

# Gender impacts of austerity policies in France<sup>1</sup>

Christiane Marty

Austerity policies are applied in many European countries, in the name of public fiscal deficit reduction and the sovereign debt crisis. These policies have recessive effects, as recognized by many, including since 2012 the institutions that have been promoting these policies, such as the International Monetary Fund (IMF) and the European Commission. A recent report from the IMF Fiscal Affairs Department<sup>2</sup> estimates that these measures for budget savings contributed to greater social inequalities to the detriment of the most disadvantaged and it recommends an increase of social spending.

Even if austerity measures in France are not so devastating than in other countries (as Greece, or Portugal), they have very negative impacts on the working classes, and especially on the most vulnerable people because of cuts in social public spending. And in fact, women form the majority of vulnerable people, structurally:

- their unemployment rate is still higher than that of men in the Euro area and in the European Union (even if at beginning of the crisis in 2007 and 2008, men unemployment rose more quickly (Milewski 2010);
- their underemployment rate (including involuntary part-time jobs) is well above that of men;
- they are over-represented in the low income worker category: in France, women represent 80 % of low-wage jobs.<sup>3</sup>

In this situation, it is useful to study the impact of austerity from a gender point of view. The present objective is to examine mechanisms by which austerity measures affect women and men in different ways. Some of these measures are in fact merely continuing or amplifying ones that have been taken before the crisis – so, without an “austerity label” –, but it was already for the purpose of budget savings. For instance, the decrease of the number of public servants was initiated before the crisis, as well as pension reforms or hospital restructuring, but they already aimed to reduce social or fiscal deficit. This paper will therefore take into account both cyclical and structural budget reduction measures.

## Women are more affected, in various ways

In each country, public spending takes the form of cuts in the civil services (by staff freeze or downsizing, wage freeze or lower wages), cuts in social welfare and in public services. Women are affected in two ways: first as employees, because public sector accounts mostly female labor, then as users of that services, because women are predominantly responsible for household and family work. Due to the shrinking of welfare benefits and essential services as child care, social services, health services and dependent cares, women are forced to shoulder the greatest part of what is no more taken on by society. That means more work for women in the private sphere, at the expense of their paid work, and therefore of their autonomy.

This observation is noted in a report of the European Parliament on the consequences of the economic crisis on gender equality and on women rights (December 2012): cuts in public spending are causing a “*rise in inequalities between men and women, unemployment of women, preponderant in public services and main beneficiaries of social policies, and therefore, a rise in the poverty feminization*” (page 7).

### **Impact of cuts in public services**

Women represent more than 60 % of public sector employment. In 2007, the rule which was adopted – that is replacing only one in two retiring public servants – aimed to reduce the public budget by cutting 150 000 jobs in the period from 2008 to 2012. Although this rule was repealed in 2012, job cuts continued and even reached a peak rate of 61 % of non-replacement.<sup>4</sup> The implications are significant, with an intensification of work, a greater flexibility, increased pressures and growing stress, which “*affects physical and mental health of civil servants*”.<sup>5</sup> In sectors with a high proportion of female employees (social, health, hospital, retirement homes, occupancies for seniors, employment agencies ...), the staff is often exhausted, feeling more and more powerless confronted with a request for help growing in crisis periods.

Besides, this policy approach means less hiring. In fields as education or social action, which usually hired many young women (more skilled than men), this means less job opportunities for them. In terms of wages, the freeze on compensation decided in 2010 by the previous government has been extended in 2014 until 2017 by the socialist government. The loss of purchasing power is estimated by French official statistics (Insee) at 7 % between 2010 and 2014. This is a significant loss, which must be added to the previous years' one: it penalizes all civil servants, and hit harder those who are on the low end of the wage scale, where the proportion of women is the highest. By comparison, purchasing power of private sector employees slightly increased (+1,8 % over three years to 2013) (Dares 2014). The public sector is not the better place that some people would imagine.

