

# NEO-LIBERAL CRISIS/SOCIAL REPRODUCTION/GENDER IMPLICATIONS

Marjorie Griffin Cohen\*

## 1. INTRODUCTION

Neo-liberalism has had a profound impact on social reproduction in Canada. I will make three main points in this paper. First, periodic economic crises accelerate the marketization of social reproduction and the withdrawal of the state from social security supports. The marketization of social reproduction did not originate in the economic climate of crisis, but rather has been a long-term project of neo-liberalism that proceeds even in times of prosperity. Second, the shift in the relative contributions by the state to social reproduction in turn has a negative implication for the ability of the state to manage crises. There is an architecture of inequality that has become exaggerated with neo-liberal policy and this affects the recovery of economic cycles. And third, the management of crises by the state has gender implications that are often masked by the focus on short-term effects of the crises. The gender bias in both crisis management and long-term neo-liberal economic policy contributes to the increasing instability of economic activity.

## 2. SOCIAL REPRODUCTION

Governments normally treat issues of social reproduction fairly narrowly and as an aside to economic performance.<sup>1</sup> Its usual association is in reference to policies and actions related to the household. This, then, tends to relegate its discussion by governments to 'social policy,' since it is not seen as integral to economic performance. Any gender discussions associated with social reproduction by both governments and the business sectors also tend to get marginalized as being significant, but only to women. My intent is to show that the undermining of state support for social reproduction and the disregard of social reproduction's role in the economy contributes to increased instability in the capitalist system.

---

\* Marjorie Griffin Cohen, BA (Iowa Wesleyan College), MA (New York), PhD (York), is Professor Simon Fraser University, Department of Political Science.

<sup>1</sup> Examples of this treatment of issues related to social reproduction are replete in the federal budgets. Since conservative governments have been in power, spending on these issues have been consistently viewed as harmful to economic performance. For a review of social reproduction in budgets see Janine Brodie, *Where are the Women? Gender Equity, Budgets and Canadian Public Policy* (Ottawa: Canadian Centre for Policy Alternatives, 2008).

Social reproduction needs to be seen as not only the reproduction activities that occur in the household, but all of the myriad ways that some feminist analysis understands social reproduction and how it is accounted for within a specific stage of capitalist development. Social reproduction includes the activities of both males and females, and the ways that the market, the state, the community, the household, and the individual are involved in meeting the direct needs of people. The state's role includes activities that directly and universally support the household (medical care, education, pensions, labour regulation and support), as well as specific programs that are more targeted to meet the needs of specific populations (social assistance, disability aid, employment insurance, child care).

At various capitalistic stages each share undertaken by the actors in this process is different, with the state assuming a larger or smaller influence on the social security to support social reproduction, depending on the time, state of development, and political ideology in ascendance.<sup>2</sup>

As is well known, the neo-liberal approach to social reproduction is to replace as much as possible of the state's responsibilities with private market or private household activity. In Canada this has been a very successful project, beginning with the Conservative government of Brian Mulroney, greatly accelerated by the Liberal governments of Jean Chretien/Paul Martin, and carried out in varying degrees by provincial governments throughout the country.<sup>3</sup> While the privatization and the deconstruction of the social role of government has been the main focus of the neo-liberal approach, economic crises have given governments throughout the country a handy excuse to accentuate the need to undermine their roles in supporting popular features of policies related to social reproduction.

Major economic changes are rarely accompanied by appropriate ways to deal with instability in social reproduction. With the rise of the market system, over a very long period of time, the ability to meet the needs of the market with the

---

<sup>2</sup> In the feminist literature this change in the relative contributions to social reproduction is associated with a specific gender order. When the economy was organized so that women's main role was within the household to care for the family (the male-breadwinner model), the state assumed a smaller share of the contribution to social reproduction. As markets grew and both supplied more in the way of meeting the household needs, the demand for labour also grew. This is referred to as the dual income-earning gender order. See Barbara Cameron, "Social Reproduction and Canadian Federalism," in Kate Bezanson, ed. *Social Reproduction: Feminist Political Economy Challenges Neoliberalism* (Montreal and Kingston: McGill-Queen's University Press, 2006) at 43-74.

<sup>3</sup> This is a recurrent theme in recent Canadian political economy publications. See for example: Marjorie Griffin Cohen, "From the Welfare State to Vampire Capitalism" in Patrica Evans and Gerda Wekerle eds, *Women and the Canadian Welfare State* (Toronto: University of Toronto Press, 1997) at 28-70.; Stephen Mcbride and Kathleen McNutt, "Devolution and Neoliberalism in the Canadian Welfare State: Ideology, National and International Conditioning Frameworks, and Policy Change in British Columbia" (2007) 7: 2 *Global Social Policy* 177.

competing needs of social reproduction found some reconciliation through the mechanisms of the welfare state, in all of its very different forms.<sup>4</sup> But the neo-liberal shift associated with the last decades of the 20<sup>th</sup> century that has undermined the state's role in maintaining social reproduction is at serious odds with the economic demands on both individuals and families. There is some indication that this shift may be profound, although in Canada there has been a tendency to see the neo-liberalism that arose in consort with the trade liberalizing agreements as a softer neo-liberalism than that experienced in the U.S. This was primarily because at its earliest stages neo-liberalism's manifestations appeared to be confined to economic neo-liberalism and did not spill over into the social realm to the extent that had occurred in the UK and the US. This changed, however, over a fairly short period of time and largely stems from the move toward a free trade regime with the US. Most significant is that the kinds of arguments that were used in Canada during the free trade debates to show how social reproduction needs could be reconciled with the macro-economic objectives in Canada – i.e., that free trade would bring greater wealth that would allow for expanded social programs – disappeared once the agreements were signed.<sup>5</sup>

The motivation on the part of governments for instituting free trade agreements is very significant in understanding the direction of social provisioning in a regime of trade liberalization and globalization. In Canada free trade agreements represented, to the elite classes, a way to undermine democratic institutions by ensuring that the kinds of programs that people supported would be more easily be undermined by governments that were inclined to do so. That is, it was not always the requirements of the agreements, per se, that undermined social programs in Canada, but that the agreements were able to provide a structure that allowed governments to more easily pursue more restrictive social policies.

