<table>
<thead>
<tr>
<th><strong>Title</strong></th>
<th>Crisis and recovery: labour market impact on women and men. Report on Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Authors(s)</strong></td>
<td>Barry, Ursula</td>
</tr>
<tr>
<td><strong>Publication date</strong></td>
<td>2011-07</td>
</tr>
<tr>
<td><strong>Series</strong></td>
<td>UCD School of Social Justice Working Papers; 11(3)</td>
</tr>
<tr>
<td><strong>Publisher</strong></td>
<td>University College Dublin. School of Social Justice</td>
</tr>
<tr>
<td><strong>Item record/more information</strong></td>
<td><a href="http://hdl.handle.net/10197/3284">http://hdl.handle.net/10197/3284</a></td>
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</tbody>
</table>

UCD School of Social Justice Working Papers Series
Number 11(3):1-27

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July 2011

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National Expert assessment of Crisis and Recovery in Ireland - Labour Market Impact on Women and Men commissioned by and presented to the EU Directorate General Employment and Social Affairs, Unit G1 “Equality between women and men”.

Section I. Crisis, recovery and paid work for men and women

1. Overview

Over the last three years Ireland has been immersed in the most serious economic crisis and recession that this country has ever experienced. Almost every section of the economy is deeply affected, with the exception of the export sector, largely driven by foreign-owned companies many of them American multi-nationals. The sector which has been the worst hit is construction resulting in a dramatic rise in unemployment among both young and older men, including migrant workers. Registered unemployment rates among men are nearly 18% and that does not include the growing numbers who left the country as the recession deepened. Unemployment spread from construction into the services sector as the recession became protracted, affecting particularly the retail and hospitality sectors and driving up women’s employment rate to around 10%.

Two major elements of the Irish economic crisis have had an enormous negative impact on public finances. Firstly, the overreliance on taxation income from a completely overblown property and construction sector and secondly, the level of crisis in the Irish banking sector which has required an extremely high level of public subsidy. It was in this context what became known as the ‘troika’ (EU, ECB, IMF) became involved in high level loans to the Irish government, known as the ‘bailout’, but in reality is made up of credit at a controversially high rate of interest, which started at around 6% but after considerable pressure (from the affected countries Greece Ireland and Portugal) is being reduced to around 4% after the latest EU summit in July 2011. As a consequence of this intervention Irish economic policy has increasing become subject to the Memorandum of Agreement signed by the previous Irish government with the ‘troika’ and covering all areas of public expenditure and taxation policies and subject to quarterly review. While the last two years has seen successive Irish governments pursuing fiscal policies that have already made a significant impact on the public deficit, the cost of subsidising the banks is undermining that strategy. Nonetheless, Government policy is committed to reducing the public deficit to 3% by 2014 despite the fact that many economists argue that due to the level of subsidisation of the banks, and the rate of interest being charged on loans from ECB, that aim will not be achieved. It is also argued that the impact of central government policy is creating conditions for continued, and possibly higher, mass unemployment and emigration as the economy is squeezed tighter and tighter.

Ireland was the first EU country to be officially designated as ‘in recession’ in August 2008. Since then the deepening crisis has been reflected in the dramatic downturn in the Irish economy from a period of high employment growth, paralleled by high GDP growth, to one of extremely high levels of unemployment, a very significant contraction in employment and GDP levels and an acute crisis in public finances. The terms of the agreement with the ECB and the IMF means that severe restrictions on Irish public expenditure and a limited period (until 2014) to reduce the current deficit to 3% of GDP have been set down. A key aspect of the crisis in public finances is the steep drop in taxation revenues during 2008-2011 (linked primarily to the narrow tax base heavily reliant on property taxes) while at the same time a huge commitment of state financial
resources to what has been referred to as a ‘bail out’ of the banking sector through both nationalisation, capital injections and taking over of ‘bad loans’. The government’s two year guarantee (introduced in September 2008) of bank deposits and loans in the six main Irish-owned financial was renewed in September 2010. A series of measures have been taken since late 2009 designed to reduce the gap between revenue and expenditure, but which have brought about a substantial reduction in pay levels and a freeze in employment across the public sector, mirrored (and even exceeded) by falling wage rates and employment levels across the private sector.

