Introducing a Human Dimension to the Economy: Engendering the Budget

Paper prepared for:
A Gender Agenda: Asia-Europe Dialogue, New Visions and Perspectives for Women and Men. Chiba, Japan, 23-25th May, 2001.

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1. Introduction: The human dimension

Mainstream economics works on the assumption that a boundary can easily be drawn around economic activity. The economy is equated with activities that are open to monetary exchange, work being defined as paid work. This practice is reflected in national accounting systems in which, typically, only paid employment and the exchange of commodities for money is registered as part of Gross Domestic Product. However, as feminists have long pointed out, formal economic activity is maintained by a parallel economy of unpaid work (Himmelweit 1998). This economy is constituted by the care of young and, increasingly, older people, routine domestic tasks and services, such as voluntary work, that are supplied to the broader community. Introducing a human dimension into the economy, therefore, involves taking into account the non-monetised as well as the monetised economy, the care economy as well as the formal economy. Such a perspective recognises that the boundaries between these economies are not fixed over time or across countries: for example, more childcare is registered in the paid economy in Sweden than in the UK, while in both countries recent increases in women's labour market participation have been accompanied by a growth in domestic services (cooking, cleaning etc.) purchased in the private market. The human dimension also reveals that individuals exist in the paid and in the unpaid economies: they participate in both (as, for example, working parents), are sustained by both and their activities in one arena shape and constrain their participation in the other.

Operating with this understanding of the human dimension of the economy, the paper explores how gender budget initiatives might operate both to reveal and redress gender inequalities across the paid and unpaid economies. I do this by, firstly, examining the need for a gender perspective to understand fully economic and budgetary processes.

This is followed, secondly, by an exposition of two case studies from the UK which serve to demonstrate both the form that a preliminary gender analysis might take and the risks of operating without such an analytical perspective. Thirdly, the different tools with which a gender budget may be achieved are examined and distinctions drawn between the many types of initiatives that exist. This leads, fourthly, to a consideration of the transformations that are needed in both our conceptual frameworks and our political and economic institutions for a gender budget to operate effectively.

2. The need for a gender perspective in economic and budgetary processes

There are two principal imperatives for injecting a gender perspective into economic and budgetary processes. First, existing patterns of gender inequalities mean that budgets affect women and men in quite distinct ways. It is important to understand these patterns in order to evaluate whether policies are properly targeted and meeting their desired aims efficiently. Differences in economic position also mean that women and men will respond differently to a changing policy environment so that a gender perspective is necessary to comprehend what impact budgetary changes might have on individual behaviour. Second, effective budgetary processes must take into account the paid and the unpaid economies and evaluate the impact of policies on both spheres. Without this broader perspective it is impossible to assess whether budgets are delivering to social goals as well as more narrowly defined economic ones (Elson 2000; Rubery and Fagan 2000; Rubery 1998).

Looking in more detail at the first imperative, we see from international data that gender inequalities are a feature of all economies, whatever their degree of economic development or stage in the economic cycle. The nature of that gender inequality is only fully captured if we look across a number of dimensions: the distribution of paid and unpaid work and the distribution of resources, both money and time. It is no secret that women take a greater responsibility for unpaid, caring work and, as a consequence, are engaged in paid employment intermittently or for fewer hours and often for lower pay. Clearly related to this are gender inequalities in access to resources. Typically, women command fewer financial resources in their own name, be they earnings, wealth or land rights (Rake 2000a). Important also is the impact that patterns of paid and unpaid working have on the use of time. For mothers in particular, increases in hours in paid employment have frequently not been matched by a commensurate decrease in the hours spent in domestic and caring work. Working a "double day" has impact on time use, and in particular gender differentials in access to leisure time.