Governments across the country retreated from social provisioning through arguments related primarily to costs and individual responsibility. Cost became a serious issue mainly because tax cuts dramatically reduced government revenues from taxes on corporations and high-income individuals. The justification for reduced taxes was that it was necessary both to make Canadian business competitive in the new liberalized trade regimes and to encourage investment. At the same time, other neo-liberal tenets became firmly established in public policy and justified government privatization and program cuts. Most notable is the demand that

---

<sup>4</sup> Diane Sainsbury, *Gender and Welfare State Regimes* (Oxford: Oxford University Press, 1999).

<sup>5</sup> The argument that free trade and a greater integrated world economy would ultimately benefit everyone was widely accepted among economists. The Status of Women Canada's belief in the benefits for women, for example, is an indication of how dominant this idea had become "[o]ne of the very few things that economists agree upon is that free trade improves economic welfare." (Katie Macmillan, *International Trade Policy: A Primer* (Ottawa: Status of Women Canada, 2000) at 7.

governments throughout the country institute and maintain balanced budgets.<sup>6</sup> Some provincial governments even went so far as to demand this through legislation. But also significant were the ways that responsibility for funding social programs was shifted to the provinces through a series of federal government changes. This, effectively, separated economic from social issues at the federal level while, at the same time, less money came from the federal governments to the provincial governments for social programs. In a very short period of time the federal government's spending on social programs decreased dramatically. In 1989 the Federal Government spending on social services, including transfer payments to other levels of government, accounted for 59% of total government spending. By 2007 it accounted for only 47% of all spending.<sup>7</sup> Similarly, while spending on social services by the Federal Government in Canada accounted for 16% of the GDP in 1991. By 2001 this had been reduced to 11.6%.<sup>8</sup>

The gendered implications of the impacts of the neo-liberal changes in Canada have received a great deal of attention over time. The usual markers of gendered distinctions associated with the labour market, such as rates of unemployment, gendered wage gap, and labour force participation rate, did not adequately capture the way that women and men were affected and treated differently. Often the traditional markers of comparison masked shifts in structures that were not so easily measured. This led to a wider focus by feminists on both the nature of labour market changes, and the various ways that public policy had shifted from one that actively focused on women's issues, to one that assumed that policy implementation was gender neutral.<sup>9</sup> The analysis deepened to depict the ways that public policy uses the male as the archetype for shaping policy with female characteristics seen as a deviation from what was considered the 'norm.'

In the shift to a more neo-liberal social policy approach to economic and social issues in Canada all workers have been affected adversely. However, this has had a disproportionate impact on women workers, although it has been masked by the focus on unemployment and labour force participation trends during the last economic recession that began in 2008.

---

<sup>6</sup> The western provinces in Canada pioneered balanced budget legislation, but have frequently circumvented it when it appeared necessary. See Lisa Philipps, "The Rise of Balanced Budget Laws in Canada: Legislating Fiscal (Ir)Responsibility" (1997) 34: 4 Osgoode Hall LJ 681.

<sup>7</sup> Statistics Canada, *The Daily: Government spending on Social Services*, (3 June 2007) at 22.

<sup>8</sup> Armine Yalnizyan, *Canada's Commitment to Equality: A Gender Analysis of the Last Ten Federal Budgets (1995-2005)* (Ottawa: Canadian Feminist Alliance for International Action, 2005) at 7.

<sup>9</sup> See Leah Vosko, "Precarious Employment and the Challenges for Employment Policy," in Marjorie Griffin Cohen and Jane Pulkingham, eds, *Public Policy for Women: The State, Income Security, and Labour Market Issues* (Toronto: University of Toronto Press, 2009). Also: Janine Brodie and Isabella Bakker, *Where are the Women: Gender Equity, Budgets and Canadian Public Policy* (Ottawa: Canadian Centre for Policy Alternatives 2008).

### 3. THE HE-SESSION OF 2008

During the economic crisis of 2008 the global analyses about the differences experienced by gender focused almost exclusively on the relative differences that were occurring in developing nations. The intent, in international institutions, was to show that women and men experience the economic crisis differently, and women's experiences tend to be worse and the recovery harder.<sup>10</sup> This type of analysis showed how international institutions focusing on the crisis should use gender impacts as a consideration when policy measures were being constructed.

