



# A gendered approach to the cost of living crisis?

International lessons

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## Executive Summary

Even before we emerged from the Covid-19 pandemic, the world was facing a cost of living (COL) crisis. Between the end of 2021 and 2022 the cost of living increased sharply across the globe.

The cost of living crisis refers to a situation where the rising cost of essential everyday goods and commodities - especially food, housing and energy - outpaces the growth in people's incomes. In economic terms, this is referred to as a fall in *real* incomes.<sup>1</sup>

While there has been some variation in the severity and duration of the crisis at the country and regional level, the cost of living crisis has been a global phenomenon, driven principally by two inter-related factors<sup>2</sup>:

- Supply disruption due to the Covid-19 pandemic, conflict in Ukraine, and climate-change related droughts and extreme weather events; and
- Rising energy and fuel costs primarily due to the Russian invasion of Ukraine.

As with the pandemic, the impact of the cost of living crisis has not been evenly distributed. Evidence across the board shows that lower-income households, of which many are headed up by women (including Black and ethnic minority and disabled households), have borne the brunt of the cost of living crisis. This is because these households spend a larger proportion of their income on essential goods and services.<sup>3</sup>

This report explores the responses of five countries to the cost of living crisis, highlighting specific policies addressing women's vulnerabilities and broader lessons for policymaking.

Many countries responded with conventional monetary approaches, principally raising interest rates. But there has been doubt about the effectiveness of monetary policies focusing on interest rates only (as well as the lack of coordination between monetary and fiscal policies) in terms of a positive impact on women in a 'supply-driven' inflation scenario.

Moreover, this report shows that gender analysis has not always been accounted for in policy responses across different countries in relation to the cost of living crisis. Women,

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<sup>1</sup> Institute of Government (2023) *Cost of living Crisis*, <https://www.instituteforgovernment.org.uk/explainer/cost-living-crisis>

<sup>2</sup> Onaran, O (2022) The Political of the Economy of the Cost of living Crisis in the UK: What is the be done? <https://peri.umass.edu/images/Onaran-PERI-Inflation-Conf-WP.pdf>

<sup>3</sup> WBG (2022) The gendered impact of the cost of living crisis, <https://wbg.org.uk/wp-content/uploads/2022/03/The-gendered-impact-of-the-cost-of-living-crisis.pdf>

who are disproportionately represented in lower-income households, have faced considerable challenges. Because of structural labour market inequalities and disproportionate (unpaid) caring responsibilities, women have less income and savings. Lone-parent households, led mainly by women, have been particularly vulnerable.

Spain's experience suggests that a combination of monetary and fiscal measures may be more effective than conventional monetary policy in addressing inflation.

The following policies in Spain are likely to have benefitted women in particular:

- Increases in social security payments;
- Indexing minimum wage, pensions, and benefits to inflation measures;
- Rent controls; protections against evictions;
- Reductions in VAT on food items; and
- Public transport fare cuts.

This is because women are more likely to be in low paid or insecure work, have more unpaid care responsibilities, more likely to use public transport, more likely to be impacted by higher food prices and more likely to rely on social security benefits.

Examples in other countries (e.g. Australia, Canada, Netherlands and France) highlight the benefits to women of reducing childcare fees, extending the list of price-capped essential foods, providing assistance for private rental housing costs and reducing the cost of essential medicines.

The review of the policy responses across these countries also suggests that legal obligations to gender budgeting are insufficient without robust assessments and accountability mechanisms.

In addition, a strong and overt political commitment to gender equality is critical for effective gender-sensitive fiscal responses.

# 1. Introduction

We were not even out of the pandemic before we were hit by a global cost of living crisis.

This 'cost of living' crisis referred to the fall in 'real' disposable incomes driven by escalating prices of essential goods and services. Global factors such as supply disruptions from the Covid-19 pandemic and the Russian invasion of Ukraine were two of the key factors driving high inflation and affecting the affordability of goods and services across the globe.

Within the UK, the annual inflation rate reached 11.1% in October 2022, a 41-year high. By March 2024, the annual inflation rate was 3.2%, a significant drop from 2022, but still affecting the affordability of everyday goods and services of many households.

Women have been particularly hit hard. As the 'shock absorbers of poverty', women have continued to bear the brunt of the cost of the living crisis. Because women do 50% more unpaid care and domestic work than men<sup>4</sup>, they have less savings and spend more of their household budgets on essentials. This diminishes their economic resilience and can push households into 'negative budgets', with higher outgoings than income.

In almost every country, the biggest contributors to rising inflation have been food, fuel and energy costs.<sup>5</sup> Despite these specific causes, most countries have adopted a conventional monetary policy response based on raising interest rates to combat inflation. In the UK, for instance, the central bank interest rate progressively rose from a low of 0.1% in December 2021 to 5.25% in August 2023.<sup>6</sup>

The conventional monetary policy approach focused on raising interest rates to suppress inflation has been criticised by a number of economists, particularly as the primary driver of inflation in the current cost of living crisis is input costs rather than a wage-price spiral.<sup>7 8</sup> These have argued that such an approach is not only ineffective because it fails to tackle the root causes but could actually worsen the crisis by driving up the cost of borrowing and related costs, such as housing.

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<sup>4</sup> ONS (2024) [Time Use in the UK: 23 September to 1 October 2023](#)

<sup>5</sup> IMF (2022) Chart of the week: How food and energy are driving the global inflation surge.

<https://www.imf.org/en/Blogs/Articles/2022/09/09/cotw-how-food-and-energy-are-driving-the-global-inflation-surge>

<sup>6</sup> House of Commons Library (2022) Interest rates and monetary policy: Key economic indicators

<https://commonslibrary.parliament.uk/research-briefings/sn02802/>

<sup>7</sup> Input-cost pressures refers to a situation where inflation is primarily caused by rising costs, such as energy. Inflation driven by a 'wage-spiral', on the other hand, refers to a situation where surplus income drives inflation.

<sup>8</sup> Onaran, *ibid.*

The UK's policy response to the cost of living crisis has spanned both monetary and fiscal policy. On the monetary policy side, the Bank of England increased the interest rate to 5.25%, the highest level since 2008. The government, in charge of fiscal policy, provided means-tested payments and support with energy bills to buffer households from soaring prices. These cost of living payments increased the income of many households, but the financial support was either for a limited time or one-off payments without due recognition given to the fact the price of childcare, housing and other essential services have continued to increase (albeit at a slower pace as inflation has come down).

Of the experts questioning conventional monetary policy, the Governor of the Banque of France, Francois Villeroy de Galhau, noted the following in his speech in London in 2023:<sup>9</sup>

*"...current shocks – and probably future ones – are no longer demand-driven – for which monetary policy is the most appropriate – but supply-driven. Tackling the causes and consequence of these supply side shocks is mainly the responsibility of government policies, in combination with the private sector. And for a central bank, it is more difficult to control inflation when it is predominantly caused by supply-side factors. Inflationary supply shocks tend to exert downward pressure on real incomes: a too prompt monetary policy response may exacerbate inflation volatility while eventually provoking a recession if the transmission lags are not correctly taken into account."*

[Monetary policy in times of conflict, delivered in London at the SPE Annual Dinner on 20<sup>th</sup> November 2023]

This was not a unique point of view among economists. Instead of a conventional monetary policy approach, economists critical of conventional monetary policy have proposed the use of appropriate fiscal measures to tackle high inflation and the cost of living crisis.