Against this background Budget 2011 saw the introduction of range of new measures aimed at continuing to address the budget deficit. From a gender equality perspective some of these measures can be viewed as having a negative impact. A new Universal Social Charge (USC) was introduced from January 2011 levied on the gross pay of all employees but disproportionately impacting on middle and lower income earners, the majority of whom are women. Alongside the drop in pay levels, welfare rates have been reduced. Child Benefit has been cut, particularly affecting larger families, new household charges are being introduced and important public services have been reduced. Young people have been targeted by the reduction of Jobseekers Allowances to those under 23 years of age. Significant public pressure has seen the reduction of the minimum wage from €8.60 per hour to €7.60 announced in Budget 2011 reversed when the new government took power in March 2011. This is a positive development from a gender equality perspective as the majority of those on low pay are women, young people and migrants.

2. Paid Work

a) Actual trends in employment and unemployment for men and women between 2008 and 2010

The recession has had a dramatic negative impact on Ireland’s employment rate. Employment rates have fallen across the Irish economy during the crisis years of 2008 to 2010 and into 2011. Both men and women are affected by this fall. Women’s employment rate has fallen from a peak of 60.8 in 2007 to 57.0 in 2009 and to 55.3 in the first quarter of 2011. So, while Ireland had reached the Lisbon target of a 60% women’s employment rate in advance of the deadline the economic crisis has reversed this and resulted in a sharp reduction in women’s employment rate from its 2007 peak. In a parallel manner men’s employment rate has also fallen from its peak in 2007 of 77.1 to 65.3 in 2009 and to 62.6 in first quarter of 2011.

When the impact on different age groups is analysed it is evident that young men and young women are being particularly badly hit by falling employment rates: young women between 20 and 24 years saw their employment rate drop from 62.0% in 2008 to 57.0% in 2009 and to 49.9% in the 1st quarter 2011. Young men aged 20 to 24 years saw their employment rate fall from 63.3% in 2008 to 48.3 in 2009 and 44.1 in 1st quarter 2011. It is interesting to see that the crisis years have brought about a situation in which for the first time employment rates of young women are higher than that of young men, mainly
due to the way in which employment levels have fallen at a different rate in different sectors of the economy – construction the sector which has been hardest hit.

Table 1  Employment Rates by Sex and Age 1999 to 2011*

<table>
<thead>
<tr>
<th>Age group</th>
<th>Employment Rates (ILO) %</th>
<th>1999</th>
<th>2001</th>
<th>2004</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Females</td>
<td>15-19</td>
<td>24.9</td>
<td>22.2</td>
<td>21.1</td>
<td>23.1</td>
<td>18.6</td>
<td>12.8</td>
<td>12.4</td>
<td>11.2</td>
</tr>
<tr>
<td></td>
<td>20-24</td>
<td>67.4</td>
<td>65.6</td>
<td>66.8</td>
<td>67.2</td>
<td>62</td>
<td>57</td>
<td>51.2</td>
<td>49.9</td>
</tr>
<tr>
<td></td>
<td>25-34</td>
<td>72.4</td>
<td>74.5</td>
<td>73.7</td>
<td>74.8</td>
<td>72.8</td>
<td>71.2</td>
<td>69.7</td>
<td>68.6</td>
</tr>
<tr>
<td></td>
<td>35-44</td>
<td>59.6</td>
<td>62.8</td>
<td>63.6</td>
<td>66.6</td>
<td>66</td>
<td>63.5</td>
<td>61.7</td>
<td>61.2</td>
</tr>
<tr>
<td></td>
<td>45-54</td>
<td>47.7</td>
<td>54.2</td>
<td>59.7</td>
<td>65.8</td>
<td>64.5</td>
<td>63.9</td>
<td>63.4</td>
<td>63.3</td>
</tr>
<tr>
<td></td>
<td>55-59</td>
<td>33</td>
<td>36.3</td>
<td>43.3</td>
<td>47</td>
<td>49</td>
<td>50.1</td>
<td>50.4</td>
<td>53.2</td>
</tr>
<tr>
<td></td>
<td>60-64</td>
<td>18.9</td>
<td>20.2</td>
<td>23.6</td>
<td>31.8</td>
<td>30.3</td>
<td>30</td>
<td>31.6</td>
<td>30.5</td>
</tr>
<tr>
<td>Combined Female Rate</td>
<td>52.6</td>
<td>55.1</td>
<td>57.2</td>
<td>60.8</td>
<td>59</td>
<td>57</td>
<td>55.7</td>
<td>55.3</td>
<td></td>
</tr>
</tbody>
</table>

