save money on

women'? It shows the propensity of municipal decision makers to save preferably on care issues. This means for instance raise the price of public services in child or in health care and reduce their supply. In both cases, mainly women are those who have to make up for the loss, in the same way as users and as paid providers of public services.

There are only a few years that we discuss what Gender Budgets are or should be. Although we have quite a few courageous experiments worldwide including various regions of Europe, we should be aware that there is a long way to go. I was impressed when I saw that the Swedish government expects that the Gender Budget can help women and men gain equality and individual independence even when they are parents.

### The Vote of Civil Society: Participatory Budgeting

Like Gender Mainstreaming, Gender Budgets are designed and implemented top down. Although in most cases their setting up is spurred by civil society activists or local NGO's, their goals and procedures are drawn up by governmental authorities. Administrative agencies are responsible for the feasibility, the start-up, the realization, the monitoring, the controlling and the reporting on the results. Nobody doubts that such projects are tiring and costly, and very often they are slowed down by multiple obstacles.

It is a common experience not only in Germany that highly innovative measures like Gender Budgeting sometimes are not very popular. Individuals and groups who fear to lose privileges are reluctant to comply. Beyond establishing advisory boards and committees within official channels it seems to be necessary that civil society accompanies further developments in order to prevent the process from losing its drive. As far as I can see, in German-speaking countries there is no successful project without active participation of civil society.

New Public Management which converts public authorities into corporations and imposes commercial rules on the management of public money transforms citizens into customers. Beyond rating them simply as users of public goods and services the new constellation means offering options on what the community should be like. Is there a model to which the town has to live up? Are there prestigious projects which are designed to generate far-reaching reputation? Who is the ordinary citizen, what are her or his needs?

The roots of Participatory Budgeting are not by themselves gender-oriented. The method was designed to give a voice to those groups of a city's population who are not sufficiently represented in democratic structures and at the same time lack purchasing power. Among these, in many countries in Latin America or in Africa poor women and their families are even a majority. It is reported that in Porto Alegre in Brazil which is said to be the cradle of everybody's participation in the community's financial affairs women stand up and assert their special needs without being addressed as women.

They are reputed to demand that urban development may not neglect, but must even privilege districts where poor families live. For them, city planning has a very important function in preventing social degradation, poverty and crime, and in providing opportunities even for poor children to grow up to full citizenship. They call for an infrastructure which is favourable to mutual support in small-scale neighbourhoods, reducing thus the urge for market-priced transactions.

Female-headed households who rely on themselves for securing the total of everyday life need small business areas amidst the dwellings. American-style supermarkets where the whole world's products are at sale are insufficiently prepared to meet their basic needs. Beyond securing a decent livelihood for the families, districts which furnish clean water, waste collection, illuminated roads, markets and shops, health centres and infant care offer household-related jobs for persons without specific training and certified skills.

Participation largely depends on the groups addressed and their capability to take advantage of the opportunities to get involved. Without powerful women's movements, in most countries of the world women tend to delegate their voice to male members of the family even in participatory measures. Therefore, the strong representation of women in Porto Alegre and their desire to handle issues of common interest is quite remarkable. In crucial points, male participants joined their views about priorities differing substantially from business-oriented urban development. Worldwide, primarily among Civil Society Groups, Porto Alegre is a model for sustainable social development even in the scale of a mega-city.

Especially in the developing world, advocates of participatory budgeting demand that citizens are not simply seen as consumers of their town's provisioning, but as rights-bearing members of their community. Only in this function they would be able to exert pressure on the

government to guard everybody's human rights. They see participatory budgeting as a first step into innovative forms of democracy where people handle a wide range of local affairs in their own responsibility apart from market-driven urban development.

In Europe, participatory budgeting often functions as consultation on spending priorities when public money is scarce. Citizens are invited to suggest alternatives to existing assignments while keeping the total of budgetary appropriations untouched. This means that they have to decide on reductions when they feel that any area of the budget should be endowed with additional money. They are fitted with a financial calculator which immediately shows the outcome of any operation.

So far, there is no substantial research on the involvement of men and women in participatory budgeting in Germany, although the issue is spreading with remarkable pace among communities of all size. Mostly, it's small and medium-size towns which are courageous enough to try out what participation could mean and what could be the results in terms of local governance. Among big cities, Hamburg and Cologne have done the start-up with different procedures. The first participatory budgeting of Hamburg has taken place in 2006, in Cologne we entered the process in last October and are still heavily occupied with the collecting and the evaluation of the results.

Cologne – where I am a member of the town's civil society advisory committee on behalf of local women's organizations – realizes that it could be important to consider the different voting of men and women. On the other hand, the organizers are just underway to develop instruments which are likely to rate the difference. Without admitting that the situation and status of women and men is in no way equal, decision makers are not able to recognize that the final outcome of the procedure might substantially benefit from the appreciation of women's and men's different tasks.

Surveys (here and elsewhere) preceding the essential phase of the procedure show that women and men are equally motivated to participate. On the other hand, such surveys reveal that concerns of households and families are not in the focus of men's interest. Otherwise, women's involvement in the process depends largely on how the bulk of their everyday duties between housekeeping, caring for the family and paid work is accounted for. Having less time

than men, they like to join public gatherings close to their homes, but only reluctantly engage in online discussions even when they are fully capable to do so.

In Hamburg, where participation was confined to an online procedure and no special efforts were made to address both genders, it happened that only 15 % of participants were women. The low rate of female involvement was reflected by the outcome. Some recommendations suggested that expenditure for culture, municipal social policy and families be reduced. The cut-down should be managed by intensifying efficiency and competition among providers of services. In no case should disadvantaged groups and persons suffer from the reduction. Fees should be lowered, the quality of services improved. Only one discussant minded the effect of such measures on people (and their salaries) who are working in the field, of whom the great majority are women.

Quite recently Freiburg, the medium-size green town in the Southwest of Germany, has engaged in a very future-oriented project. The town combined gender and participatory budgeting, aiming to enhance the opportunities for a good life for both women and men. Instead of regarding the population as a uniform body consisting of male and female heads, Freiburg had collected a bulk of useful data on either group.

Citizens were invited to vote on a series of issues which exclusively ranked among the voluntary part of public services such as cultural and entertainment facilities, public transport, parks and pools, sports fields etc. Every field was stuffed with information on gender differences. Participants got to know much about employment rates in different fields, visitors of libraries and folk high schools, children in kindergartens, users of public pools, occupants of old age homes, passengers in busses and trains etc. In this way it was much easier for everybody to responsibly target one's recommendations.

Women's participation amounted to 38,5 % which is not quite as high than was expected. As the active phase of the voting ended only very recently, the evaluation of the project's outcome still is very incomplete. Planners are eager to extend, adjust and intensify citizens' participation in budgetary concerns in the years to come.

**Concluding remarks (very preliminary)**

Neither Gender Responsiveness nor the Participation of Civil Society in managing Public Finance should merely be seen as side-events of modernization. There is an urgent need to bridge the widening gap between economic development and the resources to guard social cohesion and the capability to care. Gender and Participatory Budgets provide an opportunity to shape a model of societies where women and men jointly take care of human affairs.