The focus of this report is the fiscal responses to the cost of living crisis in five OECD countries: Australia, Canada, France, the Netherlands, and Spain. These five countries have been selected because they have either implemented innovative policies or a comprehensive set of measures that is likely to have been effective at tackling inflation and/or mitigating some of the most detrimental impacts of the crisis on women.

The structure of the report is as follows. Section 2 illustrates how and why women are more vulnerable to the cost of living crisis and why, as a consequence, gender needs to be

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<sup>9</sup> de Galhau, F. V. (2023) Speech: Monetary policy in times of conflict, delivered in London at the SPE Annual Dinner on 20<sup>th</sup> November 2023, <https://www.banque-france.fr/en/governors-interventions/monetary-policy-times-conflicts>

an important consideration when evaluating national policy responses. Section 3 examines the specific fiscal policy responses of Australia, Canada, France, the Netherlands and Spain. Section 4 concludes the report with lessons to inform future policymaking.

## 2. Women and the cost of living crisis

There is overwhelming evidence illustrating how the cost of living crisis has disproportionately affected lower-income groups<sup>10</sup> as they have lower savings, spend a greater proportion of their budget on food and energy, and are less able to absorb rising costs. The importance of gender analysis, however, has been overlooked, less well understood, and less likely to be taken into account by policymakers.

As Feenstra et al.<sup>11</sup> note in their review of responses by European countries:

*"Policy interventions are in general gender blind and take the household or energy consumer as homogeneous entity not acknowledging intersectional characteristics like gender, age, household composition, disability, etc."*

[2024, p. 8]

Yet, gender analysis of the impact of the cost of living crisis and policy responses are critical. Not only are women over-represented among lower-income households, but other inter-related factors mean that women are more exposed to the effects of the cost of living crisis:<sup>12</sup>

- **Income and savings:** Women, on average, earn less than men. Across the OECD, the gender wage gap for median earnings for full-time workers stands at 12%.<sup>13</sup> The gender wage gap means women have less income to start with, making them more vulnerable to increases in the cost of living. Lower earnings also translate to smaller savings and less financial resilience to cope with economic shocks.<sup>14</sup>

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<sup>10</sup> <https://www.instituteforgovernment.org.uk/explainer/cost-living-crisis>

<sup>11</sup> Feenstra, M., Laryea, C., and Stojilovska, A. (2024) Genders aspects of the rising cost of living and the impact of the energy crisis, EU FEMM Committee, [https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754488/IPOL\\_STU\(2024\)754488\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754488/IPOL_STU(2024)754488_EN.pdf)

<sup>12</sup> *Ibid*

[https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754488/IPOL\\_STU\(2024\)754488\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754488/IPOL_STU(2024)754488_EN.pdf)

<sup>13</sup> Hijzen, A. (2023) "The gender wage gap and the role of firms," In OECD *Joining Forces for Gender Equality*, <https://www.oecd-ilibrary.org/sites/b3f16c03-en/index.html?itemId=/content/component/b3f16c03-en>

<sup>14</sup> Rubery, J., & Rafferty, A. (2013). Women and recession revisited. *Work, employment and society*, 27(3), 414-432, [https://www.researchgate.net/publication/258200399\\_Women\\_and\\_Recession\\_Revisited](https://www.researchgate.net/publication/258200399_Women_and_Recession_Revisited)

- **Caring responsibilities:** Women disproportionately bear the burden of unpaid care work, including childcare, eldercare, and household responsibilities.<sup>15</sup> This means they tend to work fewer hours and are less able to take on extra work to cover rising costs.
- **Lone-parent households:** Lone-parent households are the most exposed to the cost of living crisis due to the twin challenge of having only one income and dependent responsibilities. Women head up the majority of single-parent households: across the OECD, 82% of single-parent households are headed up by women.<sup>16</sup>
- **Housing:** Women tend to be in more precarious housing positions than men. They are less likely to own their home, either mortgaged or outright, and more likely to be in rented housing, with housing costs making up a larger proportion of their income.<sup>17</sup>

In some countries, such as the UK, women's vulnerability to the cost of living crisis has been heightened by more than a decade of austerity measures that have reduced the real-term value of social security and eroded public services.<sup>18</sup>

### 3. Cost of living fiscal responses: country analysis

This section sets out the cost of living policy responses for five OECD countries: Australia, Canada, France, the Netherlands and Spain.

These countries have been purposefully selected because they have either 1) used an innovative policy response that was not widely seen or 2) set out a package of policies that together represent a comprehensive approach that spans multiple domains, such as utility bills, food costs, childcare, and housing.

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<sup>15</sup> OECD (2021) *Bringing household services out of the shadows*, <https://www.oecd-ilibrary.org/sites/fbea8f6e-en/index.html?itemId=/content/publication/fbea8f6e-en>

<sup>16</sup> OECD (2016) Family size and household composition (Table SF1.1.A.), [https://www.oecd.org/els/family/SF\\_1\\_1\\_Family\\_size\\_and\\_composition.pdf](https://www.oecd.org/els/family/SF_1_1_Family_size_and_composition.pdf)

<sup>17</sup> WBG (2020) Housing and gender: Pre-budget briefing, <https://wbg.org.uk/wp-content/uploads/2020/02/final-housing-2020.pdf>

<sup>18</sup> Engender (2022) Women and the cost of living: A crisis of deepening inequality, <https://www.engender.org.uk/content/publications/Women-and-the-cost-of-living---updated-copy.pdf>



A gender lens has been applied to this selection, with priority given to countries pursuing policies that are likely to have a positive distributional impact with regard to gender, even if the policymaking process was largely gender-blind.

Based on the factors identified in Section 2, we know from previous research that the following policies would be expected to reduce or mitigate women's exposure to the cost of living crisis:

1. **Childcare Support:** Policies that increase access to affordable or free childcare can significantly benefit women, enabling them to participate more fully in the workforce to increase their earnings while also alleviating a major cost.
2. **Direct Financial Support:** Targeted financial support, such as cash transfers or increased social benefits aimed at low-income families, can disproportionately benefit women, who are more likely to be the primary caregivers in families. Increasing state pensions will also benefit women, who are less likely to have private pension savings.
3. **Housing Assistance:** Measures that ensure access to affordable housing, including rent controls and more social housing, can be particularly beneficial for women, especially those who are lone parents or on lower incomes.
4. **Energy Subsidies and Price Caps for Essential Goods:** Given that women are more likely to head up lone-parent households and to be on lower incomes, subsidies or caps on energy prices and everyday essentials, such as food items, can help alleviate the impact of rising living costs.
5. **Employment and Income Supports:** Policies aimed at protecting or boosting incomes for those at the lower end of the income distribution – for example, increases to the minimum wage – will disproportionately benefit women who are concentrated at this end of the distribution. In the long term, programmes that provide women with access to education and vocational training can improve their employment prospects and incomes.
6. **Healthcare and public services:** Well-funded public services and social protections can be an important buffer to poverty and economic hardship in times of crisis. In countries where there is little/restricted access to public healthcare, expanding access to healthcare, including reproductive and maternity services, can

be hugely beneficial. This might include, for example, support for women who have experienced domestic violence, which often increases during economic downturns.