In North America women appeared to fare better than men during this crisis. This was noted in by the popular media, and economic writers of both the left and the right, and was primarily confined to issues related to employment. In Canada for the first time (at one stage during the crisis) there actually were more women employed than men.<sup>11</sup> This was the first time that this had happened in Canadian history: even during the World Wars more men than women had been employed in the civilian labour force.<sup>12</sup> But the issue that attracted most notice was the differences in unemployment rates: both males and females had increased unemployment, but unlike during other major recessions, unemployment for men was much higher than that for women. [Table 1] A similar pattern was also occurring in the U.S. The Congress Joint Economic Committee had a hearing on the issue in the summer of 2008 with feminists such as Heidi Hartman weighing in on the gendered distinctions that showed men's jobs being lost in manufacturing and construction industries. The journal *Foreign Policy* proclaimed (somewhat over-optimistically) "The Death of Macho," with a subtitle proclaiming "manly men have been running the world forever. But the great Recession is changing all that..."<sup>13</sup>

This gendered phenomena of labour changes during the crisis in the US and Canada has been labeled a "He-cession." In Canada it relates to the disproportionate male job losses that occurred in the manufacturing industries in Ontario and Quebec

---

<sup>10</sup> See Stephanie Seguino, "The Global Economic Crisis, Its Gender Implications, and Policy Responses." (Paper prepared for *Gender Perspectives on the Financial Crisis* panel at the Fifty-Third Session of the Commission on the Status of Women, United Nations, 5 March 2009) [unpublished]. See also Shamika Sirimanne, "The gender perspectives of the financial crisis" (Paper presented to Commission on the Status of Women, New York, 2009), online: < [http://www.un.org/womenwatch/daw/csw/csw53/panels/financial\\_crisis/Sirimanne.formatted.pdf](http://www.un.org/womenwatch/daw/csw/csw53/panels/financial_crisis/Sirimanne.formatted.pdf)>.

<sup>11</sup> Laurie Monsebraaten, "In a shrinking workforce women outnumber men" *The Toronto Star* (5 September 2009).

<sup>12</sup> Shannon Devine, "Women wage earners now outnumber men for the first time in Canadian history" (4 September 2009), online: CAW <<http://www.caw.ca/en/7818/htm>>.

<sup>13</sup> Reihan Salam, "The Death of Macho" *Foreign Policy* (July/August 2009), online: <[http://www.foreignpolicy.com/articles/2009/06/18/the\\_death\\_of\\_macho?](http://www.foreignpolicy.com/articles/2009/06/18/the_death_of_macho?)>.

and in resource sectors, such as the forestry industries in BC and in the energy sectors in Alberta.<sup>14</sup> Table I shows the significant difference between male and female unemployment when total unemployment was highest, halfway through 2009. Male unemployment was about 2.4% higher than female unemployment, but by the time the economy had returned more or less to normal female unemployment was still 1% less than male unemployment. Women also seemed to fare better with participation rates as well. In general these did not change significantly during the recession, but nevertheless the adult male rate decreased somewhat, while the female rate increased somewhat.<sup>15</sup>

**Table I**  
**Labour Market Changes by Gender 2008 – 2011**  
(Millions)

	10/ 2008	7/2009	2/2011
<b>Total Labour Force</b>	18,259	18,322	18,677
<b>Employed</b>	17,175	16,757	17,230
Male	9,060	8,741	9,020
Female	8,115	8,006	8,210
<b>Unemployment rate %</b>	6.1%	8.6	7.8
Male	6.6	9.7	8.2
Female	5.5	7.3	7.2
<b>Participation Rate</b>	67.7	67.1	67.0
Male (+25 yrs)	73.8	73.4	72.9
Female (+25 yrs)	61.7	61.7	62.2
Youth (15-24)	67.8	65.3	64.8
<b>Part-time Rate %</b>	18.8	19.4	19.7
Male	7.3	7.6	8.1
Female	21.4	22.2	22.5

Source: Adapted from Canadian Labour Congress, *Recession Watch Bulletin 5* (Spring 2011), based on *Labour Force Survey 2008-2011*.

<sup>14</sup> Trish Hennessy and Armine Yalnizyan, "Canada's "He-cession": Men bearing the brunt of rising unemployment" (2009) 10:4 *Behind the Numbers*, 10: 4.

<sup>15</sup> The decline in male and the increase of female participation rates has been a consistent feature of the gendered labour force experience since married women began working in the labour force in large numbers. The decline in male rates related primarily to early ages of retirement and increased numbers of males leaving the labour force for education related reasons. Women have increased their participation rate for a variety of reasons, but largely because two incomes are now required for households to maintain living standards.

The gendered differences related to economic crises is important because of the way the state understands its duty to do something to stimulate economic activity. There are a number of ways that this can be looked at, because as is often noted, there are complex factors that influence how women and men experience a situation differently, and simply looking at one indicator (unemployment rate) cannot deal with other aspects of social welfare that are affected. These can include incidence of poverty, health, education, housing, credit, and food.<sup>16</sup>

Two different types of evidence indicate that the notion that the recession has been more kind to women than to men is not an accurate picture of what has happened in Canada. One way to analyze labour force impacts will be to take a wider time period than during the recession period alone, so that the trend of economic cycles and how they affect men and women differently can be understood. The second main approach that is to examine the gendered nature of public policy responses to the crisis that in the most recent recession were highly skewed in ways that focused most on male workers. An examination of this indicates that government programs virtually ignored industries where women were losing jobs and focused almost entirely toward the industries that are either male dominated (such as the auto sector or building industries) or the financial sector.

#### 4. MANUFACTURING JOB LOSSES BY GENDER

The basic story here is that an earlier economic crisis associated with the initial Canada US Free Trade Agreement (CUFTA) drastically reduced women's participation in the manufacturing sector in Canada. This was because women were concentrated in the manufacturing industries that were most affected by free trade. These were textiles, clothing, small electronics, and footwear. The results were immediate both for women's over-all labour force participation and for their representation in the manufacturing sector.