These multiple dimensions of gender inequality mean that women and men are located at different points in the economic and social structure and, as a consequence, will experience economic policy in quite distinct ways:

1. Gendered roles around unpaid domestic work, caring for older people and parenthood result in a gendered patterning of need. The boundary around economic and social policy is also the boundary between those needs that are recognised and those that go unmet. This boundary has important implications for gender. To take one example, where the needs of parents for flexible, quality and affordable childcare are met by the state this is likely to have a particular impact on the employment pattern of mothers. By contrast, the impact of a health care system that limits the care offered to older people will be felt by women in particular.

2. In light of the different economic circumstances of women and men, policies that target specific groups are unlikely to reach equal numbers of women and men. Hence, policies aimed at the older population, the poor, the low paid and lone parents will, in most countries, be policies for which women will be the greater number of beneficiaries, while policies aimed at higher rate tax payers or recipients of occupational pensions will reach men in the majority.

3. The rules of eligibility and entitlement to cash benefits and services from the state may affect women and men differently. Where assumptions about the 'typical' or 'normal' working or family life are written into such rules, indirect gender bias will be introduced. For example, state pension systems frequently require that a number of years of contributions are made for a full pension to be claimed. In Britain this requirement is based upon a 'normal working life' of 40 years of continuous employment, a standard that women are unlikely to meet. Where eligibility requirements have such a bias, they may disqualify women from claiming full or, indeed, any entitlement.

4. Policy sets in place tax and benefit incentives for particular patterns of labour market participation. However, men and women tend not to respond in the same way to economic incentives. For those with caring responsibilities the benefits of participating in the labour market need to be balanced against the costs of that participation. Such costs may take the tangible form of paying for childcare or may be of a more intangible nature, in terms of the perceived loss in quality of childcare. Understanding different responses to incentives therefore requires that we move beyond classical economic theory, whereby the decision to participate rests solely upon the relative value of the wage and of leisure time.

In combination, these factors mean that no current budget, however worded or expressed, is neutral with respect to gender.

The second imperative for introducing a gender perspective into the budgetary process refers us to the broader aims of economic policy. As the description of parallel economies – paid and unpaid – makes clear, we will get a partial view of policy if we measure its impact on the paid economy alone. Policies also shape the unpaid economy, affecting the amount and quality of caring work, domestic work and community work that are undertaken. For example, the economic gains of bringing unpaid carers into paid employment have to be offset against potential losses of unpaid work to the individual, her family and community. In other words, policies impact on what is traditionally defined as the social sphere as well as on the economic sphere. Accordingly, economic and social policies cannot be analysed as separate mechanisms, but rather economic policy needs to be integrated into a broader social agenda with the social consequences of the budget brought to the fore of analysis.

Given that a gender perspective reveals this conjunction between economic and social policies, governments stand to benefit in a number of ways from conducting gender budgets. For most countries, the production of an annual budget represents a unique opportunity to look at the functioning of government as a whole, and may be used to set the direction of policy and signal changing priorities. It is, thus, essential to introduce a gender perspective into the political processes surrounding the budget. In addition to sending out clear political messages about the importance of gender to the processes of government, a gender perspective is necessary to ensure the effective delivery of policy and its longer term success. If, for example, a policy delivers short term economic gains at the cost of undermining a nation's social fabric then clearly the success of this policy will be jeopardised. Furthermore, adopting such a perspective may go some way toward avoiding policy making false economies. The search for spending cuts should be cognisant of the fact that savings in the paid economy might be offset by costs to the unpaid economy which, however hidden, are real, experienced by women and men in their daily lives.

3. Two case studies from current policy in the UK

Having discussed, in the abstract, the need for a gender perspective we now turn to two concrete cases of UK policy. These are examined both to demonstrate the hidden features of policy that the gender perspective serves to reveal and to illustrate the potential shortcomings of developing policies without taking gender fully into account.

3.1 Case Study One: The New Deal Programmes

The first case study relates to the New Deals, the title given to a series of active labour market programmes that have been rolling out under the current New Labour government. The New Deals were introduced with the aim of promoting economic and employment opportunities for all. The New Deals are apparently gender-neutral, open to all and operating through an Employment Service which has a commitment to the promotion of equal opportunities. However, the very design of the programmes results in a significant gender imbalance in the programmes' participants and in expenditure on the different programmes.