A key constraint in understanding the impact of cost of living policy responses across different countries (and comparing policy approaches) is that robust data is not yet available to assess the distributional impact. Most cost of living policies have been enacted over the past 18 months or so.

As such, the gender analysis of the country policy responses in this section is based on *how likely* the policies are to benefit women by taking into account social, economic, employment, healthcare and housing factors which disproportionately affect them. When further data becomes available within each of these countries, it would be useful to look at the direct distributional and intersectional impact of cost of living policy responses on women.

### **3.1 Australia**

#### *Cost of living crisis*

A sustained rise in inflation is observed in Australia from early 2021, with the Consumer Price Index (CPI) peaking at just over 8% in November 2022. The main drivers of the CPI were housing costs, energy prices and food costs.<sup>19</sup> Wage growth, which peaked at 3.1% in September 2022, did not keep pace with price increases during this period. The decline in real incomes (3.9%) was described as the biggest fall on record.<sup>20</sup>

Despite the decline in real incomes, the Reserve Bank of Australia pursued a policy of progressive interest rises to April 2023, expressing concern that not doing so risked a wage spiral.<sup>21</sup> Economic commentators, however, expressed doubt about this approach, pointing out that profit extraction and input costs were a considerably larger driver of inflation than wage growth.<sup>22</sup>

In September 2022, the Australian Senate established a Select Committee to examine cost of living pressures and the government's fiscal and monetary policy response. The

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<sup>19</sup> Select Committee on the Cost of living (2023) Interim report, [https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/RB000073/toc\\_pdf/Interimreport.pdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/RB000073/toc_pdf/Interimreport.pdf)

<sup>20</sup> Ibid.

<sup>21</sup> Reserve Bank of Australia, Media Releases, 4 April 2023, 7 March 2023, 7 February 2023, 6 December 2022, available at <https://www.rba.gov.au/media-releases/>

<sup>22</sup> Select Committee on the Cost of living (2023), p. 10

Committee held an inquiry, publishing an interim report in May 2023. The final report is due for publication in May 2024.

### *Fiscal response*

The Australian Prime Minister Anthony Albanese was clear that the response to the cost of living crisis would be targeted rather than universal. He noted that a universal handout would risk running counter to monetary policy direction by 'add[ing] to the inflationary pressures that are eating away at family budget and devaluing wages'.

The Budget in October 2022 elevated the cost of living crisis to one of the top three budget priorities. The following measures were announced:

- **Childcare:** More affordable early childhood education and care through a \$4.6 billion investment in increasing the Child Care Subsidy rates
- **Health:** Reduction in the cost of essential medicines
- **Parental leave:** Changes to paid parental leave to increase flexibility and promote gender equality, including shared parental leave and a 'use it or lose it' component for each parent, as well as a 2-week increase annually between 2024 and 2026 (to reach 26 weeks by July 2026)
- **Housing:** Improving housing support and affordability through increases in rent allowance and support for home-building.
- **Income:** Improving wages, for example, through increases to modern award minimum wages in key sectors, including care.

Separately, the government also announced energy price relief (\$275 per household) and substantial increases to social security payments. The increases in social security impacted 4.7 million Australians and were described as the 'largest increased index to payments in more than 30 years'.

Benefits that were increased included:

- the Service Pension, Age Pension, Disability Support Pension, and Carer Payment (by \$38.90 per fortnight for singles, \$58.80 for couples)
- the JobSeeker Payment for singles without children (\$25.70 per fortnight) and for those with partners (\$23.40 per fortnight)
- the Parenting Payment (\$35.20 per fortnight for singles, \$23.40 for those with partners)

The May 2023 Budget further increased levels of income support for those in receipt of JobSeeker and Youth Allowance, as well as extending eligibility for the single parents Parenting Payment (worth \$1.9 billion over five years) and increasing the rent allowance by up to 15%. The Budget also announced additional investment in women's safety, including \$194 million dedicated towards supporting Aboriginal and Torres State Islander women experiencing violence.

### *Gender Budgeting in Australia*

Australia was one of the pioneers of gender budgeting, with the first measures introduced in the 1980s.<sup>23</sup> However, gender budgeting was deprioritised in the early 2000s, with the Office for Women moved from the Centre of Government. Since 2018, there have been several measures to strengthen gender budgeting again, with each subsequent Budget accompanied by a separate Women's Statement<sup>24</sup> that sets out how women will be impacted by the budget. This reports on gender impact assessments and refers to provisions that are likely to benefit women. Furthermore, under the Albanese Government, the range of policies subjected to gender impact assessments has been increased significantly.

### *Gender analysis of the fiscal response*

Given the recent measures to strengthen gender budgeting, it is noteworthy that there is almost no reference to women or gender in publications related to the cost of living crisis. For example, the report by the Select Committee on the cost of living crisis referred to 'women' only once within its 108 pages. This was particularly surprising as the Select Committee had received numerous robust submissions on why it was vital to apply a gender lens to the cost of living crisis.<sup>25</sup>

There may be a degree of political expediency around this disconnect; that is, there may be a genuine commitment to gender equality which the move towards greater emphasis on gender-responsive budgeting and the resultant increase in gender-sensitive policies (e.g.

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<sup>23</sup> OECD (2023) Gender Equality in Australia: Strengthening Gender Considerations in Policy and Budget Decisions, <https://www.oecd-ilibrary.org/sites/54c8b400-en/1/2/2/index.html?itemId=/content/publication/54c8b400-en&csp=0eef9898862c0524eea4b77ff819546c&itemIGO=oe.cd&itemContentType=book#section-d1e5330-0f9a961499>

<sup>24</sup> See for example, Gallagher, K. and Chalmers, J. (2023) Women's Statement, [https://budget.gov.au/content/womens-statement/download/womens\\_budget\\_statement\\_2023-24.pdf](https://budget.gov.au/content/womens-statement/download/womens_budget_statement_2023-24.pdf)

<sup>25</sup> See for example, Presont, A. (2023) Gender and the cost of living in Australia: Submission to the Senate Select Committee on Cost of living, <https://www.aph.gov.au/DocumentStore.ashx?id=4556b30a-a708-4109-ad68-996901b80e1e&subId=734501>

parental leave) point to, but a lack of appetite for placing an emphasis on this in public communications.

Without a closer understanding of the policy process, it is difficult to know the extent to which the cost of living fiscal response was gender equal by design or whether women benefitted by accident as they make up the majority of those on lower incomes or in affected groups.