During the crisis of the early 1990s, women's labour force participation decreased for the first time since the immediate World War II period. A steady increase in the female labour force participation rate characterized women's employment in the 20<sup>th</sup> century, and while women exited the labour force after WWII, not since married women began entering the labour force in a permanent way in the 1950s had there been a decrease in women's labour force participation rate.<sup>17</sup>

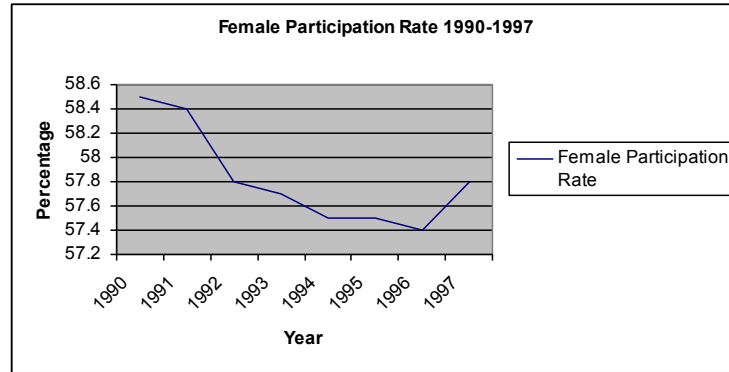
---

<sup>16</sup> Sylvia Walby, "Gender and the Financial Crisis" (Paper prepared for UNESCO Project on 'Gender and the Financial Crisis', 9 April 2009), online: <[http://www.lancs.ac.uk/fass/doc\\_library/sociology/Gender\\_and\\_financial\\_crisis\\_Sylvia\\_Walby.pdf](http://www.lancs.ac.uk/fass/doc_library/sociology/Gender_and_financial_crisis_Sylvia_Walby.pdf)>.

<sup>17</sup> This is in contrast to male participation rates, which declined steadily throughout the 2<sup>nd</sup> half of the 20<sup>th</sup> century, a change that is mainly associated with increased attendance at educational institutions and availability of old age pensions.

Changes for women in the 1990s were a result of job losses in the manufacturing sector and these occurred almost immediately after the introduction of CUFTA. Since a great deal of restructuring had occurred in anticipation of CUFTA, the changes beginning in 1991 were undoubtedly a result of a longer period of anticipated change<sup>18</sup> (Cohen, 1994). As can be seen from Figure 1, there was an almost immediate decline in both the proportion of women in the labour force and this decline continued for five years, only recovering toward the end of the 1990s.

**Figure 1**



Source: Statistics Canada, *Labour Force Survey*.

The manufacturing sector in Canada was hit very hard in the initial years of CUFTA, with 400,000 jobs disappearing in the first four years of free trade. Only in 2001 did the actual numbers in manufacturing reach the 1989 levels. Both males and females lost jobs. Figure 3 shows that the proportion of both women and men (as a % of both the male and the female labour forces) in manufacturing declined significantly: before CUFTA about 12% of working women had manufacturing jobs. This has dropped to about 6%. Male employment in manufacturing declined from about 22% of all male work before CUFTA to about 12%.<sup>19</sup>

<sup>18</sup> Marjorie Griffin Cohen, "The Implications of Economic Restructuring for Women: The Canadian Situation," in Isabella Bakker, ed, *The Strategic Silence: Gender and Economic Policy* (London: Zed, 1994) at 103-116.

<sup>19</sup> The major change in this industry for women is that most of the jobs they hold within the manufacturing sector are not manufacturing-type jobs, but are associated with serving the actual manufacturing jobs.



Both male and female job losses in manufacturing continued into the 21<sup>st</sup> century (until the 2008 crisis), with females experiencing a greater proportional decline.

**Table II**  
**Job Losses by Gender in Manufacturing 2002, 2006**

<b>Manufacturing jobs</b>	<b>Male</b>	<b>Female</b>
2002	1,558,200	634,500
2006	1,447,000	578,800
Jobs lost	111,200	55,700
% Decline	7.1%	8.8%

\* Annual averages calculated from Statistics Canada, Labour Force Survey Table 282-007, CANSIM.

The decline in manufacturing jobs is associated with many issues, including technology changes. But a significant issue for Canada was the increased trade that occurred through CUFTA and NAFTA. The pivotal issue relates not only to the magnitude of the increase in trade, but also to what extent domestic production has been displaced by imports. In Canada the tremendous increase in manufacturing import penetration from the US occurred in a relatively short period of time. However, this is often masked because of the increase in exports, entirely from industries with higher concentrations of male labour: the shift in the economic structure that ensued had decided employment effects. While the pace of non-OECD imports into Canada was greater (a 425% increase over 25 years), this originated from a very small proportion of total consumption: the almost doubling from an already large base of US imports has had the biggest effect on manufacturing.

The composition of Canadian exports and its trade surpluses have changed considerably over time.<sup>20</sup> Both Mexico and the US have a greater manufacturing content in exports than does Canada, with Canada relying heavily on the export of energy products, industrial materials (metals, ores, chemicals) machinery and equipment (agricultural and aircraft machinery), forestry products, and automotive products. Also, Canada has a larger proportion of exports in resources than other countries, and even manufacturing exports are largely characterized as semi-processed items or vehicles. These are all manufacturing industries with significant concentrations of male workers

---

<sup>20</sup> Philip Cross and Diana Wyman, "The Changing Composition of the Merchandise Trade Surplus" (2006) 19: 11 *Canadian Economic Observer* at 20-28.

**Table III**  
**Import penetration for Canadian manufacturing industries, 1970-95**  
**(Imports as a % of domestic consumption)**

<b>Year</b>	<b>World</b>	<b>OECD</b>	<b>Non-OECD*</b>
1970	24.6	23.7	0.8
1978	30.9	29.7	1.2
1990	37.2	34.9	2.4
1995	49.7	46.3	3.4

\* Mexico is included as a non-OECD country in this study

Source: OECD STAN Database for Industrial Analysis, 1998a; OECD Bilateral Trade Database, 1998b, cited in David Kucera and William Milberg, "Gender Segregation and Gender Bias in Manufacturing Trade Expansion," in Diane Elson, ed. *The Feminist Economics of Trade* (London and New York: Routledge, 2007) at 186.