### **An alarming trend in the health sector**

Consequences of budget cuts in the field of health are worrying. Hospital restructuring, initiated before the crisis but already conducted on behalf of budget savings, established a new method of financing hospitals.<sup>6</sup> That led in fact to the closures of many maternity hospitals and abortion clinics. Though the number of deliveries increased by 5 % between 2001 and 2010, in the same period, one in five maternity hospitals has closed (Drees 2012)! Is there a link between this evolution and the fact that infant mortality remains flat in France since 2005? Until then, infant mortality decreased steadily. The result is that France declined from the 7th European rank in 1999 to the 20th rank in 2009. Besides, the Institute for Public Health Surveillance drew attention to maternal mortality, half of which would be avoidable,<sup>7</sup> that are 40 deaths avoidable per year. These deaths “*induce dizziness and are obviously unacceptable*.” This situation is considered to be a great concern by the Court of Auditors: in its 2012 Annual report, a new chapter entitled “Perinatal policy: urgency of a remobilization” points out inequalities depending on the region. Many districts do not meet minimum standards for activity and means in maternal and child-health protection services. Women in a vulnerable social situation and women from French oversea departments are much less medically followed up during their pregnancy, which increases

risks both for mothers and their children. We may worry of the future trend because recommendations given by the Court of Auditors involves increasing the budget dedicated to perinatal Policy ..., which is not forthcoming.

Moreover, it is disturbing to read in a General Inspection of social affairs report that, for improving medical follow-up of pregnancies, *“the OECD suggests in particular to reduce the number of prenatal medical visits for women from privileged backgrounds, in order to be able to increase them on behalf of women from lower-income families”* (IGAS 2011)! Is that to say: improving maternal protection for some women could only be done through a decrease of maternal protection for others?

Various studies show a strong increase of people giving up medical care since several years. The proportion of people reporting having given up medical care for financial reasons over the past year rose from 11 % in 2009 to 33 % in 2013. There is a significant difference between women (41 % are concerned) and men (23 %). This rate has risen significantly with the level of precariousness. And, no surprise, the global reduction of refund of medical expenses, and therefore the amount that remains to be paid for the patient, represent main causes for this situation.

Another fact to be noticed is the decrease in contraceptive pill use in France, which concerns more particularly young women in precarious positions. Contraceptive pills may represent an important budget if the woman is prescribed a non-reimbursable pill: that is the case for 42 % of women. And only 43 % of precarious young contraceptive pill users are totally reimbursed (Ined, 2012).

### **The effective right to abortion is under threat ...**

Abortion clinics in public hospitals are also directly impacted by budget cuts, which have resulted in large restructuring and service closures. Thus, 130 health facilities providing abortions were closed in the last ten years, according to the High Council of gender equality. As the abortion number remains stable, that means that women have to face many difficulties due to a lack of available staff, means and places. The waiting time increases. Actually, this is a regression in the right to abortion. Several associations<sup>8</sup> dealing with the defence of women's right to abortion and feminist activists condemn this policy focused on cost reduction. They also point out that the abortion tariff (which is refunded by Social Security to hospital providing abortion) is too low compared with its real cost, which is discouraging hospitals to provide this act. The associations demanded a tariff reevaluation of 100 %. In 2013, it has been raised by 50 %: far too little from their point of view.

### **Pension reforms penalize more heavily women**

In the framework of measures for deficit reduction, in 2010 and 2013, two pension reforms have been conducted, based on the lengthening of the contribution period to obtain a full rate pension, and on a later retirement age. Both of these measures are penalizing more heavily women, while gender pension inequalities are already very high. Women have indeed shorter professional careers because they often interrupt them for childcare or they have period of part-time work. In addition, they have lower wages on average. Shorter contribution periods added to lower wages result in much lower pensions for women than for men.

Lengthening of the contribution period leads to lower pensions for everybody (Harribey/Khalifa/Marty 2010; Harribey/Marty 2013), but it will have a disproportional impact on women, due to their shorter contribution period: a much larger proportion of women than men will have either to postpone their retirement age (with the well-known difficulties for seniors' employment), or to suffer a larger downgrading<sup>9</sup> on pension amounts.