What is clear is that there is likely to have been a significant positive distributional impact on women. For a start, there is a particular focus on supporting single parents, 91% of whom are women in Australia, and, more generally, on extending parental leave and childcare to promote gender equality. Childcare is featured in both the October 2022 and May 2023 Budgets. They were identified as fiscal measures that were low risk in regard to driving inflationary pressures as they do not constitute a 'handout'. The parental leave measures are focused on leave being shared more equally between men and women with the introduction of a 'use it or lose it' component.

Women are also likely to have benefitted disproportionately from various social security payment increases and targeted energy relief measures. For instance, 53% of all benefit recipients are female. The government's energy relief was targeted at those in receipt of Carer's Allowance, 70% of whom are women, and those on Family Tax Benefits, around 50% of whom are lone parents. Lone parents specifically would benefit from increased eligibility for the highest rate of Parenting Payment (Single) at a cost of \$1.9 billion over five years.

The government also announced the end of a compulsory transition to work programme, ParentsNext, which had seen 22% of participants have their payments suspended for failure to meet the requirements of the programme.

Similarly, the increase in rent assistance will disproportionately benefit single women, who make up 49% of Commonwealth Rent Assistance recipients (c.f. 30% of recipients are single men). There was also a commitment to increasing the supply of affordable homes through various measures, including increased tax deductions for home building, but this has been largely criticised for not providing short-term relief from cost of living pressures.

Moreover, there is recognition within the response of the importance of care work. The May 2023 budget allocated \$11.3 billion to support the Fair Work Commission's decision to increase the minimum wages of aged care workers by 15%. This is alongside a \$72.4

million investment in the Early Childhood education and care workforce and a commitment to developing a National Strategy for the Care and Support Economy.

Taken together, the fiscal policy response in Australia tackles a number of the key vulnerabilities of women: income, housing, safety and care responsibilities.

## 3.2 Canada

### *Cost of living crisis*

In Canada, inflationary pressures were evident from 2021 onwards, with the headline inflation rate rising from 1.02% in 2020/21 to 5.91% in 2022/23. The year-on-year Consumer Price Index (CPI) reached 8.1% in June 2022.<sup>26</sup> In 2022, real incomes declined by 0.9% in Canada.<sup>27</sup>

The Bank of Canada responded to rising inflation by increasing the cash rate from a low of 0.25% in March 2022 to 4.5% in January 2023. As in Australia, some commentators have questioned this monetary policy response, arguing that profiteering, particularly by the energy sector, has been a far more significant inflationary pressure than wage growth and that higher interest rates will only increase the pressure on households, particularly via housing costs.<sup>28</sup>

### *Fiscal response*

The Canadian government's fiscal policy response was launched in its Affordability Plan in 2022 and augmented in subsequent financial statements.<sup>29</sup> The following measures were implemented:

- **Benefits:** Increasing the Canada Workers Benefit at a cost of \$1.7 billion. This benefits low- to most-income earners, with a modest-income couple receiving up to \$2,400 more annually. Note also that key benefits, including Canada Child Benefit, Canada Pension Plan, OAS and Guaranteed Income Supplement, are indexed to inflation.

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<sup>26</sup> Statistics Canada (2024) Consumer Price Index, <https://www150.statcan.gc.ca/n1/pub/71-607-x/2018016/cpiig-ipcgl-eng.htm>

<sup>27</sup> OECD (2024) Annual average wage growth, [https://stats.oecd.org/Index.aspx?DataSetCode=AN\\_AV\\_WAGEGROWTH](https://stats.oecd.org/Index.aspx?DataSetCode=AN_AV_WAGEGROWTH)

<sup>28</sup> Stanford, J. (2022) 15 Super profitable industries fuel Canada's inflation, <https://centreforfuturework.ca/wp-content/uploads/2022/12/Fifteen-SuperProfitable-Industries.pdf>

<sup>29</sup> Government of Canada (2022) Archived – Affordability Plan, <https://www.canada.ca/en/department-finance/services/affordability-plan.html>

- **Pensions:** Increasing Old Age Security (OAS) by 10% for seniors aged 75 and older
- **Childcare:** Cutting regulated childcare fees in half on average for families in Canada, with a commitment to fees reaching an average of \$10/day by 2026 (six provinces and territories committed to doing so by April 2023).
- **Tax credits:** Temporary doubling of the Goods and Services tax credit received by 11 million low- and modest-income households. This equates to an extra \$234/year for single individuals without children, while couples with two children would receive \$467/year extra.
- **Housing:** One-time top-up of the Canada Housing Benefit, providing \$500 to 1.8 million Canadians with an adjusted net income below \$35,000 for families and \$20,000 for individuals. Support for housing building and home ownership was a core feature of the 2022 Budget.
- **Health:** Canada Dental Benefit would provide up to \$1,300 per child under the age of 12 for dental treatment from 2022 onwards.
- **Student Loans and Support:** Proposal for the Federal portion of student loans, including those currently being repaid, to be made interest free, as well as doubling the Canada student grant to \$6,000 per year until July 2023.
- **Food costs:** An additional measure in the 2023 Budget, the grocery rebate is a targeted one-time payment to 11 million low-to-modest income households (couples with two children receive an additional \$467; single Canadians without children receive \$234; and seniors receive on average \$225 extra).

### *Gender Budgeting in Canada*

Since 2018, the Canada Gender Budgeting Act 2018 committed the government to decision-making that has a responsibility to consider the impact of its policies on different demographic groups. Alongside its Budget Statement, the Canadian government publishes an Impact Report which uses an indicator framework to show:

- a) when the impact analysis was conducted (3-point scale);
- b) expected gender, income and intergenerational impacts (5-point scales); and
- c) impact area (prosperity, health, environment, society, good governance).

While the commitment to gender budgeting and impact analysis is enshrined in legislation, a review of the 2022 and 2023 Budget impact statements suggests that the implementation has been somewhat rudimentary. The use of 5-point scales resembling a traffic light scoring system is somewhat blunt and does not allow for additional data or detailed discussion on distributional impacts. No information is given as to why a measure

was given a particular score (i.e. does a more detailed analysis underpin the scoring?). Furthermore, there is no cumulative impact assessment that sets out how all the material measures taken together impact women and men differently.

### *Gender analysis of the fiscal response*

Despite the concerns about the way gender budgeting is being implemented, there are several elements in the Canadian response that are likely to have significant benefits for women, although again there is very little specific reference to women or gender in the Affordability Plan.

Key measures are the 10% increase Old Age Security (OAS) for those over 75, which will disproportionately benefit women who make up the majority of OAS recipients and are also less likely than men to have private pensions or savings. Similarly, the increases in benefits for low- to modest-income households and the fact that several key benefits are indexed to inflation are also of benefit to women, who are the majority of claimants.

There is, however, less recognition than in Australia of the specific cost of living impacts on lone parents.

The commitment to halving the cost of regulated childcare is also likely to benefit women by removing a key evidenced barrier to work. This will likely be the area of the most significant gender impact.