Participation in the two principal New Deals – the New Deal for Young People (NDYP) and the New Deal for the Long Term Unemployed (NDLTU) – is conditional on a particular duration of registered unemployment. However, women, especially women in couples, are less likely to register as unemployed and where they do so, are more likely to register for a short period of time. By conditioning access on registered unemployment, NDYP and NDLTU have written into their design a typically male pattern of absence from the labour market and as a result women form a small proportion of participants on these two programmes. Up to the end of 1999, 27% of participants in the NDYP were women (compared to 29% of the stock of eligible claimant unemployed at that period) and just 16% of participants in the NDLTU are women (compared to 15% of the eligible claimant unemployed) (calculated from DfEE 2000a and ONS 2000 Table C.12).

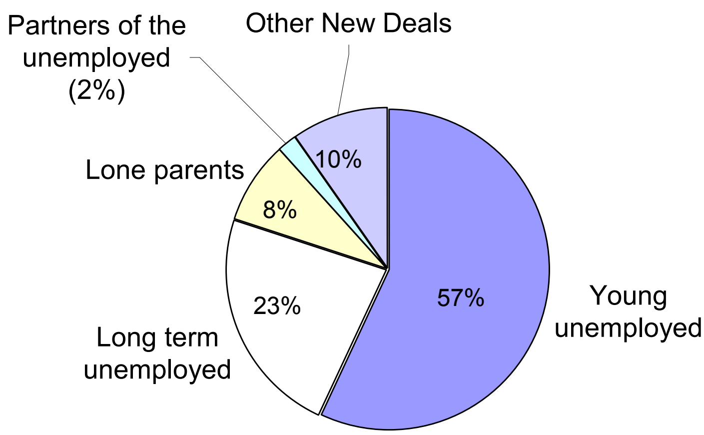
It could be argued that there is no inherent bias within these New Deals as the sex composition of participants reflects reasonably closely the composition of the claimant unemployed. However, evidence suggests that women's lower representation among the claimant unemployed and their shorter spells of unemployment when registered do not reflect any greater economic or employment opportunity. For example, analysis of the period 1990 to 1994 showed that 22% of women received nothing but low or no pay every year compared to 8% of men (Endean 1999, Table 1). By conditioning access on the length of the most recent period of registered unemployment the current structure of the New Deals cannot address this low pay-no pay cycle. In sum, the creation of economic and employment opportunity for the claimant unemployed is not equivalent to the creation of opportunity for those disadvantaged in the labour market.

Other New Deals target groups who are not found among the claimant unemployed and have a predominantly female clientele. For example, 95% of participants in the New Deal for Lone Parents (NDLP) are women (DfEE 2000b). There is also a New Deal for Partners of the Unemployed, and as this rolls out the majority of its participants will be women. Again this gender division between the different New Deals might not be problematic were it not for the fact that each New Deal offers a quite distinct range of options to participants and entails a distinct level of expenditure. The two New Deals with the high level of male participation offer, in combination with an element of compulsion, the most extensive range of options. NDYP operates a series of options – including a generous option for training – which are to be extended to NDLTU following the 2000 Budget. The training option has proven to be very popular – by the end of November 1999, more than two-fifths of those on options within the NDYP were on the training option (DfEE 2000a). By contrast, the emphasis in the NDLP and NDPU is on support and guidance offered by a personal adviser. For example, the NDLP offers measures such as free childcare to cover interviews as well as advice on building up a successful c.v.. The training provision in the NDLP will be extended following the 2000 Budget, but is currently limited – by the end of November 1999, just 7% of all lone parents who had attended an initial interview undertook training (DfEE 2000b). Among the New Deals, provision is qualitatively different: where there is compulsion to participate in the programme there is more thorough provision, especially for training. However, from the point of view of the efficiency of the programme overall, one might want to match provision with the actual needs of the participants, for example the need to acquire basic skills and literacy and to maintain and upgrade those skills in employment. From this perspective, there is no clear logic in offering less comprehensive options to lone parents than to the young unemployed.

