Children in times of economic crisis: Past lessons, future policies

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Outline

• Wide ranging implications of absorbing economic shocks – women and children
• Life course, inter-generational and society-wide implications
• Nature, scale and duration of crisis determines consequences and relevant interventions
• Policy can address these consequences – though there are constraints
Impacts on children of economic shocks

• Infant Mortality
  – 1% decrease in per capita gross domestic product linked to IM increase of 17-44 per thousand
  – 200,000 – 400,000 more deaths annually
  – In Peru increase in IM of 17,000

• Education
  – Thailand 1998 - health/ education budget declines of 9%/ 6%
  – Indonesia 1998 – 7-12 yr olds not enrolled doubled

• Work
  – 1998 Thailand – 10-15% increase in street children
  – Brazil – Parental redundancy = high proportion of 16 yr old girls enter labour force
  – Laos 1998 – increased numbers in commercial sex work
Impacts on children of economic shocks, continued

• Violence
  – Sanction of violence high – 86% children experienced violent methods of discipline (29 countries); wife beating condoned by 89% women in Mali
  – Increases enabled and worst forms unrecognised
  – Women whose partners made redundant 3 times more likely to be abused (USA)
  – Spate of family suicides in South Korea and child suicides in Soviet Union and Central Asia

• Neglect
  – Children left home alone 1/3 Mexico – 1/5 Vietnam – 50% Botswana
Recovery from shock

• Effects have implications over the lifecourse and feed back into the economy
  – Withdrawal from school and not returning
  – Impaired mental development – 1 billion children with impaired mental development by 2020 – James Commission
  – Workers of shorter stature earn less
  – Lower levels of female education = lower labour market outcomes, increased fertility, lower empowerment
  – Youth missed opportunities jeopardises future employment

• Policy choices critical
  – South Korea and Indonesia quicker recovery with national social protection systems
Framework linking financial crisis and children

Financial Crisis

**Dimensions of the macro-economic environment**
- Financial Flows
- Remittances
- Aid
- Fiscal Space
- Trade (Commodities and Services)
- Exchange rates

**Intermediate level effects**
- Reduced access to credit
- Declining investment in public Services (Education, Health, Protection, Care)
- Social exclusion (e.g., women's lack of empowerment, attitudes that condone violence against women and children)
- Diminishing consumption capacity
- Unemployment and under-employment

**Policy responses**
- Fiscal Stimulus, Social protection and investment, Aid Policy, Labour Policy

**Functions of the household**
- Household Management of Assets and Investments
- Household Consumption (incl. consuming services)
- Household Labour Capacity
- Reproduction, Nurture, and Care
- Protection (physical and emotional) & promotion of well-being

**Intra-household Dynamics & Household Composition**

**Child vulnerabilities** (absence of protection, care, health, education, nutrition)
Girls’ height for age in Bangladesh

- Borrowing by women: 11.63
- Borrowing by men: -4.9
Nature, Scale and Duration of Shocks

• Net financial flows may fall by 300 billion in two years (25% drop)
• 43 out of 48 countries unable to provide fiscal stimulus (UNESCO)
• 390 million poorest Africans will see their income drop by 20% (UNESCO)
Revising growth projections

The deteriorating picture for 2009

Good news recovery projections – cannot to be taken too seriously

Source: International Monetary Fund data; slide adapted from K. Watkins (2009) UNESCO.
Trade volumes

![Bar chart showing trade volumes for different regions: ALL LICs, Sub-Saharan Africa, Asia, Middle East & Europe, Latin America. The chart compares WEO Spring 2008 and Latest WEO.](chart.png)
Trade level by sector

Migration and remittances

Remittance flows to developing countries
(% change on year earlier)

Consequences

- Unemployment and underemployment
- Reduced opportunities for income generation and reduced access to credit
- Diminishing consumption capacity
- Pressure on key government budgets with more limited and worse quality public service provision
- Lower remittances
- Pressure on aid budgets
Household Responses

• Economic stress caused by loss of assets and debt
• Declining household consumption of goods and services
• Pressure for child labour
• Time poverty
• Declining emotional wellbeing (and possibly violence)
Scale of impact

• Food and fuel crisis pushed up to 155 million people into poverty in 2008
• This crisis: (WB)
  – 46 million more on less than 1.25
  – 53 million more on 2 dollar a day.
• Increases in IM of 2.8 million additional deaths by 2015 (WB)
• Increasing child malnutrition by 44 million (unesco)
• Adding 10 million to unemployment (ILO 2009)
• Halting of MDGs and possible reversal of hard won gains
Policy triangle

1) Child-sensitive social protection

2) Labour policies aligned with care imperative

3) Fiscal stimulus packages attuned to gender and age-specific vulnerabilities

4) Aid – maintain flows + children as dialogue issue