The measures related to housing, however, have been criticised for being insufficiently targeted at women's specific housing needs.<sup>30</sup> The Women's National Housing & Homelessness Network notes that even though 28% of women-led lone-parent households are in core housing need (double the rate of men), the housing measures are not gender-sensitive. Specifically, they critique the bias towards driving up home ownership and stimulating market-based supply rather than addressing core housing needs or improving housing conditions for low-income women.

The proposal to permanently remove interest from student loans, including those already being repaid, is an innovative measure that is also likely to disproportionately benefit women. Student loan debt adversely affects women due to their lower incomes and longer

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<sup>30</sup> Women's National Housing & Homelessness Network (2022) A Feminist Housing Budget? <https://womenshomelessness.ca/a-feminist-housing-budget/>



periods out of the workforce as a result of caring responsibilities.<sup>31</sup> In Canada, 59% of student loan borrowers are women.<sup>32</sup>

Many of the remaining fiscal policy measures, such as the one-off grocery rebate and temporary doubling of the tax credit, are small and ad hoc and, thus, unlikely to have a material impact on women's ability to tackle the cost of living crisis.

Overall, the Canadian response could have benefitted from a more specific gendered lens. However, the childcare measures combined with the indexation of key benefits and the increase in OAS will likely have material impacts on women's vulnerability to the cost of living crisis.

### **3.3 France**

#### *Cost of living crisis*

The French inflation rate began to show signs of increase in the first quarter of 2021, when it rose from 1.19% to 1.92% in the space of one quarter.<sup>33</sup> Inflation peaked at 10.39% in the third quarter of 2022. Real hourly wages declined in the year to Q1 2023 by 1.8%.<sup>34</sup>

A report published in late 2023 by the charity Secours Catholique, which supported over one million people living in poverty in 2022, sets out the gendered experience of the cost of living in France. The majority of its beneficiaries are single women, particularly single mothers, and there has been a slow but steady increase in the share of women living in poverty.<sup>35</sup>

Within the common EU market, interest rates are set by the European Central Bank, which followed a largely conventional path, progressively raising interest rates from a low of 0% in 2022 to 4.5% by October 2023, where it has since plateaued.

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<sup>31</sup> Canadian Women's Foundation (2019) Gender pay gap means that student debt most affect female post-grads, <https://canadianwomen.org/blog/gender-pay-gap-student-debt/>

<sup>32</sup> Robertson College (2024) What's the average student loan debt in Canada? 19 staggering statistics, <https://www.robertsoncollege.com/blog/studying-at-robertson/average-student-loan-debt-canada/>

<sup>33</sup> OECD Data (2024) Inflation (CPI), <https://data.oecd.org/price/inflation-cpi.htm>

<sup>34</sup> Euronews (2023) Real wages are down in Europe: Which countries have seen the biggest changes in salaries? <https://www.euronews.com/next/2023/08/21/real-wages-are-down-in-europe-which-countries-have-seen-the-biggest-changes-in-salaries>

<sup>35</sup> Doonan, B. (2023) 'Feminisation of poverty': France's cost of living crisis is hitting women hardest, <https://www.france24.com/en/france/20231115-feminisation-of-poverty-france-s-cost-of-living-crisis-is-hitting-women-hardest>

## *Fiscal response*

Out of the countries examined in this report, the French response has placed the greatest emphasis on securing the future supply of energy, announcing in late 2022 that the government would be renationalising the main energy supplier, EDF.<sup>36</sup> This followed a period of seeking to regulate prices, including by capping the wholesale energy price rise to 4%. The move to cap the wholesale price resulted in EDF having to sell energy at a commercial loss and led them to initiate legal action against the French government. For consumers, the combination of the wholesale price rise cap and a tariff shield meant that France was one of only a handful of countries that saw bills rise by less than 5%.<sup>37</sup>

Alongside the direct intervention in the energy market, the fiscal policy response also included a number of other measures:

- **Benefits:** Permanent increases to several benefits and allowances, including in-work benefit (4% in 2022), Family Allowances and minimum social benefits (5.4% in 2022), Personalised Housing Assistance (3.5% in 2022) and Basic Retirement and Disability Pensions (5.1%)<sup>38</sup>
- **Minimum wage:** Raising the minimum wage by 8% between September 2021 and September 2022, and indexing to inflation<sup>39</sup>
- **One-off payments:** One-off payments in the form of the 100 Euro (+50 Euro per dependent child) per household 'back to school bonus' for low-income households and the 'inflation allowance' (100 Euros for individuals with a gross income of less than 26,000 Euros annually)<sup>40</sup>
- **Housing:** Limiting rent increases to 3.5% for a year, in addition to the existing strict rent controls in France<sup>41</sup>
- **Food:** Doubling the number of price-capped food products to 5,000<sup>42</sup>

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<sup>36</sup> Sgaravatti, G., Tagliapietra, S., Trasi, C., and G. Zachmann (2023) National fiscal responses to the energy crisis, <https://www.bruegel.org/dataset/national-policies-shield-consumers-rising-energy-prices>

<sup>37</sup> Barnard, H. (2023) The cost of living crisis and poverty in Europe, <https://feps-europe.eu/wp-content/uploads/2023/01/9-The-cost-of-living-crisis-and-poverty-in-Europe-by-Helen-Barnard.pdf>

<sup>38</sup> Ministère de L'Economie des Finances et de la Souverainete Industrielle et Numerique (2022) Unfair inflation, <https://www.tresor.economie.gouv.fr/Articles/2022/09/19/unfair-inflation>

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> The Local (2022) France to limit rent rises to help households with the cost of living, <https://www.thelocal.fr/20220708/france-to-limit-rent-rises-to-help-households-with-cost-of-living>

<sup>42</sup> Ataman, J. (2023) France announces more food price caps, takes aim at multinational firms, <https://edition.cnn.com/2023/08/31/business-food/france-inflation-food-price-caps/index.html>

- **Fuel:** Temporary petrol price subsidy, which was initially 18 cents per litre and then rose to 30 cents per litre<sup>43</sup>

### *Gender Budgeting in France*

Gender budgeting at the national level is limited in France.<sup>44</sup> Since 2012, the Budget has included an appendix setting out gender equality measures. However, there is no requirement to undertake equality impact assessments during the budget setting process. A pilot was undertaken in several Ministries in 2018. This concluded that to be mainstreamed and effective, a constitutional or legislative requirement to undertake gender budgeting was needed.<sup>45</sup> This has not been implemented despite strong calls from gender equality advocates in France.

### *Gender analysis of the fiscal response*

The policy response to the cost of living crisis contains few references to women or gender. However, despite this, the package of measures is likely to have had a positive impact on women. One notable feature of the French response is permanent increases to benefits and the minimum wage, including indexing these to inflation. In France, the gender pay gap is significant, with women's earnings in 2019 still 22% lower than men's.<sup>46</sup> Increases in social security and the minimum wage will, therefore, disproportionately benefit women who are overrepresented among lower-income households.

