



**Austerity Policies and Gender Impacts  
In Slovakia**

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The Slovak Republic, a member of the European Union since 2004, is a small open economy, a semi-industrial country with a high level of horizontal and vertical gender segregation on the labour market. The employment opportunities for both women and men are strongly related to labour-intensive industries, prone to fluctuations based on the global economic situation. A recession-induced downturn in exports to Western Europe has a negative impact on an economy such as the Slovak one, where exports accounted for 70 to 80 per cent of GDP before the recession (2008).<sup>1</sup>

During the crisis, three governments ruled the country, which has led to a continuous change in the economic policy. At the beginning of the crisis, a coalition government dominated by the social democratic Smer-SD party of Prime Minister Robert Fico started to adopt measures to tackle the impact of crisis on the economic development of Slovakia. Nevertheless, it is necessary to say that in the first months of the financial crisis, due to the previously stabilised Slovak banks, neither the financial sector nor the economy experienced significant problems, such as were noticeable in some Western countries.

The devastating impact of the economic crisis started to become obvious at the end of Fico's government's election term in 2009. In 2010, a new right-wing government was elected; however, it had a very tiny and fragile majority in the national parliament. The government of Iveta Radičová, the first female prime minister in Slovakia, soon started the fiscal consolidation of public expenditure. The stability problems of the coalition resulted in a governmental crisis in October 2011, when the parliamentary vote on the EFSF bail-out mechanism was linked by the prime minister to a vote of confidence in the government. Due to the rejection by the coalition's junior member, the Freedom and Solidarity Party, the government did in fact fall.

As a result of the vote, a new early parliamentary election was scheduled for March 2012. In the election, the Smer-SD party of Robert Fico won an absolute majority in the parliament and thus the opportunity to form the current one-party social democratic government.

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<sup>1</sup> Mitra, 2010.

## Governmental responses to the crisis

In November 2008 and February 2009 the Government of the Slovak Republic adopted three basic economic anti-crisis stimuli packages of measures aimed at the stabilisation of the economy and the protection of employment. Measures were directed at the causes of the crisis in financial terms (fiscal policy) but also at its impact on the economy (macro-economic policy and the business environment) and the social level (the employment and labour market). According to the explanatory memorandum, the measures were taken to guarantee the solvency of financial institutions, stabilise the economy and employment, and encourage consumption.

As shown by an ex-post analysis,<sup>2</sup> neither gender-specific effects nor the situation of women were mentioned or taken into account. The absolute majority of the adopted measures were directed at economic sectors and industries predominantly occupied by the male workforce: for instance, measures to promote consumption went mainly to *scrapping*,<sup>3</sup> thus supporting car producers and car dealers, who are mainly men. A similar impact was created by further actions taken to support the heavy infrastructure and construction work, such as highways, the energy supply (including alternative sources), energy savings (due to insulation of public and private buildings) and a high-speed internet.<sup>4</sup> Although women make up nearly 45 per cent of the labour force, “female industries” are still waiting for the necessary economic incentives for the protection of female jobs.

The only measures that have taken into account the factor of gender equality were those aimed at the stabilisation of the labour market supported by EU structural funds, particularly the European Social Fund (ESF). Due to the obligation to strengthen the equality between women and men,<sup>5</sup> the actions to combat unemployment were directed at both genders. However, there is still an evident gender difference; at the end of 2011 the structural funds supported the creation of 20,134 new jobs for men and 12,899 new jobs for women.<sup>6</sup> Many of those initiatives again focused on construction jobs, such as support for the reconstruction of castles or the building of means of protection from floods.

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<sup>2</sup> Filadelfiová, 2010.

<sup>3</sup> *Scrapping*: giving subsidies for buying a new car if one scraps the old one. Regulation of the Ministry of the Economy of SR.

<sup>4</sup> Measures of the Slovak government to combat the impact of the global financial crisis.