There is an issue also about the normative content of these programmes and whether they are being used to reinforce or challenge sex stereotyping of employment. In the UK, gender stereotyping of the jobs taken by New Deal participants is not seen as problematic. A much publicised option for lone parents is to take employment in the childcare sector, with just under a quarter of those lone parents who found employment working in personal and protective services, with clerical, secretarial, sales and routine unskilled jobs accounting for most of the remainder (Hasluck 2000: 37).

In terms of expenditure the different New Deals have been assigned very different shares of the £2.6 billion that has been assigned to the programme over five years (an annual spend of around 0.05% of GDP). As Figure 1 shows, the bulk of the money (57%) goes to young people, while the long-term unemployed receive a further 23%. The remaining fifth is shared between the other schemes. Lone parents receive a mere 8% of all New Deal spending while the New Deal for partners of the unemployed commands just 2%.

Figure 1: Allocation of expenditure on the New Deals, 1997-2002



Source: Author's calculation based on HM Treasury 2000.

Overall levels of expenditure might not be a cause for concern if they simply reflected the different size of the programmes. However, estimates of spend per participant suggests this is not the case. Young people and the long term unemployed have about £1560 and £1370 respectively spent on them when they are in the New Deals. For lone parents, by contrast, the per participant spend is estimated to be approximately £700 or about half as generous.

This case study demonstrates how important the rules determining eligibility are for the gender balance of the programme. The New Deals are working with a particular model of the labour market, which reflects more readily male norms of labour market participation and hence, while seemingly neutral to gender, reaches more men than women. Further, a feature of the New Deals is to have established the main programmes (for the young and long term unemployed) which cater principally to men while women's needs are met under separate initiatives. Although not necessarily problematic, as the case study shows there is a real risk that earmarking programmes means they attract less funding and, hence, provide a poorer service. Lastly, the case demonstrates how gender norms might be replicated through government programmes, with the New Deals doing nothing to challenge the gender segregation of the labour market.

3.2 Case Study Two: The Working Families Tax Credit

Our second case study relates to the Working Families Tax Credit (WFTC), a cash benefit paid to families with children where at least one partner is in work for 16 hours or more. WFTC is one of a number of other reforms aimed at 'making work pay' (other changes include the introduction of a National Minimum Wage and changes to the tax system). When it is fully implemented, WFTC will cost around £5 billion per year (around 0.5% of GDP) and reach around 1.4 million families (Dilnot and McCrae 1999:4; HM Treasury 1999: 32). While the policy has no explicit gender equality objective the development of childcare credits and the focus on moving single parents into work has been cited by the government as evidence of their commitment to women's employment.

For our purposes, the interesting features of WFTC are:

1. As a means-tested benefit, it is assessed according to family income. After a certain level of earnings is passed, the benefit is withdrawn at the rate of 55%.
2. An additional payment is made to those who work 30 or more hours per week.
3. It is paid as a tax credit and delivered principally via the wage packet. Couples may, however, elect to have the benefit paid directly to the main carer.
4. It provides a credit that covers a maximum of 70% of childcare costs with the limit on cost currently set at £100 for the first child and £150 if there are two or more children.

We now examine each of these features in turn to analyse their implications for gender.

Firstly, assessing the benefit by family income has very important gender implications. Incentives to participate in paid employment are high for single earner couples and for lone parents. By contrast, WFTC creates disincentives for second earners (the majority of whom are women) to enter or remain in the labour market as they are likely to face a marginal tax rate of, at the very least, 55%. As a consequence, WFTC is supportive of a traditional division of labour for couple households where one adult (who, given persistent gender pay gaps, is most likely to be male) is encouraged to adopt a breadwinner role while the other detaches herself from the labour market in order to provide caring labour. This incentive structure is reflected in the figures on claimants: among couples claiming the benefit, less than 15% have both partners in work, while only 21% have the female partner as the main earner (Rubery and Rake 2000). Over the longer term, estimates suggest that for each married man encouraged to enter the labour market by the WFTC, 1.6 women married to an employed partner will withdraw (Gregg et al. 1999).