| Combined Male Rate | 75.2 | 76.1 | 76  | 77.1 | 72.6 | 65.3 | 63.1 | 62.6 |

| Combined Rate     | 63.9 | 65.6 | 66.7 | 69   | 65.8 | 61.1 | 59.4 | 58.9 |

Source : CSO QNHS Table 9a. Note: * 2011 data is for 1st quarter

When Irish trends are looked at in an EU context the scale of the recession is particularly evident. Whereas Irish employment rates among both men and women were above the EU average in the 2nd quarter of 2008, they are significantly below the EU average by the 4th quarter 2010. Ireland is among those with the lowest employment rates for women and men in 2010 and showing little sign of recovery (alongside for example Spain, Portugal, Norway). Ireland is clearly among those whose economies are experiencing sustained recession affecting both women and men.

Table 2  Change in employment rates during the crisis by sex (age 15-64)

Employment rates. Initial level and drop to the lowest value; 2nd quarter 2008 to 4th quarter 2010

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>EU 27</th>
<th>73.0 to 69.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ireland</td>
<td>75.6 to 63.1</td>
<td>65.6 to 66.7</td>
<td>59.1 to 57.9</td>
</tr>
<tr>
<td>Women</td>
<td>60.5 to 55.7</td>
<td>61.1 to 65.3</td>
<td>59.4 to 58.9</td>
</tr>
</tbody>
</table>

Source: Eurostat, online database
b) Trends in the occupational segregation over the crisis period.

Latest employment data show that women in Ireland accounted for 46.6% of employment in 2010 (compared to just over 43% in 2007). Wide variations in the percentage of women and men are evident across different occupational groups, revealing strong evidence of a highly segregated labour market. Women account for over 60% of those employed as personal service and sales workers and only just over 5% of those employed as craft and related trade workers, a little over 16% of those employed as plant and machine operatives and only around a third of those employed as managers and administrators. Broad occupational groups that reveal a more equal distribution between women and men are professional and technical occupations. What is also evident is that the numbers employed have fallen particularly steeply in certain occupations (craft and related trades and plant and machinery operatives) whereas they have risen in others (professional and technical workers and personal service workers). This means that occupations which employ a large proportion of women have contracted at a much slower rate or, in some cases expanded during the period of the recession.

Table 3 Employment by Broad Occupational Group and Gender 2004, 2007, 2010

<table>
<thead>
<tr>
<th></th>
<th>2004 (000s)</th>
<th>% Women</th>
<th>2007 (000s)</th>
<th>% Women</th>
<th>2010 (000s)</th>
<th>% Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>All broad occupational groups</td>
<td>1899.5</td>
<td>42.19%</td>
<td>2138.8</td>
<td>43.25%</td>
<td>1823.2</td>
<td>46.63%</td>
</tr>
<tr>
<td>Managers and administrators</td>
<td>314.4</td>
<td>29.52%</td>
<td>319.2</td>
<td>31.67%</td>
<td>302.9</td>
<td>32.95%</td>
</tr>
<tr>
<td>Professional</td>
<td>209.3</td>
<td>47.59%</td>
<td>241.4</td>
<td>49.83%</td>
<td>250.7</td>
<td>52.93%</td>
</tr>
<tr>
<td>Associate professional and technical</td>
<td>167.6</td>
<td>59.25%</td>
<td>195.1</td>
<td>59.25%</td>
<td>189.5</td>
<td>57.78%</td>
</tr>
<tr>
<td>Clerical and secretarial</td>
<td>233</td>
<td>75.02%</td>
<td>254.8</td>
<td>75.71%</td>
<td>228.4</td>
<td>74.52%</td>
</tr>
<tr>
<td>Craft and related</td>
<td>262.7</td>
<td>4.30%</td>
<td>300.2</td>
<td>4.26%</td>
<td>171.1</td>
<td>5.32%</td>
</tr>
<tr>
<td>Personal and protective service</td>
<td>198</td>
<td>61.41%</td>
<td>248.1</td>
<td>64.65%</td>
<td>233.8</td>
<td>62.83%</td>
</tr>
<tr>
<td>Sales</td>
<td>160</td>
<td>62.25%</td>
<td>191.1</td>
<td>61.28%</td>
<td>162.4</td>
<td>60.65%</td>
</tr>
<tr>
<td>Plant and machine operatives</td>
<td>169.9</td>
<td>18.60%</td>
<td>177.8</td>
<td>14.17%</td>
<td>136.4</td>
<td>16.28%</td>
</tr>
<tr>
<td>Other broad occupational groups</td>
<td>184.5</td>
<td>38.37%</td>
<td>211</td>
<td>37.73%</td>
<td>148</td>
<td>41.42%</td>
</tr>
</tbody>
</table>