The shifts in the structure of exports have had implications for the immediate effects of the economic crisis beginning in 2008: the problems with forestry and auto industries have meant much higher rates of unemployment for males in Canada than for females. In the first quarter of 2009, the unemployment rate for males over 25 years was 8.3%, compared with women in the same age group at 6.0%.

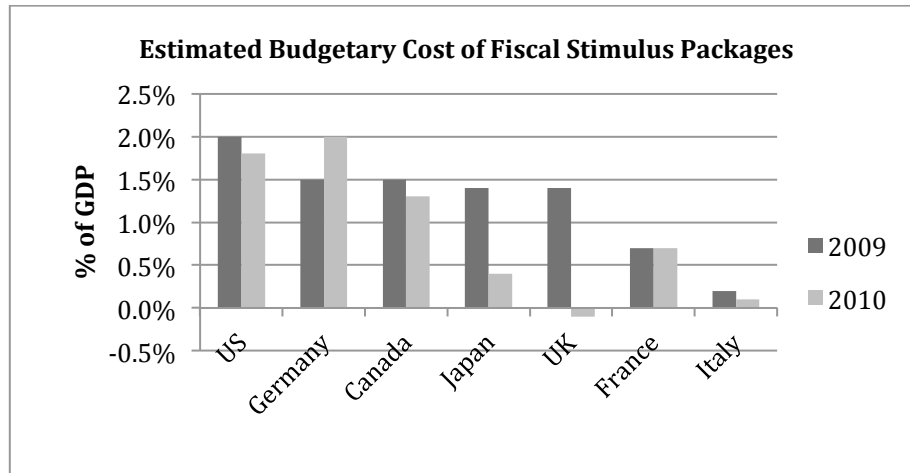
The main point of this section has been to show that the gendered nature of employment in Canada is affected by both the imports and exports of the country and the gendered segregation in the workforce. The initial effect of the free trade agreements was to rapidly and dramatically increase imports in the areas where women worked in manufacturing. This reduced women's participation in manufacturing, as a proportion of their overall work, to very low levels. At the same time, Canada's increased exports of resources of semi-processed materials that resulted in both increased activity in sectors of the economy where males dominated, but also exposed these workers to the economic crises that affected exports. The 'hession' of 2008 also reflected a crisis in North America in the vehicle-exporting sector, again, a sector dominated by male workers. As will be shown in the next section of the paper, the public policy responses that focused on providing stimulus for industries where male unemployment occurred, while necessary in the short-term, did not contribute to a change that could mitigate future crises.

## **5. RESPONSES TO THE RECESSION**

The focus on male unemployment during the crisis beginning in 2008 reinforced the general tendency for government stimulus spending to target those industries where males predominate. The Federal Government's message on economic crisis is that Canada did well in the recession beginning in 2008 because it avoided high exposure

to toxic assets and the housing market nightmares experienced in other countries, and will weather the subsequent downturns well because over the years it did the necessary, but difficult task of cutting spending and reducing taxes. While the Harper Conservative government is taking the credit for fiscal conservatism, Paul Martin regularly points out that his 1995 federal budget under Jean Chrétien was the real source of Canada's excellent performance.<sup>21</sup> Still, despite this public adherence to neo-liberal approaches, Canada has been aggressive in providing money in the name of economic stimulus. According to the Certified General Accountants Association of Canada (CGA) Canada's initial stimulus spending was high compared with most other countries, with the third highest budgetary costs measured by percent of GDP.<sup>22</sup> This is surprising, considering Canada's conservatism. Its financing for the financial sector was second only to the UK.<sup>23</sup>

Figure 4

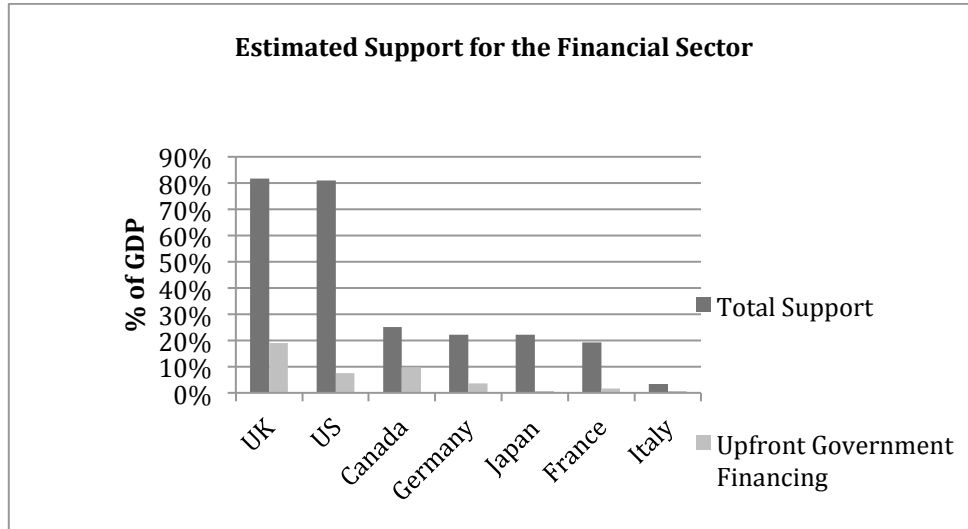


<sup>21</sup> Paul Martin was the Finance Minister in the Liberal government of the time and later became Prime Minister.