As well, the raise from 65 to 67 of the "full pensionable age" (that is the age from which downgrading is no longer applied) first affects people with insufficient contribution periods (the vast majority of them being women), who will have to wait until they have reached the new limit age to avoid a downgrading which is very harmful, especially for small pensions. Finally, the retirement benefits linked with the presence of children – called family rights – have been reduced, and women civil servants, particularly, have lost a lot of income.

Now, how are gender pension inequalities evolving? According to the European Commission (European Commission 2013), in France, the gender gap increased to 39% in 2010, that is a 10% increase since 2005. The poverty rate of retired people increased from 8,5% in 2004 to 10% in 2010, with a higher increase for the retired over 75.<sup>10</sup> Among this population, isolated women are overrepresented.

### **Freezing of social benefits**

Several measures of social benefits freezing have been applied during the last years. In 2012, the government of François Fillon (political right) had frozen family benefits for several months. In 2013, the government (political left) postponed the pension re-evaluation and delayed it by six months. Then, in April 2014, the government announced freezing until October 2015 of all benefits (family benefits, childcare benefits, accommodation assistance allowances, back-to-school allowance, pensions, ...), except minimum social benefits. That means 11 billions Euros in savings to the detriment of the welfare system. However, pensions less than 1200 Euros will be re-evaluated. No government had ever applied measures of this magnitude! Even if minimum social benefits and lowest pensions are partially spared (which is a lesser evil for the most precarious women), low-income bracket people are hardly affected by these measures. Since women manage the budget for children (childcare expenses, tuition fees, food, clothing and recreational expenses), they are the ones most affected by these budgetary restrictions; in particular, isolated women have to face greater difficulties.

### **Reduction of subsidies to associations**

For several years, subsidies to associations have been substantially reduced, on national as well as local level. Among them, are associations for information and assistance to women (familial planning, assistance to women in difficulty, abused women, refugees, and so on ...). It is difficult to give global figures, but reductions are severe and strongly impact on the assistance activities.

### **Rise in the number of homeless women**

Humanitarian organizations report a growing proportion of women among people experiencing poverty. In its 2009 annual report, the Catholic Relief service stated a feminization of poverty and of precariousness, and it drew attention on the isolated young mothers' situation. The national statistical office (Insee) notes that number of homeless raised by 50% between 2001 and 2012 (Insee première 2013). Two out of five are now women and there are also many children.

### **Loss of autonomy, an abandoned reform prejudicial to women**

Twice, in 2011 then 2012, a great reform to reduce old age dependency was announced by the respective governments. Such a reform, even with a low level of ambition, would have had a lot of costs. So, due to the context of budget reduction, it has been postponed twice. The present situation is however unsustainable, from various points of view.

First, it is unsustainable for most of dependent persons (mostly women, because women are preponderant among elder people) for whom cost for care, net of assistance benefit, is much higher than financial resources. For instance, the excess to be paid by a patient for the accommodation in an institution for elderly or disabled persons is estimated at 2900 Euros a month in an urban area, and 2200 Euros in a rural area.<sup>11</sup> By comparison, average disposable income (including all kind of incomes) for people over 75 years of age was 1712 euro a month. This cost becomes more and more a problem for dependent persons, and therefore for their relatives.

The situation is also untenable for the family caregivers – two thirds of them women – who shoulder a heavy burden that affects them in their job, but also in their health, and more generally in their own autonomy (Marty 2011). While the number of dependent persons is substantially increasing, public budget for this field is limited. This lack of social help forces family caregivers to increase their personal engagement in a situation where they are already too hard-pressed. In addition, the lack of dependent care services combined with the loss of household purchasing power leads to an increased use of undeclared home care of women – often migrant women – who work without access to social protection and to full social rights.

### **Here and there, women resist**

Confronted with the consequences above-mentioned, people – among them women – try to resist against these policies with different kinds of actions. In particular, the need emerged to make known the gender impacts of austerity because it appeared they were mostly ignored even in the social movement. In October 2012, some activist women from different European countries decided to organize a tour in France named “European women walk against debt and austerity”: the aim was both to testify on the situation in different countries, to bring in gender analyses, and to meet the local feminist associations. The tour was organized with the help of CADTM<sup>12</sup> and it crossed some ten cities<sup>13</sup> in France during two weeks, with women speakers from Belgium, France, Greece, Hungary, Great Britain and Spain. It contributed to strengthen links between feminist networks, to enhance resistance and share information on local fights.