Similarly, the additional rent controls and price caps will disproportionately have benefited women who spend a large proportion of their income on essential costs, such as housing and groceries. In contrast, the temporary petrol price subsidy will have disproportionately benefited men as they spend a larger proportion than women on fuel.<sup>47</sup>

The interventions in the energy market will have also had a disproportionate impact on women, particularly lone mothers. The Eurofund 2022 survey found that lone mothers anticipated the greatest difficulty paying energy bills (electricity, water and gas), with 44%

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<sup>43</sup> Sgaravatti, G., Tagliapietra, S., Trasi, C., and G. Zachmann (2023) National fiscal responses to the energy crisis, <https://www.bruegel.org/dataset/national-policies-shield-consumers-rising-energy-prices>

<sup>44</sup> European Commission (2022) Gender budget practices: Concepts and evidence, [https://commission.europa.eu/system/files/2022-06/dp165\\_en\\_gender\\_budgeting.pdf](https://commission.europa.eu/system/files/2022-06/dp165_en_gender_budgeting.pdf)

<sup>45</sup> European Parliament (2023) Gender budgeting in the Member States, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/754386/IPOL\\_BRI\(2023\)754386\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/754386/IPOL_BRI(2023)754386_EN.pdf)

<sup>46</sup> INSEE (2022) Women and men, equality in question, <https://www.insee.fr/en/statistiques/6439815?sommaire=6439823>

<sup>47</sup> See for example, O'Donoghue, C., K. Doorley, K., and D. M. Sologon (2024) Gender disparities in inflation during the cost of living crisis in Europe: A novel decomposition, <https://docs.iza.org/dp16860.pdf>

indicating that it was 'very/rather likely' that they would have difficulties (c.f. 31% of single women, 26% of single men, 30% of couples with children and 23% of couples without children).<sup>48</sup>

The renationalisation of EDF is interesting in this respect also, insofar as it may provide longer-term stability in energy costs for consumers, as well as removing the profit extraction which has been seen by energy companies in other contexts (some of which have sought to use windfall taxes to claw these back) and has been a key inflation driver.

### **3.4 Netherlands**

#### *Cost of living crisis*

The Netherlands experienced particularly high rates of inflation, with the CPI increasing from around 2% in 2021 to just over 14% by the end of December 2022, before falling away again quite steeply.<sup>49</sup> One of the reasons for the high rate in the Netherlands is a greater reliance on gas and fossil fuels than in other European countries, combined with a highly liberalised energy market that contributes to increased price volatility and sensitivity.

However, despite the high rate of inflation, it is noteworthy that real incomes have not been eroded to the same degree because of the bold fiscal response adopted by the Netherlands (see below). Among OECD countries, the Netherlands was one of only four countries to see real incomes increase in the 12 months to Q1 2023.<sup>50</sup> Nonetheless, Dutch charities were reporting increased demand at foodbanks.<sup>51</sup>

Like France and other countries within the EU, the Netherlands does not pursue its own monetary policy, as this is undertaken by the European Central Bank (ECB).

#### *Fiscal response*

The Dutch fiscal response focused particularly on supporting incomes to keep pace with inflation. This partly reflects the process by which minimum wage rates and benefits are

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<sup>48</sup> Feenstra, M., Laryea, C., and Stojilovska, A. (2024) Genders aspects of the rising cost of living and the impact of the energy crisis, EU FEMM Committee, [https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754488/IPOL\\_STU\(2024\)754488\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754488/IPOL_STU(2024)754488_EN.pdf)

<sup>49</sup> Armendariz, S. and A. Myrvoda (2023) Dutch inflation: Developments, drivers and the risk of wage spiral, IMF eLibrary, <https://www.elibrary.imf.org/view/journals/018/2023/021/article-A001-en.xml>

<sup>50</sup> OECD (2023) OECD job markets remain tight though inflation is hitting real wages, <https://www.oecd.org/newsroom/oecd-job-markets-remain-tight-though-inflation-is-hitting-real-wages.htm>

<sup>51</sup> Steijvers, L (n.d.) Are more and more people relying on food banks? <https://www.tilburguniversity.edu/magazine/overview/are-more-and-more-people-turning-food-banks>

set in the Netherlands.<sup>52</sup> Minimum wage rates are indexed to the average increase in wages in collective bargaining agreements and adjusted twice a year (January and July). This regular indexing increased the minimum wage by 3.22% in 2022 and 5.23% in 2023. In addition, in response to the cost of living crisis, the statutory minimum wage was increased by an additional 8.05% in January 2023. Most benefits and the old age pension are linked to the statutory minimum wage. As such, these benefits increased by the same rate as the minimum wage. Together, these measures ensured that real incomes in the Netherlands held up better than in other European countries, despite the significant inflationary pressures.

The government also put in place several other key measures.<sup>53</sup>

- **Income and tax:** Increasing the employed persons tax credit at a total cost of 3bn Euros, with the tax credit increased further in 2024 for workers earning around the minimum income level.
- **Childcare:** The government announced an increase in the childcare allowance for children attending a regular childcare service in 2023 (entitlement to 230 hours per month). However, the government has delayed the introduction of free childcare until 2027.
- **Housing:** Via an agreement with housing associations, rents of low-income tenants in properties owned by these associations were capped at 575 Euros per month for 12 months from 2023. In addition, it has been agreed that rents in social housing can be increased by no more than the average wage increases in collective bargaining agreements (i.e. at the same rate as the minimum wage and benefits).
- **Energy costs:** To address rising energy prices, the government introduced a temporary energy allowance (1,300 Euros for households earning up to 120% of the minimum income standard, available in 2022 and 2023) and temporarily reduced VAT on energy from 21% to 9%. In late 2022, all households received an additional 190 Euros. In 2023, the government introduced a price cap for electricity, natural gas and district heating to subsidise energy bills for most consumers. This was funded by a windfall tax on fossil fuel profits (expect to raise 3.2bn Euros). Finally, a 190 million Euro investment in energy-saving measures for low-income households was brought forward by three years from 2026.
- **Fuel:** Excise duty was cut on diesel and petrol by 21%.

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<sup>52</sup> Council of Europe (2023) European Social Charter: Ad hoc report on the cost of living crisis submitted by the Government of the Netherlands, <https://rm.coe.int/nld-ad-hoc-report-on-the-cost-of-living-crisis/1680ae13f7>

<sup>53</sup> Council of Europe (2023), *ibid.* |

## *Gender Budgeting in the Netherlands*

In the Netherlands, there is no legal requirement to undertake gender budgeting, although ex-ante gender impact assessments are a legal requirement under the Integral Assessment Framework (IAK).<sup>54</sup> However, as these do not need to be reported, it is not clear whether they are undertaken and, if they are done, what the results of any assessments are. This lack of transparency limits the effectiveness of the gender budgeting architecture in the Netherlands.