<sup>22</sup> Certified General Accountants Association of Canada (CGA), *Public Underwriting of Private Debt: The Prospect of Industry Targeting* (2009), online: <[http://www.cga-canada.org/\\_layouts/CGALinkTrack/CGALinkTrack.aspx?link=/en-ca/ResearchReports/ca\\_rep\\_public-underwriting\\_private-debt.pdf](http://www.cga-canada.org/_layouts/CGALinkTrack/CGALinkTrack.aspx?link=/en-ca/ResearchReports/ca_rep_public-underwriting_private-debt.pdf)>.

<sup>23</sup> *Ibid.* This support of the financial sector includes capital injections, asset purchases and direct lending by the treasury, liquidity provision and other support provided by the Central Bank, and guarantees for financial sector liabilities.

Figure 5



It is difficult to get a clear picture of the total amounts of government spending to stimulate the economy. This is primarily because a great deal of the stimulus spending is not included in budget estimates. The ‘stimulus fund’ most often referred to is the Infrastructure Stimulus Fund, a \$4 billion fund initiated by the Federal Government in the 2009 budget. This was to provide money over two years to fund construction-ready infrastructure projects to provincial, territorial and municipal governments.<sup>24</sup> In addition to the Infrastructure Stimulus Fund the 2009 budget included other types of spending from tax cuts and tax benefits for individuals estimated to cost \$6.9 billion between 2009 and 2011.

<sup>24</sup> Parliamentary Budget Officer, *Infrastructure Stimulus Fund – Performance Update to March 31, 2010* (August 9, 2010), online: <<http://www.parl.gc.ca/pbo-dpd>>.

**Table IV**  
**Canada's Economic Action Plan**  
**2009–10, 2010–11**

	<b>Dollars Spent</b>	<b>Stimulus Value</b>	<b>Total</b>
	<b>(Millions of dollars—cash basis)</b>		
Reducing the Tax Burden for Canadians	3,020	3,180	6,200
Helping the Unemployed	3,348	4,924	8,271
Building Infrastructure to Create Jobs	6,031	8,792	14,822
Advancing Canada's Knowledge Economy and Creating Better Jobs	1,550	2,271	3,821
Supporting Industries and Communities	10,979	2,261	13,241
<b>Total federal stimulus measures</b>	<b>24,928</b>	<b>21,427</b>	<b>46,355</b>
Assumed provincial and territorial actions	7,062	6,968	14,030
<b>Total Economic Action Plan Stimulus</b>	<b>31,989</b>	<b>28,395</b>	<b>60,384</b>

Source: Canada, *Canada's Economic Action Plan Year 2. A Seventh Report to Canadians* Table 1.1 (2011) <http://www.actionplan.gc.ca>.

The government<sup>25</sup> also, in its report on the Action Plan, includes \$200 Billion in tax reductions on individuals, families and business from 2006 budgets that give tax relief from 2008-2013. All of this brings Federal Government taxes as a percentage of GDP to the lowest level since 1961. Aside from tax reductions, there are three other types of spending that stand out as the most significant. One is the total amount spent for infrastructure (\$14.8b), which is primarily for construction of either housing or other types of infrastructure. The other is \$13.2B for the 'support for industries and communities.' This includes \$9.2b for the auto sector, plus other spending that is primarily related to construction projects.<sup>26</sup> The third major spending initiative is \$8.3b related to improving access to EI. The loans to the auto industry were very unusual in Canada, but particularly because almost 32% of this was provided to US parent companies and would not have a stimulus effect within Canada. Despite government support for this industry job losses were large and it is unlikely to have a lasting impact on auto manufacturing in Canada.<sup>27</sup>

What is not included in the budget items is the \$200 billion of the "Extraordinary Financing Framework" that was available to financial institutions to

<sup>25</sup> Government of Canada, *Canada's Economic Action Plan Year 2: A Seventh Report to Canadians* (2011), online: < <http://www.actionplan.gc.ca> > at 33.

<sup>26</sup> Ontario contributed a further \$4.9b to the auto sector.

<sup>27</sup> The outlook for the auto sector is dim because of changes in the auto pact, and a shift in the global composition of the industry away from industrialized countries.

guarantee their returns on any loan defaults.<sup>28</sup> This included \$12.6 billion to secure vehicle and equipment loans and leases, credit card debt, and floor plan financing, and \$9.5b under the Business Credit Availability Program for private sector lenders. The biggest bailout for the banks was the government buying or mortgages from the banks, through CMHC, amounting to \$69 Billion. By March 2009 direct support for Canadian banks had reached \$114 billion.<sup>29</sup>

Altogether it is difficult to get a full picture of either the totals spent, or how effective was the stimulus in creating jobs. However, the government's report on the Action Plan does give a sense of the effectiveness of the multipliers for each type of expenditure. These are instructive, because they ultimately give a sense of how, even within the limited spending program types used, there are significant differences between money that is foregone because of tax cuts, and money spent on the unemployed. As can be seen in Table (IX) the actions having the least impact as stimulus measures are tax reductions for business, reductions in EI premiums, and personal income tax cuts. The government explains the very low impact of business tax cuts by saying that while they had little impact on demand over the period under review, over the long-run it would have the highest multiplier effects because they would increase the incentive to invest and accumulate capital, which would lead to greater capacity in the ability to produce goods and services.<sup>30</sup>

---

<sup>28</sup> The CGA is critical of this 'credit easing' because there is no transparency on these expenditures. This is because there is no budget planning for it and, therefore, no debate on influence of these measures. See: Certified General Accountants Association of Canada (CGA), *Public Underwriting of Private Debt: The Prospect of Industry Targeting*, online: <<http://www.22.cga.org/Canada>> at 10.