Source: CSO, Persons aged 15 years and over in Employment (000s) by Sex, Broad Occupational Group 2004, 2007 and 2010 4th Qtr.

EU comparative data index reveals a higher level of occupational segregation in Ireland than the EU average index of segregation and this has been more or less a consistent pattern over the last decade. At the beginning of last decade the Irish segregation index was 26.9 in 2000 slightly above the EU average level (25.3) and by the end of the
In the same decade the Irish level had marginally decreased (26.3) and remains above the EU average level (24.8). Over the years of recession the segregation index of Ireland fell from a level of 28.0 in 2007 to its current level of 26.3, probably due to the reduced significance of the construction sector, a particularly gender segregated area of employment.

**Table 4  Occupational Gender Segregation Index  IP index 2000-2010**

<table>
<thead>
<tr>
<th>Country</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010*</th>
</tr>
</thead>
<tbody>
<tr>
<td>IE</td>
<td>26.9</td>
<td>26.7</td>
<td>26.9</td>
<td>27.1</td>
<td>26.8</td>
<td>27.4</td>
<td>27.8</td>
<td>28.0</td>
<td>27.5</td>
<td>27.0</td>
<td>26.3</td>
</tr>
<tr>
<td>EU27</td>
<td>25.3</td>
<td>25.3</td>
<td>25.3</td>
<td>25.5</td>
<td>25.5</td>
<td>25.7</td>
<td>25.8</td>
<td>25.9</td>
<td>25.9</td>
<td>25.8</td>
<td>24.8</td>
</tr>
</tbody>
</table>


Sectoral data also reveal contrasting trends within different sectors of the economy during the recession and, from a gender perspective, a fast changing picture of the composition of employment.

**Table 5. Employment by Sector and by Gender 2004, 2007, 2011**

<table>
<thead>
<tr>
<th>Sector</th>
<th>2004</th>
<th>2007</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total (000s)</td>
<td>% Women</td>
<td>Total (000s)</td>
</tr>
<tr>
<td>Agriculture, Forestry, and Fishing</td>
<td>110.4</td>
<td>1.34%</td>
<td>114.9</td>
</tr>
<tr>
<td>Industry</td>
<td>297.4</td>
<td>10.69%</td>
<td>285</td>
</tr>
<tr>
<td>Construction</td>
<td>212.8</td>
<td>1.14%</td>
<td>264.3</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>268</td>
<td>16.62%</td>
<td>313.7</td>
</tr>
<tr>
<td>Transportation and storage</td>
<td>93</td>
<td>2.06%</td>
<td>97.2</td>
</tr>
<tr>
<td>Accommodation and Food service activities</td>
<td>112.1</td>
<td>7.97%</td>
<td>133.4</td>
</tr>
<tr>
<td>Information and communication</td>
<td>61.9</td>
<td>2.61%</td>
<td>70.5</td>
</tr>
<tr>
<td>Financial, insurance, and real estate activities</td>
<td>88.5</td>
<td>6.31%</td>
<td>103.2</td>
</tr>
<tr>
<td>Professional, scientific and technical activities</td>
<td>94.4</td>
<td>4.86%</td>
<td>112.7</td>
</tr>
<tr>
<td>Administrative and support service activities</td>
<td>64.5</td>
<td>4.24%</td>
<td>81.7</td>
</tr>
<tr>
<td>Public admin &amp; defence</td>
<td>91.5</td>
<td>5.75%</td>
<td>103.7</td>
</tr>
<tr>
<td>Education</td>
<td>118.1</td>
<td>10.30%</td>
<td>138</td>
</tr>
<tr>
<td>Human Health and social work activities</td>
<td>181.1</td>
<td>18.45%</td>
<td>220.4</td>
</tr>
<tr>
<td>Other NACE Activities</td>
<td>109.8</td>
<td>7.65%</td>
<td>101.8</td>
</tr>
</tbody>
</table>