<sup>5</sup> REGULATION (EC) No 1081/2006.

<sup>6</sup> Annual Report, 2012.

Taking into account the previously mentioned facts, a final conclusion can be reached that most of the measures adopted to combat the crisis were “gender-blind” and had a high degree of probability of having different effects and impact on women and men.

Obviously, the situation of the first post-revolutionary years was repeated. In those years the agenda of gender equality was rejected “in the name of higher goals and more necessary actions”, namely the building of democracy. And now this “higher goal” is the need to combat the crisis first, before ranking gender equality higher.<sup>7</sup>

### **Impacts on the labour market<sup>8</sup>**

In the period 2008-2011 a reduction in gender gaps in employment, unemployment, wages and poverty was recognisable. However, this development is not the result of any progress in gender equality but is rather based on a reduced employment rate and higher unemployment, affecting more men than women, as well as a reduction in the speed of male income growth. Although the employment rate for women declined in the recession period too, the decline was less intense than it was for men. Nevertheless, female employment is still far below men’s level.

The Slovak labour market is among the most horizontally<sup>9</sup> gender-segregated labour markets in Europe. In the early years of the crisis a segregation of the labour market quite successfully protected women’s employment and income. The differences in the decline in employment rates of women and men are significantly related to the aforementioned level of labour market segregation. Men reported a comparatively higher decline in employment rates at the beginning of the recession. In the last few years there have been visible gender differences in the opposite direction in employment patterns: while after two years of recession the number of men employed in manufacturing began to increase in 2011, the number of women declined in 2012. In 2012 the strongest economic sector for employment remained industrial production, with about half the working population employed in this sector. At the present time, a progressive development is evident in sectors dominated by men (such as metals and transport equipment manufacturing), while sectors in long-term recession

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<sup>7</sup> Summary Report, 2012.

<sup>8</sup> Findings in this chapter are based on the Summary Report on Gender Equality in Slovakia, 2012.

<sup>9</sup> The index of gender segregation in employment in 2010 reached a value of 31.1 (26.4 EU27), while in 2008 it was 30.5.

and decline (such as textiles and clothing) are characterised by a predominance of women. In the textile-related industry, more than 90 per cent of employees are women, often of a higher age and with a low level of education, which makes them particularly vulnerable if they lose their jobs. Finding new employment in small cities and rural areas for elderly women is nearly impossible.<sup>10</sup> A significant decline in the number of employed women in industry suggests that the so-called “female industries” were hit by the crisis much later but more deeply and more persistently. On the other hand, the gender segregation of the labour market jeopardises women’s employment in the public sector, such as education, health, social and public services.

The governmental Annual Report on Gender Equality for 2012 presented the finding that a recession-related reduction of workers’ rights has affected both men and women, particularly in terms of an increase in precarious work and wage cuts; for women this has resulted in impaired protection during pregnancy and an overall deterioration of the situation of women with young children.

Traditionally, women were seen as buffers, or a “reserve army” of the labour market: in times of a boom in the economy they were invited to the labour market, while in times of labour shortages they were pushed out of it. During the recent crisis, however, this effect did not appear in Slovakia. The current “reserve army” is made up of young people, both men and women, who cannot find employment or even just a temporary job to start their career. The unemployment rates for young people in Slovakia in 2012 were 32.5 per cent for women and 35 per cent for men.

### **Gendered impact of austerity measures**

Due to the economic recession, the government is facing challenges to the welfare state system. Measures have been designed to reduce the burden of public spending on the state budget and budgets. The cutbacks in Slovakia in social benefits have so far been quite limited; the austerity measures were targeted mainly at spending in public administration and an increase of taxes for higher-income groups. However, since the social services are decentralised in Slovakia, it is very difficult to find relevant figures on the level of regional authorities to evaluate the real impact of the crisis on social service provisions.

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<sup>10</sup> Bútorová, Z. et al., 2008.