Secondly, in making an additional payment to those working more than 30 hours a week WFTC builds in norms about working patterns that women, particularly lone mothers, may find hard to fulfil. Moreover couple households are not allowed to pool their hours of work to qualify for the additional credit; there are thus built in resource disincentives for dual part-time working in the WFTC system (The Women's Budget Group 2000; Kelly 2000; Rake 2000b). This bias is again reflected in the figures on claimants, with three fifths of households receiving the 30 hours credit headed by men (Rubery and Rake 2000).

Thirdly, delivering the credit through the tax system has implications for who in the family actually receives resources. WFTC replaced a prior system of support that paid money directly to the main carer and as such this change in delivery system was resisted as a switch of money 'from the wallet to the purse' (Women's Budget Group 1998). After lobbying, couples may opt to have the benefit paid directly to the main carer. However, having this as an option rather than an automatic right means that, in practice, women who want to receive this payment will have to negotiate for it, an option not necessarily open to all. In addition, WFTC effectively compromises the right to independent taxation. Payment is based on family income, with one partner's earnings having a direct impact on the other's tax credit.

Fourthly, the credit for childcare has enabled lone mothers in particular to enter employment. The gender impact of this provision is generally positive but, given the importance of childcare costs for women calculating potential gains from paid work attention needs to be paid to the adequacy of the credit. For those with young children childcare costs are likely to be high while those with large families will be especially penalised by the assumption that childcare costs fall to zero where there are more than two children. The rationale for asking parents to pay 30% of childcare costs also needs to be reviewed against evidence of the disincentives this creates for women's employment. Furthermore, the security of childcare is a consideration both for the welfare of children and in the decision to take up paid employment. Payment of the childcare credit through WFTC means that employment is assumed to precede childcare. However, with the interests of their children in the forefront of their minds, parents may not begin their search for employment until they have already secured suitable and trustworthy childcare for their children.

This case study also throws light upon the impact on gender of particular features written into the design of policy. In particular, it demonstrates how channelling money through a benefit means-tested on family income and paid to the main earner may have the effect of reinforcing traditional divisions of labour within couple households. While single earner households are richly rewarded by WFTC, the disincentives for second earners to enter the labour market are high. This draws our attention to the timeframe in which this policy is evaluated – while short term success may be measured by increased resources to low income families, over the longer term there is a risk that the policy will lead to the disengagement of married women from the labour force, with a long lasting impact on their independent incomes.

From these two case studies we can begin to draw out some principles for a gender impact assessment of budgetary measures. These are:

1. **Analytical attention needs to be focused on the individual as well as the family**. For the gender effects to be taken fully into account it is essential to understand the, often quite distinct, impact of budgets at individual and family level.
2. **Consideration for the longer term consequences of policy is essential.** Rebalancing the gender division of paid and unpaid work and enhancing human capital are social changes of a slow and incremental nature. It is essential that policy is designed with an eye to the longer term and with full conscience of its impact on these longer term goals.
3. **Analysis must extend to the unpaid, caring economy.** Policy makers need to address the continuing constraints on women's participation in paid work that arise from their unpaid, caring work. Further, policy needs to pay attention to the extent that achieving social and economic goals requires a contribution of unpaid work, and must support that work appropriately.
4. **Differentials in women and men's response to economic incentives need to be taken into account.** Operating with simple models of economic behaviour will not take into account the different ways in which women and men might respond to economic incentives. Policy modelling needs to develop a more sophisticated understanding of the decisions between paid and unpaid work, and the opportunity costs of participating in either or both spheres.
5. **The impact of policy on gender norms and roles should be considered.** The degree to which policy challenges gender stereotyping also merits attention. Active measures to reduce gender segregation in the labour market and to encourage men's participation in unpaid work must also have a place in policy that is aimed at changing the prevailing gender order.