In June 2013, several thousands of people – women and men – participated in a “Wom-

en march against austerity” in Paris and in some other French cities. This was initiated by women organizations and supported by social movements, unions and political parties.

Here and there, women struggle against closures of maternities, against the decline in social benefits and in subsidies or against the pension reforms. Some struggles are successful, which is an encouragement for other mobilizations. For instance, the long fight opposing for several years the closing of the maternity of “les Lilas” near Paris, led in September 2014 to a real success: the government announced the abandon of the closure. This success is due to much perseverance in the mobilization of the staff supported by a large group of women and public services defense organizations, although nothing is final yet.

### **To conclude**

In 2012, a Ministry of Women’s Rights has been established.<sup>14</sup> It allowed a greater visibility on the needs to achieve gender equality and it brought some advances. But, to be able to make real progress in equality and to satisfy basic requirements in terms of childcare facilities, dependence, health, fight against poverty, precariousness, violence against women, prostitution, and so on, a sufficient budget is essential ... which is not allowed by the choice to pursue austerity policies.

Budget cuts in public services and in social welfare mean a progressive dismantling of the welfare state. However, women have links with the welfare state: each attack against it is an attack against women, against gender equality. Conversely, defending women’s rights means maintaining and improving the welfare state.

Moreover, conducting a policy to achieve gender equality can also be part of solutions to emerge from the crisis. For instance, creating public services for childcare and for dependent persons is initiating a virtuous circle: it restarts economic activity with a focus on satisfying basic social needs, and so lightens women’s domestic workload and allows them to take a (full-time) job; it leads to the creation of many jobs (not at risk of relocation), this provides revenues for the new employees, therefore new tax revenues for the state and for the social security system; it allows to reduce public deficit, which gives financial leeway to public authorities to pursue policy to serve the general interest. In this period where austerity is more and more considered as inefficient, harmful and unfair, a political change of course is possible and would be very welcome.

### **Literature**

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## Notes

- 1 This paper is based on the article “Les Françaises ne sont pas épargnées”, Christiane Marty, published in the French journal “Travail, genre et sociétés”, issue n°33/2015, Université Paris Descartes.
- 2 Fiscal Policy and Income Inequality, Sanjeev Gupta and Michael Keen, January 2014. “The large fiscal consolidations underway in a number of economies have raised concerns about their potential impact on inequality“ ... “Equity considerations become even more relevant during periods of consolidation, as they can influence the political sustainability of fiscal adjustment”. Various aspects of these impacts on inequalities are presented. A statement has been added to the report, noting that the policy considerations should be attributed to IMF staff and not to the IMF.
- 3 Low-wages are defined as wages less than two-thirds of the median wage of the total population.
- 4 Data from Cour des comptes, Résultat et gestion budgétaire de l’État, exercice 2012.
- 5 Luc Rouban, research director at Centre de recherches politiques de Sciences Po (Cevipof), june 2010.
- 6 This method is named in french “tarification à l’activité”, that means a pricing established for each act.
- 7 Epidemiologic bulletin, January 2010.
- 8 National Association of centers for abortion and contraception (ANCIC), Coordination of Associations for the right to Contraception and Abortion (CADAC) and Family Planning.
- 9 In France, the downgrading is an additional reduction on the pension, which is applied when the contribution period is lower than the period required (that is a reduction which is applied over the proportional calculation). The downgrading is no longer applied when retirement age occurs after the age of 65 years (pulled back to 67).
- 10 Report of Yannick Moreau to the Prime minister “Nos retraites demain : équilibre financier et justice”, 2013.
- 11 Data from IGAS, 2009.
- 12 Comité pour l’annulation de le dette du tiers monde, Comity for cancelling the debt of the Third World.
- 13 See a reporting on the CADTM site : <http://cadtm.org/Journal-de-la-tournee-des>.
- 14 A Ministry of women’s rights was created in 1981, with the arrival of a socialist government. Its status was then lowered to that of a simple Secretary of State.