In theory, the social protection system should be a tool for the reinforcement of gender equality, due to the transfer of income and support for the reconciliation of family and working life. However, due to the cuts in public expenditure on those services, social security systems can in practice further widen or reproduce gender inequalities in both the labour market and private life.

Female unemployment can be further expected to rise disproportionately if consumption shrinks<sup>11</sup> and public spending in the social sector declines, since female workers are concentrated in service-provider segments. As employees of the public sector and users of services, for example care services, women are particularly sensitive to budget cuts as the impact of falling tax revenues takes hold.<sup>12</sup> Women in Slovakia make up more than two-thirds of the workforce in the education and health service sectors, which in the long term will be affected by the consequences of the economic crisis, as the government is not able to provide an adequate adjustment of salaries. On account of austerity measures in social welfare and public expenditure, women suffer twice over:

- as employees in public services (health, education and public administration), which are strongly feminised;
- as clients of public social/care services, which are crucial for women's participation on the labour market and thus for their economic independence.

Lack of childcare facilities contributes negatively to a situation of rising unemployment and weaker economic independence of women. Since 2006, the accessibility of affordable childcare facilities in Slovakia has worsened continuously.<sup>13</sup> This is important when considering the significant gender dimension of the impact of parenthood on the employment of women and men.<sup>14</sup> Placement of children in high-quality and affordable institutional care leads to a reduction in the risk of gender differences in income between the partners and the risk of long-term unemployed women and their subsequent dependence on the welfare system.

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<sup>11</sup> Women outnumber men in commercial sales and tourism by nearly two to one.

<sup>12</sup> Smith, M., 2009.

<sup>13</sup> In September 2012, about 7,500 unsatisfied requests for a public kindergarten place were recorded; the situation is particularly critical in the Bratislava region (46 per cent of all applications).

<sup>14</sup> While the difference in employment rates between men with and without children is 11 per cent (men with children are more often employed than men without children), between women with and without children it is 26.7 per cent (women with children are employed to a lesser degree). Over the years of the crisis, the gap among women has increased: in 2008 it formed 24.9 per cent.

The crisis in housing seriously affected the lives of the most vulnerable households, including single mothers and low-income households, many of them from the Roma community. The risk of losing housing is a long-term problem, which the crisis has worsened. Monitoring of social services<sup>15</sup> has revealed that emergency housing is full of mothers with children who are either on the run from a violent partner or lack the means to pay housing costs and have been forced to seek emergency housing. Women are often “invisible homeless”, looking for a temporary housing solution with family, friends, a “reliable partner” or random acquaintances.

Quite a significant deterioration was observed in single-parent households when their share among the people living in poverty increased from 20.9 per cent in 2008 to 26.4 per cent in 2011. This is an accumulation of a number of disadvantages due to parenting, a lack of affordable services, discrimination against mothers in the labour market and other structural barriers that mothers and children at risk of poverty face.

### **The explicit or implicit gender order behind the applied policies**

The economic crisis has a gender dimension in the causes themselves, as well as in the impact and the measures adopted for recovery. As the recession continues, a closer look at the direct and indirect impact on the lives of women and men shows different patterns. Women in Slovakia are hit by the crisis at least as hard as men, but often in different ways. Women create the main part of the social infrastructure (the care economy), which tends to be undervalued by macro-economists and politicians.

The increased precariousness of work and the *de facto* reduction in social protection – particularly for poorer segments of the population – are the major consequences of the economic crisis, with gender implications in Slovakia and throughout Europe.<sup>16</sup> Women’s working conditions are deteriorating and the workload increasing also due to lay-offs and downsized staff. Greater mobility may be necessary for finding new employment; however, women find it harder to accept a job further away from home and to commute, due to family responsibilities.

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<sup>15</sup> Holubová, 2013.

<sup>16</sup> Harcourt, 2009.