<sup>29</sup> David Macdonald, *The Big Banks' Big Secret: Estimating government support for Canadian banks during the financial crisis* (Ottawa: CCPA, 2012) at 6.

<sup>30</sup> Government of Canada, *Canada's Economic Action Plan Year 2: A Seventh Report to Canadians* (2011), online: <<http://www.actionplan.gc.ca>> at 147.

**Table V**  
**Expenditure and Tax Multipliers**

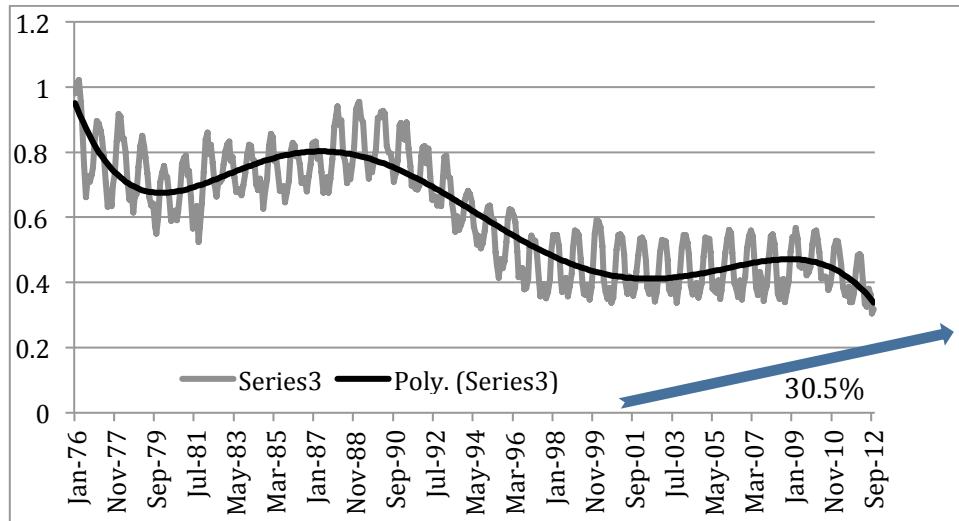
	2009	2010
Infrastructure investment	1.0	1.5
Housing investment	1.0	1.4
Other spending	0.8	1.3
Measures for low-income households and the unemployed	0.8	1.5
EI premiums	0.4	0.5
Personal income tax measures	0.4	0.9
Business tax measures	0.1	0.2

Source: *Ibid.* Table A.1, at 147.

The government objective in its stimulus spending was to avoid instituting anything that would require long-term government support. The time-line for various infrastructure programs was fairly short, with everything related to infrastructure to be completed (after extensions) by October 2011. What the government clearly did not do was to add to any 'infrastructure' programs that might act as a counter-cyclical balance that could mitigate economic crises in the future.

The Federal Government's actions indicate that it is strongly relying on tax measures for automatic stabilization. Tax reductions are the most consistent government budget action: with only one exception in every year since 1999 there have been tax reductions, and they are the only permanent measures in the stimulus packages. Even the stimulus through increased EI payments, while normally a stabilizing initiative, was instituted on a temporary basis in the stimulus plans. The ability of EI to serve as a stabilizing program had been seriously undermined during the past twenty years, with the greatest negative effect occurring for women. EI is now a program whose criteria for eligibility are based on levels of deviation from what is considered standard employment – that is, that most representing male employment. Over the post-NAFTA period, all unemployed became increasingly ineligible for receiving benefits from the insurance scheme when they become employed, but women were disproportionately affected. The reforms of 1993 and 1994 changed the rules dramatically so that it became much more difficult to qualify for benefits when one became unemployed.

**Figure 6**  
**Employment Insurance Eligible Recipients as a Percent of Unemployed**  
**1976-2012**



Note: Unadjusted for Seasonality<sup>31</sup>

Source: Statistics Canada, Cansim. Prepared by Paul Tulloch for Living Work.ca. At <http://www.progressive-economics.ca/2012/12/19/new-historical-lows-in-ei-coverage>

As can be seen in Figure 6, by 2012 the proportion of unemployed covered by EI was the lowest in 31 years, at 30.5%. The increase in the proportion of both male and female unemployed who were eligible for benefits increased in the 2008 - 2010 reporting period because of the special, temporary Employment Insurance measures put into place to deal with the extraordinary rise in unemployment during the economic beginning in 2008. But even in this case, the difference between males and females receiving EI was large. The major changes that occurred in the 1990s particularly affected women because it shifted the basis of eligibility from weeks to hours of work, with a dramatic increase in the hours demanded. Since women predominated among part-time workers, many were no longer eligible for EI benefits.