Source: CSO, 2011 Table 3a
The most dramatic change has been the collapse in employment in construction affecting predominantly men and there has also been a contraction in industrial and agricultural employment also largely impacting on men in paid employment. Services employment, where women are concentrated has lost some employment (for example in accommodation and food services) but has largely held its pre-recession level of employment in both private and public services (e.g. financial and insurance and professional and technical services). The percentage of women employed across the various sectors has remained relatively stable although there are some notable reductions in the proportion of women employed in industry and also in wholesale and retail sectors. In contrast, women have increased their proportion of employment in both education and health care sectors, both sectors which have shown continued employment growth even through the crisis years.

c) Comparative impact of the recession on the segments/groups ‘at risk’

A clear consequence of the severe economic recession in Ireland has been a dramatic rise in registered unemployment, particularly affecting young people. Latest unemployment data show Ireland at a rate of over 14.7% for March 2011. Employment in construction has continued to fall and figures from the QNHS estimates that one in seven of all jobs have been lost over the three year period since the peak employment level in late 2007 (CSO 2011). An OECD Report also published in March 2011 showed Ireland’s unemployment rate at the second highest (after Spain) among 34 economies (OECD 2011). EU comparative data shows Ireland at a 21% rate of youth unemployment – a rate that has doubled over the last ten years from 10% - and significantly above the EU average of 18% (Eurostat 2010).

While unemployment rates are high among both young women and young men, they are particularly high among young men. As stated above, the main reason for this has been the crash in the construction industry which had been a major employer of male labour. Young men who often left school early in the height of the ‘boom’ to take up job opportunities in construction now find themselves unemployed and, for a significant proportion, without even basic second level qualifications Looking at comparative EU data, Irish unemployment rates are clearly among the highest, and among those that have risen the fastest during the recession. Among men the unemployment rate in Ireland is the third highest (after Lithuania and Latvia) and has experienced an increase of approximately 300% between 2008 and 2010. Irish women’s recorded unemployment rate was close to the EU average in 2010 after experiencing an increase of around 150% during the same period.

Table 6 Unemployment rates in 2008 (2nd Q) and 2010 (4th Q), age 15-64

<table>
<thead>
<tr>
<th>Ireland</th>
<th>Men: 6.4 to 17.6</th>
<th>EU: 6.4 to 9.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women:</td>
<td>4.0 to 10.0</td>
<td>EU: 7.4 to 9.7</td>
</tr>
</tbody>
</table>

Source: Eurostat, Online Database
Ireland during the period of the ‘celtic tiger’ was a country of high levels of net immigration, a new historical experience. The last two years has seen a reverse of this trend and a return to the historical pattern of emigration. Emigration levels have increased from an annual level of 36,000 in 2006 to a level of 65,000 in 2009, levelling out at 65,300 in 2010. The composition of emigrants has also changed – Irish nationals now make up 42% (27,700) – the largest group. Latest data shows that emigration levels were significantly lower among women (24,900) than among men (40,400) in 2010. Just over 90% of emigrants in 2010 were under 44 years of age, around 45% of those emigrating are under 25 years of age and their numbers have increased sharply as the economic crisis has deepened.

2010 also saw a sharp decrease in immigration, falling from 57,300 in 2009 to 30,800 in 2010. Immigration levels are almost the same for 2010 between women and men at just over 15,000 each, the largest share are of Irish nationality. Net outward migration stood at 34,500 in April 2010 (compared to 7,800 in 2009) – this is the highest level of net outward migration since 1989. It is also interesting to note that although the numbers have fallen, there continues to be a significant number migrating into Ireland (57,000 in 2009 and 30,800 in 2010). The combined trends results in a growing level of net migration from -7,800 in 2009 to -34,500 in 2010.) (CSO: Population and Migration Estimates September 2010). Forecasts for emigration levels during 2011 and 2012 estimate that around 50,000 (mainly young people) will emigrate each year (ESRI 2011).