Female jobs are a crucial factor in the struggle for gender equality, where the core is the economic independence of women. For female-headed single-parent families, losing a job is an existential disaster, driving the whole family into poverty. On the other hand, the loss of a woman's job in a dual-earning family strengthens the stereotyped model of a male breadwinner and jeopardises the gender equality achievements of the last decades. Conversely, some experts suggest that "male job loss in dual earning households creates female breadwinners and thus the impact of labour market inequalities along gender lines are felt not only by individual women but by the whole household."<sup>17</sup>

The gender analysis of the anti-crisis stimuli packages adopted by the Slovak government showed a persistence of male breadwinner bias; emphasis was put on spending only on the physical, not the social infrastructure. The total reduction in household expenditure over the period, particularly related to care and services, indicates the increased burden on women's unpaid work, which already showed a significant gender imbalance before the crisis. Increasing fees for social services and their shortages could further increase the risk of leaving women out of paid labour, due to their obligations to care for family dependants. The usual pattern of previous crises continues through reliance on women to provide care and a safety net through informal paid work and unpaid work.<sup>18</sup>

Assessing the gender impact of the stimulus packages, it is not only important to evaluate the possible different effects on men and women. An analysis is needed to show whether the anti-crisis policy does not form a basis for discrimination against women.<sup>19</sup> The gender effects of recovery measures to counter the crisis need to be monitored, so as not to jeopardise the benefits of progress made in the last decades towards a more gender-equal society.

### **Criticism towards the neoliberal way of dealing with the crisis**

Experience from previous crises and up-to-date responses from European governments show that the approach to comparing past global recessions to the recent one has not changed.

Typical recovery plans have the following in common:

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<sup>17</sup> Smith, M., 2009.

<sup>18</sup> Elson, 2008.

<sup>19</sup> Reiner, S., 2009.

- **Keynesianism for the rich and for men, neoliberalism for the poor and for women:** financial institutions and industrial concerns are being supported by enormous subventions while the most vulnerable are left behind, expected to care for themselves.
- **Deflationary bias:** cutting public expenditure, and targeting growth in the macro-economy and GDP but not in employment and social security. GDP growth is considered as the main indicator of a country's success, while high public expenditure on social security is considered as ballast for the state budget. (However, in Slovakia this has slightly changed, with a new social democratic government.)
- **Privatisation bias:** downsizing the role of the state, boosting the private sector through state subsidies but hesitating with regulations for the financial sector.
- **Male breadwinner bias persists:** there is an emphasis on spending on physical-industrial, but not social infrastructure, which mainly supports male jobs.
- **Reliance on women** to provide care and the safety net through informal paid work and unpaid work.<sup>20</sup>

Most of the aforementioned biases are or have been relevant for Slovakia, although the approach during the crisis has changed according to the ruling coalition. While all the measures undertaken or supported by the former government were neoliberal, the current social democratic government is trying to shift the burden of the austerity measures from the poorest in society to entrepreneurs. However, the real impact of this approach is not yet measurable.

### **Impact of gender mainstreaming structures**

The aforementioned reasons should give enough arguments for a machinery of gender equality to call on the government to act and to evaluate the austerity measures via gender impact assessment. However, the real influence of gender-related policy-making bodies in Slovakia is very low. Until October 2012, the responsibility for implementation of gender equality lay legally with the vice-prime minister for human rights and national minorities. Although his office had the *de jure* power to act, the real impact was minimal. Since October 2012 the *Ministry of Labour, Social Affairs and the Family of SR* has been in charge of gender

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<sup>20</sup> Elson, 2008.

equality, which offers more opportunities to influence the labour and social dimensions of gender equality in particular, but still with very limited capacities.

Although the Slovak legislation requires assessing the impact of any legal act or governmental measure on the social situation, including gender equality, it is taken still very formally, without any further analysis. Gender mainstreaming is – despite its name – not mainstreamed into policies but rather taken only as an amendment, very often only in a declaratory way.