4. Introducing gender analysis into the budgetary process

Having demonstrated the need for a gender impact assessment of economic policies and drawn out four principles that should guide such assessment, we now turn to a more detailed consideration of the practical processes involved in producing a gender budget analysis. With the exceptions of South Africa and Australia, there is only limited experience of producing gender budgets. As a consequence, there is some confusion over the basic terms sued to describe this embryonic process. What exactly do we mean by a gender budget analysis? How does this process relate to gender auditing, impact assessment and mainstreaming? As an attempt to clarify some of these debates, Table 1 sets out different ways that one might conduct a gender analysis of the budgetary process.

The exercises outlined in the table vary according to their complexity and the demands they place on the analyst. Thus, at the first, very simplest level gender analysis involves a simple counting exercise in which gender is rendered visible by enumerating the numbers of women and men affected by a particular policy. This requires nationally representative data that is disaggregated by sex – a seemingly simple requirement that is, in fact, not met in full by many national statistical agencies. While this exercise is a pre-requisite for subsequent stages of gender analysis, without an assessment of differential needs or of the way in which policy changes behaviour over the longer term, it is inadequate to the task of revealing the gendered effects of a budget.

Table 1: Ways of introducing gender analysis into the budgetary process

	Questions explored	**Requirements**
1. Making gender visible	Who are the recipients?	Data disaggregated by sex
2. Auditing revenue and expenditure	How is spending/revenue distributed between women and men?	Expenditure and revenue statistics disaggregated by sex
3. Gender impact assessment	What are implications in the short and long term for the gender distribution of: - resources (money and time)? - paid and unpaid work? Is provision adequate to the needs of women and men? How does policy affect gender norms and roles?	Data on the unpaid, caring economy (i.e. a satellite account incorporating time-use data) Micro-analytic model of income distribution, incorporating model of economic (e.g. labour supply) and other (e.g. fertility) behaviour sensitive to gender differentials Sensitivity to gender segregation, cultural practices and gender norms and the impact that policy has on supporting or reconstructing these.
4. Gender mainstreaming	How is gender taken into account in policy formulation, design and implementation? What priorities are given to reducing gender inequality?	Cooperation across government agencies and across the policy process Awareness of the scope of gender issues and ability to search out more hidden aspects of gender inequality Tools to assess the aims and priorities attached to policy
5. Benchmarking	Are specific targets for gender equality being met?	Awareness of complexity of gender inequalities when setting targets Ability to locate the policy and other influences on particular social phenomena

The next level of analysis consists of an audit of the incidence of revenues and/or expenditure. This is the type of exercise I engaged in above in assessing the New Deals, and its utility lies in revealing whether there is any bias in the design of policies that result in revenue being collected from or expenditure reaching disproportionate numbers of women or men. Understanding the pattern of resources devoted to different policies can reveal the relative priorities with which a government operates, and is at the base of the rallying cry of feminist economists to 'show us the money'. This demand still needs to be met, as disaggregated expenditure statistics rarely appear as a matter of routine in government accounts. On the revenue side, measuring the incidence of taxation across women and men is rendered particularly complex by the need to assess tax relief on consumption, the use of indirect as well as direct taxation and the levelling of much taxation at the household, rather than individual, level.

The incidence of revenue and expenditure raises some challenging issues about the meaning equality. In the UK, and, I imagine, most welfare states, revenue is raised in the majority through taxes on men's incomes while government spending is directed disproportionately at women who make up the bulk of pensioners and claimants of social assistance benefits. A simplistic reading of such figures would suggest that if any adjustment needs to be made it would involve the targeting of more spending at men. This simplistic reading equates gender equality with the parity of spending on the sexes (for each pound spent on a woman an equivalent pound should be spent on a man). Such an approach does not adjust spending according to needs, which themselves show important gender differentials. The issue is not whether we are spending the same on women and men, but whether the spending is adequate to women and men's needs. We therefore need to operate with a more sophisticated notion of equality in order to conduct a thorough gender analysis of the budget.