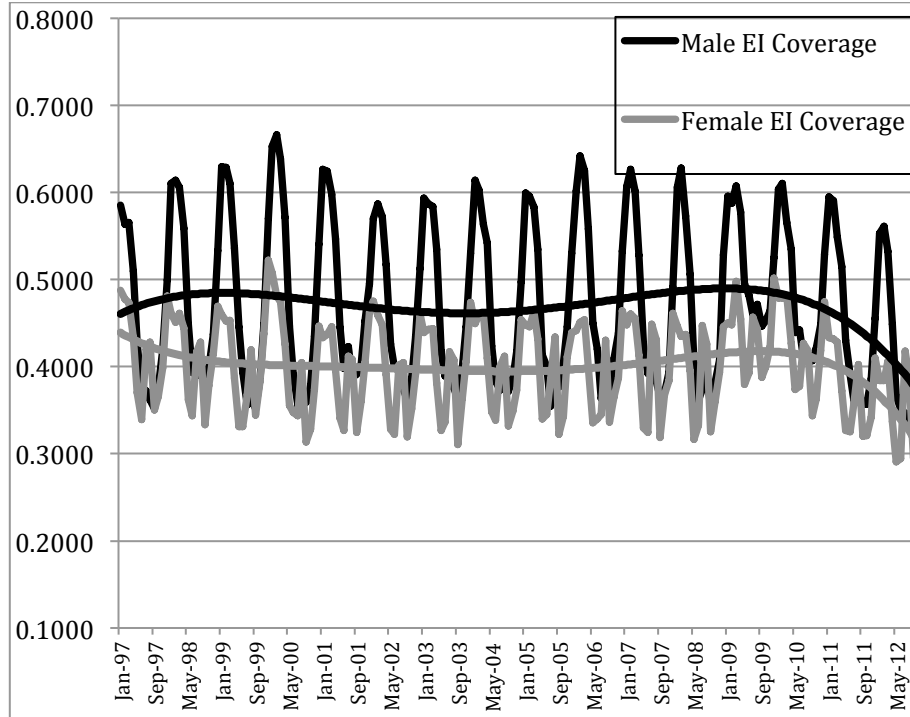
Figure 7 shows the intense and consistent gender differences in the ability to receive EI benefits when unemployed. The top jagged line represents the variations

<sup>31</sup> The jagged line represents the actual figures, which fluctuate with seasonal activity; the smooth line shows the long-term trend.



in males, the bottom of females. The corresponding smooth lines represent the long-term trends, which are low for both, but lowest for women.

**Figure 7**  
**Ratio of Employment Insurance Receipts to Unemployment by Gender**  
**1997 – 2012, Canada**



Source: Graph constructed by Paul Tulloch of LivingWork.ca using Cansim real seasonally unadjusted data to calculate the ratio.

Recent analysis of OECD countries indicates that the single-minded focus on taxation and unemployment compensation as the primary automatic stabilizers is misplaced. Although usually dismissed as part of automatic stabilization, other kinds of government spending often responds to business cycles and move together with employment insurance when there is an economic downturn. The most often discussed expenditures that operate in this way appear to be pension benefits (people tend to retire early during economic downturns), health benefits (sick benefits may be used rather than unemployment benefits), and payments for disability (which

tends to increase during economic downturns).<sup>32</sup> Similarly, government funding for education could also track economic downturns if, as is true in Canada, more people tend to pursue post-secondary education during an economic crisis. In Canada, while there has been some funding for education in the stimulus packages, this is primarily in the form of construction projects in that sector.

The effectiveness of the stimulus measures in Canada are uncertain, although a ‘side effect,’ could well be further cuts to social services as the Federal Government maintains its determination around achieving balanced budgets. This could mean even further destabilization in the economy at precisely the time when stabilizing influences are needed.

‘Stimulus spending,’ on its own, is not necessarily positive. It does matter where the money goes, and what the recipients do with the money. The focus on traditional areas of tax reductions and stimulus spending in industries where male unemployment is high is a temporary short-term measure that brings temporary results.

## 6. CONCLUSIONS

Examining one economic crisis in isolation from the context of economic trends does not give a full picture of the gendered nature of economic volatility. The employment effects of the 2008 crisis appeared to have a greater negative impact on males than on females. This paper has shown that while this was true, it was primarily because the major restructuring for female jobs occurred in an earlier time period associated with the initial impacts of free trade, when women were almost eliminated from manufacturing jobs.

A complex array of factors has shaped changes in the gendered composition of the labour force, but among most significant were those triggered by the free trade agreements that Canada entered in the late 1980s and early 1990s. These favoured specific industries that were heavily weighted toward male employment, while those in the manufacturing sector where females worked, experienced serious declines. These structural changes, in addition to the budgetary influences that reduced the

---

<sup>32</sup> J Darby and J Melitz, “Labour market adjustment, social spending and the automatic stabilizers in the OECD” (Paper presented at the 47th Panel Meeting of Economic Policy, Ljubljana, 18-19 April 2007) [unpublished], online: <<http://www.sml.hw.ac.uk/staffpages/jm123/OECD-stabilization-DM10.pdf>>.

significance of government employment and social services in the economy, had subsequent implications for the gendered structure of the labour force.

The economic crisis beginning in 2008 was not as dramatic in Canada as it was elsewhere. This crisis was billed as a “he-session” in both Canada and the US because the industries that experienced high unemployment were primarily those where men were unemployed. While unemployment rates were high for women as well, those for men were higher, and occurred in industries that are traditionally seen as drivers in the economy, such as the auto sector and the resource sectors. Women also lost jobs and income as government downsized their labour forces, or shifted toward contract work, but the crisis was billed as a male unemployment problem induced by external economic factors.

Despite Canada’s relatively better position than that experienced by other countries, considerable public funding was used to support employment in manufacturing and resource sectors. The banking system also was a major beneficiary of government funding, although this was not targeted toward bank employment issues, but to ensure banking stability, particularly to its exposure in the housing industry. The bulk of the funding for employment stimulation went to industries where males were experiencing unemployment, as did most of the EI temporary funding for the unemployed.

This paper has attempted to show that both the temporary nature of the government stimulus plans and the focus of the plans on male employment did nothing to provide permanent counter-cyclical programs that could temper the periodic economic crises the country experiences. By including female workers in both the design of economic programs and considering social services as important economic leverage instruments, a healthier economy could be constructed. One that could be much more stable and more resilient to economic crises.