The *Council on Gender Equality*, an advisory body to the Slovak government, used to be, at the time of the beginning of the crisis, quite a formal institution with a very limited impact on policy. Today the gender equality mechanism is more active, but it still only has an advisory position. Furthermore, there is no tradition in Slovakia of economists including a gender perspective in fiscal and economic policy. Conversely, very few gender experts are experts on the economy, which makes cooperation very challenging.

Most of the gendered analyses aimed at assessing the impact of crises or policies were elaborated by independent experts from NGOs or the academic sector.<sup>21</sup> Some initiatives were taken also on the part of the *Department of Gender Equality and Equal Opportunities* at the Ministry of Labour, Social Affairs and the Family of the SR cooperation with the governmental *Institute for Research on Labour and Family*. Most vivid is a special Summary Report on Gender Equality in Slovakia for 2012, which was presented in the spring of 2013. The Report closely evaluates the impact of the recession, including the stimuli and austerity measures, on the lives of women and men in Slovakia.

### **Capacities to generate gender-sensitive alternatives**

The main obstacle to the implementation of gender-sensitive policies is the lack of gender-sensitive economists who could raise awareness among politicians and call for action. However, there are some opportunities to strengthen gender-sensitive policies. An important role is played by the women's NGOs, who are very active in institutional mechanisms such as the *Council on Human Rights, National Minorities and Gender Equality* and its *Committee on Gender Equality*. The further specialisation of women's NGOs and their professionalisation are important prerequisites for the future of gender politics in Slovakia.

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<sup>21</sup> Particularly publications by Aspekt in cooperation with Friedrich Ebert Stiftung.

The academic sector is an important player not only in backing up the gender mainstreaming with a theoretical background but also in fostering innovation in social sciences and – last but not least – bringing up a new generation of economists with gender expertise.

Another possibility is more consistent implementation of the EU gender equality policy in the structural funds and monitoring the gender mainstreaming in programmes and projects particularly related to the European Social Fund's projects. Those should be used not only to enforce horizontal implementation of gender equality but also to implement specific measures to support and strengthen gender mainstreaming mechanisms and institutions.

The following measures to ensure gender-sensitive recovery policies are possible:

- Systematic implementation of gender mainstreaming in EU structural funds with programming, budgeting and monitoring for results, and paying a high degree of attention to the design of the new EU programming period 2014-2020, as well as elaborating effective mechanisms of implementation of gender equality in proposed measures;
- Ensuring gender budgeting in any future recovery plans spending;
- On the macro-economic level, including a gender-sensitive approach in all measures, which means conducting a gender impact assessment of short-term and long-term impacts on women and men and redirecting the spending on investment to benefit both male and female workers;
- Not redirecting public spending only into the physical infrastructure but also including women's employment-intensive social infrastructure, particularly the care economy;
- Ensuring women's participation, making use of gender expertise in designing the measures and decision-making processes in both the public and the private sector;
- In stimulus packages oriented towards consumption, considering the different needs of women and men and providing mechanisms for reaching women, including those who are most vulnerable;
- Avoiding measures that reinforce / promote male breadwinner models;
- Engaging NGOs and gender experts to provide the evidence-based expertise and gender impact assessment, and to develop measures targeting vulnerable groups of women;
- Ensuring the special protection of vulnerable groups of women (pregnant women, single mothers, the elderly, the disabled, migrants or ethnic minorities) and monitoring the anti-discrimination policy in the labour market, using special measures.

While in Western countries the crisis is seen as a window of opportunity to enforce a more gender-sensitive economic policy and women's economic empowerment, particularly in their representation in decision-making processes, in Slovakia such initiatives are much less visible. On the contrary: because economic growth is the highest priority, any action imposing a new "burden" on business in Slovakia is rejected on principle. Unfortunately, the conclusion can be reached that just as women were not victors in the economic transition in Slovakia, neither will they be victors in the crisis.

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