### *Gender analysis of the fiscal response*

There is almost no mention specifically of women or gender in the cost of living policy response enacted by the Netherlands government. Furthermore, determining the potential impact of measures is made more difficult by the fact that key statistics, such as the purchasing power development data series, are presented by household type and various other breakdowns but without any breakdown by either sex or gender.<sup>55</sup>

We would, however, expect that the Dutch fiscal response, with its focus on bolstering low-income households through the minimum wage and benefit increases, will have disproportionately benefitted women and had a positive distributional impact. The household statistics certainly lend weight to this, although a degree of inference is required. For example, the purchasing power (income adjusted for CPI) of those on social assistance benefit increased by 4.4% from 2021 to 2022, with 79% of social assistance benefit recipients gaining purchasing power.<sup>56</sup> Women are more likely to be in receipt of social assistance than men, so it is likely that the fiscal policies directed at increasing benefits had a positive distributional gender impact. Similarly, one-parent families, of which 81% are headed up by women in the Netherlands,<sup>57</sup> also saw an increase in purchasing power, again pointing to a likely positive distributional gender impact.

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<sup>54</sup> EIGE (2022) Gender mainstreaming: Netherlands, [https://eige.europa.eu/gender-mainstreaming/countries/netherlands?language\\_content\\_entity=en](https://eige.europa.eu/gender-mainstreaming/countries/netherlands?language_content_entity=en)

<sup>55</sup> See for example, Statistics Netherlands (2023) Purchasing power development; household characteristics, <https://www.cbs.nl/en-gb/figures/detail/83781eng>

<sup>56</sup> Ibid.

<sup>57</sup> Statista (2024) Number of single parents in Netherlands from 2009 to 2023, by gender, <https://www.statista.com/statistics/521933/total-number-of-single-parents-the-netherlands-by-gender/#:~:text=Number%20of%20single%20parents%20in%20the%20Netherlands%202009%2D2023%2C%20by%20gender&text=In%202023%2C%20there%20were%20492%2C300,118%2C300%20in%20the%20same%20year.>

Women in single-parent households are also likely to have disproportionately benefitted from the energy allowances and price cap, although the reduction in fuel excise duty is likely to have benefited men more than women.<sup>58</sup>

It is also important to note the significance of the rent cap agreements with housing associations. Housing associations own 75% of the rental housing stock in the Netherlands, the highest proportion of the rented sector in Europe, meaning that this measure will have had widespread impact.<sup>59</sup> Again, given women's lower incomes and higher poverty rates, we would expect women to have disproportionately benefitted from this measure.

Taken together, the focus on housing and raising low incomes suggests that the Dutch response is likely to have had one of the most significant positive impacts on women. It will be interesting to track the poverty rate of men and women (currently 2021 is the latest data available) to see whether this shifts during the years of the fiscal response.

### **3.5 Spain**

#### *Cost of living crisis*

Inflation in Spain started to rise in the first quarter of 2021, when annual CPI was around 2%, eventually peaking at 10.8% in July 2022.<sup>60</sup> It subsequently declined faster than most other Eurozone countries and the UK, falling below 4% for the first time in May 2023 and remaining below this level since then.

During the high inflationary period in 2022, wage growth did not keep pace with rising costs. Real average wages declined by 3.6% between 2021 and 2022, and the real minimum wage reduced by 2.8% over the same period.

#### *Fiscal response*

A number of economists have suggested that, given Spain's monetary policy is set by the European Central Bank (ECB), the relatively rapid decline in inflation from its July 2022

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<sup>58</sup> O'Donoghue, C., K. Doorley, K., and D. M. Sologon (2024) Gender disparities in inflation during the cost of living crisis in Europe: A novel decomposition, <https://docs.iza.org/dp16860.pdf>

<sup>59</sup> Scanlon, Kathleen, Fernández Arrigoitia, Melissa and Whitehead, Christine M E (2015) Social housing in Europe. European Policy Analysis (17). pp. 1-12. [https://eprints.lse.ac.uk/62938/1/Fernandez\\_Social%20housing%20in%20Europe\\_2015.pdf](https://eprints.lse.ac.uk/62938/1/Fernandez_Social%20housing%20in%20Europe_2015.pdf)

<sup>60</sup> Instituto Nacional de Estadística (2024) Consumer Price Index (CPI), [https://www.ine.es/en/prensa/ipc\\_tabla\\_en.htm](https://www.ine.es/en/prensa/ipc_tabla_en.htm)

peak must be related to the fiscal response pursued by the Spanish government.<sup>61</sup> This lends weight to the argument that conventional monetary policy approaches focused on raising interest rates are not the ideal levers to address the inflationary pressures driving the current cost of living crisis. Economic approaches taken by countries like Spain suggest that fiscal levers can be an important macroeconomic policy tool as well.

The centre-left Spanish government pursued a fiscal response geared directly towards inoculating households from price shocks. This took the form of interventions to reduce energy, food, housing and transport costs as follows:

- **Energy:** Limiting effect of energy price shocks consisted of both price caps for consumers and intervention in the wholesale market through the creation of the Iberian Island to decouple Spain and Portugal's market prices from international prices.<sup>62</sup> In addition, VAT on electricity and gas bills was reduced from 21% to 10% and then 5%. Moreover, the most vulnerable households, which already were on a special tariff, received a more extensive discount on their bills. Protections were also extended for vulnerable households unable to pay their supply (4-month grace from disconnection). Windfall taxes on energy companies were introduced to cover the cost of some of these measures.
- **Housing:** Rent increases were capped at 2% for landlords during 2022 and 2023 and rental contracts ending before June 2023 could be extended for six months. Protections against evictions were also extended to June 2023.
- **Food:** Reduction in VAT on various food items, with foodstuffs at the lower rate of 4% reduced to 0% and other foodstuffs reduced from 10% to 5%.
- **Transport costs:** Reduced public transport fares on medium and long-distance rail services.
- **Fuel:** 20 cent discount per litre of fuel.

In addition, the government also took comprehensive measures to lift incomes, which, according to conventional economic theory, would be considered 'expansionary' and ill-advised when there is high inflation. These measures included:

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<sup>61</sup> Gourinchas, P. (2023) Macroeconomic stabilisation in a volatile inflation environment, [https://www.ecb.europa.eu/press/conferences/ecbforum/shared/pdf/2023/Gourinchas\\_paper.pdf](https://www.ecb.europa.eu/press/conferences/ecbforum/shared/pdf/2023/Gourinchas_paper.pdf); Uxo, J (2022) Inflation and counter-inflationary policy measures: The case of Spain, [https://www.imk-boeckler.de/de/faust-detail.htm?sync\\_id=HBS-008483](https://www.imk-boeckler.de/de/faust-detail.htm?sync_id=HBS-008483)

<sup>62</sup> Uxo, J. *ibid.*



- **Minimum wage:** The minimum wage was increased by 8% in 2023 and a further 5% in 2024. This is in addition to sustained rises from 2018, which saw the minimum wage rise by 47% between 2018 and 2023.
- **Pensions:** The non-contributory pension was increased in line with CPI, resulting in increases of 2.5% in 2022, 8.5% in 2023, and 3.8% in 2024. The government is also undertaking a wider overhaul of pensions, linking this to the poverty threshold.
- **Benefits:** 15% increase in the Minimum Living Income (MLI) and child allowance. There is also recognition of the hardship faced by large families, with an additional tax deduction available for families with more than three children and various other concessions (e.g. passport fee reduction, exam fee reduction, discount on transport fares).
- **One-off cost of living lump sum:** Middle-class families received a one-off lump sum of 200 Euros, provided the family income was less than 27,000 Euros and the family had assets below 75,000 Euros.