The next type of analysis identified is gender impact assessment. The previous two exercises will typically contribute to this, yet a true assessment of gender impact needs to move beyond making gender visible or accounting for the incidence of government expenditure. Hence the focus of gender impact assessment should be on the effects – long and short term – of the budget on gender differentials in the distribution of resources and of work as well as on gender norms and roles. Such an assessment should be conducted with regard to women and men's needs. The tools required for such analysis are sophisticated. A significant new data requirement arises from the desire to capture the impact of the budget on the unpaid sector. This data may take the form of a time-use survey from which a satellite account of unpaid work may be developed. In the UK, for example, analysis is beginning on a recent time-use survey from which estimates of the contribution of unpaid work to Gross Domestic Product will be drawn. A model of income distribution based on micro level data is also needed to capture the distributional impacts of the budget on individual, as well as family, resources in the short term. For the longer term effects to be measured, other behaviours (including labour market participation) need to be measured with due regard to gender differentials in such behaviour. Finally, in recognition that economic policy also contributes to the cultural environment and gender norms, a full gender impact assessment should take into account the impact of policy on such things as gender segregation and the norms about appropriate roles for women and men.

The next, and broadest type of analysis, is gender mainstreaming. Gender impact assessment is a tool that is likely to be used in the mainstreaming process, but mainstreaming refers to a larger set of activities with a broader set of goals. Gender impact assessment is principally a tool of evaluation used once a policy is in place (although it is possible to conduct some predictive work using the models described above). Mainstreaming, by contrast, refers to the introduction of a gender perspective across the entire policy process and to all areas of policy. Mainstreaming should, therefore, be a process which involves actively searching out gender effects of policy even if those are not immediately apparent. Mainstreaming requires cooperation and coordination across government agencies, and across those working on distinct parts of the policy process within the same agency. The requirements here are probably less tangible than those listed previously, as they refer to sensitivity to gender as an issue applied throughout the policy process and to ways of determining the aims and priorities attached to different policies. Mainstreaming applies to all departments and for the budget process this reminds us that analysis cannot be focused exclusively on the activities of the Treasury or Ministry of Finance which acts to coordinate the spending and revenue gathering roles of other departments.

For budget analysis the mainstreaming approach is particularly valuable in two ways. First, it opens up the possibility of looking at recurrent expenditures rather than just focusing on an annual budget's innovations and introduction of new policies. Second, the Finance Ministry or Treasury is typically uniquely placed to work across a range of governmental departments and ask them to include a gender in their analysis of policy proposals.

The last type of analysis identified is benchmarking. Unlike the others, this does not fall easily into a hierarchical pattern as it may be part of any of the analyses mentioned above. Benchmarking is becoming an increasingly popular tool within the European Union, applied particularly to poverty. In the UK, for example, a benchmark with regard to child poverty (elimination by 2020) was set by the current government. In effect, benchmarks establish a minimum standard and a time frame over which this standard is to be met. It would also be possible to apply benchmarks to measures of gender equality, most obviously, for example, percentage point reductions in the gender pay gap. Benchmarks may be employed by official organisations or developed by pressure groups or opposition parties. While a simple tool in many respects, they nevertheless require analytical sophistication. Thus, for benchmarking to be successful the policies that are or will be effective in meeting that benchmark need to be identified. In a complex social world, this is very challenging – for example, it would be difficult to specify with certainty the policies that would narrow the pay gap under uncertain economic conditions. Further, a simple goal may disguise a series of important social choices. The ambition to narrow the pay gap may be achieved by closing the pay differential among the richest 10% of women or by improving the incomes of the poorest women. Using a simple benchmark both of these options are weighted equally even though we may prefer one method over the other. In sum, even the apparently simple ways of introducing gender analysis of the budget raise a series of issues, some conceptual others practical, about our understanding of the inter-linkages between economic policy and the structure of gender inequalities.