### *Gender budgeting in Spain*

Ex-ante gender impact assessments have been a requirement of the Budget setting process in Spain since 2007.<sup>63</sup> All Ministerial departments are required to send a gender impact assessment of their spending programmes to the Secretary of State for the Budget and Expenditure. A working group consisting of the Ministry of Equality, the Secretariat of the State for Budgets and Expenditure, the Directorate General for Budgets, and the Directorate General for Personnel Costs, then prepares the draft Annual Gender Impact Report, which accompanies the draft General Budget Law.<sup>64</sup>

### *Gender analysis of the fiscal response*

The Spanish fiscal response is interesting not only in terms of how extensive it is but also because there is an explicit recognition of gender. In one of the starkest acknowledgements of this, the Labour Minister, Yolanda Diaz, accompanied the 2023 increase in the minimum wage with the following statement:

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<sup>63</sup> European Commission (2022) Gender budget practices: Concepts and evidence, [https://commission.europa.eu/system/files/2022-06/dp165\\_en\\_gender\\_budgeting.pdf](https://commission.europa.eu/system/files/2022-06/dp165_en_gender_budgeting.pdf)

<sup>64</sup> European Parliament (2023) Gender budgeting in the Member States, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/754386/IPOL\\_BRI\(2023\)754386\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/754386/IPOL_BRI(2023)754386_EN.pdf)

"the best, most feminist tool to improve women's social rights is called the Minimum Interprofessional Wage [minimum wage]".<sup>65</sup>

Diaz goes on to say that the two biggest beneficiaries of the increases in the minimum wage will be young people and women.

Similarly, in Spain's cost of living report to the Council of Europe there is explicit attention drawn to the pension needs of women, the higher proportion of women benefit claimants, and violence against women.<sup>66</sup> The report also disaggregates at-risk-of-poverty and exclusion (AROPE) data by sex (27.2% of women; 24.8% of men).

We would expect the Spanish fiscal response to have a disproportionately positive impact on women. References to gender and gender equality suggest that this may be the result of design rather than simply because the measures are targeted at low-income households, and women make up the majority of these households.

There is no gender impact assessment, either individual or cumulative, to draw on for the policy measures. However, we would expect to see, once data is available, a reduction in the AROPE rate for women as a result of the income-boosting measures (benefits, pensions, minimum wage). In addition, they are likely to disproportionately benefit from the price controls (housing, energy, food) as particularly lone-parent households spend a larger proportion of their income on such costs.

## 4. Lessons for a gender-sensitive cost of living response

This review has sought to highlight economic policies across different countries which are likely to benefit women in relation to the cost of living crisis.

One important note of caution: we cannot be completely certain about the distributional gender impact of current monetary and fiscal responses to the cost of living crisis across different countries as data (e.g. in levels of adult and child poverty, earnings, debt, etc.) is not yet available in all of the countries.

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<sup>65</sup> Council of Ministers (2023) The Government of Spain raises the Minimum Interprofessional Wage 8% up to 1,080 Euros, [https://www.lamoncloa.gob.es/lang/en/gobierno/councilministers/Paginas/2023/20230214\\_council.aspx](https://www.lamoncloa.gob.es/lang/en/gobierno/councilministers/Paginas/2023/20230214_council.aspx)

<sup>66</sup> Council of Europe (2023) Ad hoc report on the cost of living crisis submitted by the Government of Spain, <https://rm.coe.int/spain-ad-hoc-report-on-the-cost-of-living-crisis/1680ae13cd>

What we would expect to see, however, is that countries pursuing policies to boost low incomes (minimum wage, pensions, benefits) and curtail price increases (energy, housing and food) will see a disproportionately positive economic impact on women. In addition, we would expect policies that remove barriers to work for women, particularly around childcare, to also have a positive gender impact.

It will be useful to carry out an analysis of gender equality indicators and their relationship to cost of living response once comprehensive data is available.

Based on the existing available data, and what we know broadly about gender-responsive policies, the following general lessons can be taken from the review:

**1) Monetary policy may not be the most effective tool for inflation driven by external price shocks.**

Most countries have relied on conventional monetary policy to control inflation during the current cost of living crisis. Fiscal policies have been framed primarily as protecting households from the worst effects of price increases but not as part of the macroeconomic policy toolkit to control inflation. However, this approach is increasingly being questioned by economists and others. The example of Spain is particularly instructive. Spain experienced one of the fastest falls in inflation, perhaps in large part due to the fiscal measures that were introduced by the Spanish government. Recognising that inflation in the current crisis is not being driven by a wage-spiral, the Spanish government sought to address the actual causes of inflation – that is, rising energy, food and housing costs – through price caps, VAT reduction, and intervention in the wholesale energy market. This lesson matters from a gender perspective: by using an appropriate fiscal measure to reduce inflation more effectively, women, who are hit hardest by price increases, will have been spared the most severe impacts.

**2) Close and appropriate indexation of minimum wage, pension and benefits is vital to preserving the purchasing power of women and those on low incomes in high-inflation environments.**

Women in countries that indexed the minimum wage, pensions and benefits to inflation measures (e.g. CPI) are likely to have fared better during the cost of living crisis.

Indexation is also important as it depoliticises (removes itself from political factors) the process by which the level of each of these is set. This is pertinent in times of high inflation where conventional economic thinking might increase pressure against any increases in wages/social security, seeing these measures as potentially expansionary.

A note of caution, however, is that simple indexation to inflation may not be sufficient. Indexing only to inflation can mean that benefits, the minimum wage and pensions lose ground against average wages if these experience growth in real terms. The effect of this would be to increase relative poverty and widen income inequality. To prevent this, a 'double lock' may want to be considered whereby the increase is by the larger of either 1) inflation or 2) the average real-wage increase.

### **3) A robust gender architecture combined with transparency and accountability mechanisms leads to the best outcomes for women.**

Several countries have legal obligations or commitments to gender budgeting or gender impact assessments. However, this was not a sufficient condition for ensuring that the fiscal response was gender-sensitive or had a positive distributional impact with regard to gender equality. In some cases, this was because the gender budgeting obligation was not sufficiently robust. For example, while there may be a requirement to undertake a gender impact assessment, this was not sufficiently detailed (e.g. in Canada) or lacked transparency and accountability (e.g. in the Netherlands). A key lesson, therefore, is that for gender budgeting to be effective, the assessment itself needs to be robust and accompanied by sufficient transparency and specific accountability mechanisms.

In addition, the countries in this review in which women are likely to have benefitted more from national economic policies to address the cost of living crisis also showed high levels of political awareness and political commitment to gender equality. For example, there appears to be a strong level of understanding of gender inequality among some leaders in the Spanish government, and their fiscal response reflects this. Similarly, Australia has elements of a gender architecture through the Women's Statement, but this has been applied more meaningfully with the stronger political commitment to gender equality under the Albanese government.

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May 2024

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