Distinguishing between the different types of gender analysis also helps us to clarify the potential location of gender budget initiatives. Involvement of external bodies, such as the Women's Budget Group in the UK, is possible in the first three types of gender analysis. However, only a central body from within government can conduct the work of gender mainstreaming, requiring as it does the ability to encourage (or coerce) a range of government agencies to become involved in the mainstreaming process.

5. Making gender budgets work: transforming institutions and transforming thinking

The analytical processes implied by a gender budget were outlined in the last section, but establishing process is not enough for a gender analysis to be undertaken seriously by any national government. Alongside a more developed understanding of the processes involved, a truly effective analysis will frequently necessitate a transformation of institutions and of thinking about policy. Clearly there is an issue of political will here – for gender analysis to move beyond a defensive 'tick box' approach, there needs to be a political commitment to gender equality, accompanied by a willingness to take on any new policy agendas that are thrown up by a more proactive analytical process. The presence of women in positions of political power is frequently identified as an aid, if not a prerequisite, to attaining such a political commitment (Rubery and Fagan 2000).

In addition to political will, gender analysis places requirements on the government departments that are required to enact the analysis. As with any new process, attention needs to be paid to developing the appropriate capacity within those institutions. Alongside the obvious requirement for expertise in and sensitivity to gender are less obvious exigencies to develop a broad range of analytical capacities that might otherwise not be present. Thus, gender impact assessment requires that policies are subject to rigorous and long term evaluation. For some national governments such evaluations are routine, while others will need to develop evaluative expertise in order to conduct a gender analysis. In addition, analysis of the impact of specific policies requires some assessment of the additional, unique contribution of that policy (known as its 'additionality'). Finally, a gender analysis may require that a policy area is looked at as a whole as the analysis should be informed by the needs of particular groups of women and men rather than by the often rather arbitrary boundaries around government departments. As a consequence evaluations will have to be ‘joined up’ across departments which may run counter to traditional practice of the civil service in many countries. In sum, introducing a gender perspective may require quite radical changes to institutions and traditional practice, although of course the extent of this transformation will depend very much on the specific national context.

In terms of transforming thinking, gender analysis is likely to open up normative debates about such things as the proper roles for women and men, the relative merits of full time parenthood and paid for care and the normal and desirable limits of family support. The evaluative process itself also requires an openness among policy makers, who, for a successful process to occur, will need to report their findings. Such changes work in the same direction as more general calls for open and transparent government and for increasing accountability to voters.

While these transformations may seem daunting, there are many positive forces at play. Occasions like this conference allow for the exchange of best practice examples, and more such events would be desirable as gender analysis of budgets evolve. Furthermore, the involvement of international organisations such as the United Nations and the Commonwealth Secretariat in disseminating knowledge and encouraging institutional change has been crucial, and for governments considering undertaking such projects there is now considerable international expertise from which to learn. Further, from within nations there is positive support, with countries such as the UK now having strong non-governmental groups (in the form of the Women’s Budget Group) who can provide expertise and give political impetus to the process.

6. Conclusions

To conclude, introducing a human dimension in the economy takes us in several exciting directions. On an intellectual level, it raises the crucial if infrequently posed question of what constitutes economic activity and challenges us to reconsider the boundaries that mainstream economics places around the economy. In terms of analysis, it challenges us to think in new and innovative ways about policy and to be thorough in our assessment, measuring effects across individual and family units, across time to capture longer term effects and in dimensions, such as the normative dimension, that are not often associated with economic policy. From the point of view of institutions, it gives additional impetus to the move towards open, transparent and joined-up government. It challenges departmental boundaries and encourages the development of evaluative and analytical skills throughout government. Given that there are such gains to be made from the process of engendering budgets and ensuring that the human dimension is present in economic analysis, practice must surely follow.

7. Bibliography

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