Table 7 Emigration and Immigration to and from Ireland among women (w) and men(m) 2005 to 2010.

<table>
<thead>
<tr>
<th>Year</th>
<th>W Immigration</th>
<th>M Immigration</th>
<th>W Emigration</th>
<th>M Emigration</th>
<th>W Net migration</th>
<th>M Net migration</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>37,100</td>
<td>47,500</td>
<td>14,600</td>
<td>15,400</td>
<td>32,600</td>
<td>32,100</td>
</tr>
<tr>
<td>2006</td>
<td>47,500</td>
<td>60,300</td>
<td>17,300</td>
<td>18,700</td>
<td>30,200</td>
<td>41,600</td>
</tr>
<tr>
<td>2007</td>
<td>52,100</td>
<td>57,400</td>
<td>18,600</td>
<td>23,600</td>
<td>33,500</td>
<td>33,800</td>
</tr>
<tr>
<td>2008</td>
<td>43,900</td>
<td>39,900</td>
<td>17,700</td>
<td>27,600</td>
<td>26,100</td>
<td>12,300</td>
</tr>
<tr>
<td>2009</td>
<td>29,100</td>
<td>28,200</td>
<td>26,100</td>
<td>39,000</td>
<td>3,000</td>
<td>-10,800</td>
</tr>
<tr>
<td>2010</td>
<td>15,500</td>
<td>15,300</td>
<td>24,900</td>
<td>40,400</td>
<td>-9,400</td>
<td>-25,100</td>
</tr>
</tbody>
</table>

Note : Total Net Migration for 2009 was 7,800 and for 2010 was 34,500.
Source : CSO Population and Migration Statistics September 2010

Another feature of the economic crisis in Ireland has been the increase in part-time employment and, in particular, the rise in involuntary part-time employment. Both women and men have experienced a rise in part-time employment, but among women it is from a significantly higher base. The proportion of men working part-time has doubled from 6.1% to 12.3% between 2004 and early 2011, while the proportion of women working part-time has increased from 31.6% to 36.3% over the same period.

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>2007</td>
<td>2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full Time</td>
<td>1034.7</td>
<td>549.4</td>
<td>1128.1</td>
<td>628.1</td>
<td>850.6</td>
<td>539.6</td>
</tr>
<tr>
<td>Part Time</td>
<td>66.9</td>
<td>253.7</td>
<td>86.9</td>
<td>299.2</td>
<td>119.4</td>
<td>306.9</td>
</tr>
<tr>
<td>Total</td>
<td>1101.6</td>
<td>803.1</td>
<td>1215</td>
<td>927.3</td>
<td>970</td>
<td>846.5</td>
</tr>
<tr>
<td>% Full Time</td>
<td>93.9%</td>
<td>68.4%</td>
<td>92.8%</td>
<td>67.8%</td>
<td>87.6%</td>
<td>63.7%</td>
</tr>
<tr>
<td>% Part Time</td>
<td>6.1%</td>
<td>31.6%</td>
<td>7.1%</td>
<td>32.3%</td>
<td>12.3%</td>
<td>36.3%</td>
</tr>
</tbody>
</table>

Source: CSO, 2011 Table 3a

Involuntary part-time employment has risen sharply in Ireland through the recession and EU comparative data shows Ireland with among the highest level of increases in involuntary part-time employment among both women and men. The level of involuntary part-time employment shows a sharp increase among women in Ireland (28.6%) but more particularly among men (53.2%), a level that is way above the EU average. This rise in involuntary unemployment is a reflection of the overall crisis in employment in the Irish economy and is likely to continue, at least in the short-term. EU comparative data on Ireland shows no particularly change in temporary employment.

Table 9  Involuntary part-time employment as % of total part-time employment, (age 15-64). Level and variation, 2007-2010

<table>
<thead>
<tr>
<th></th>
<th>Ireland:</th>
<th>Men:</th>
<th>20.3 to 53.2</th>
<th>EU:</th>
<th>Men:</th>
<th>30.2 to 36.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women:</td>
<td>8.3 to 28.6</td>
<td>Women:</td>
<td>20.2 to 24.0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Eurostat, Online Database

d) Impact of the recession on in-work poverty

The most up-to-date national data on poverty in Ireland is the EU-SILC data for 2009 which uses a poverty line set at 60% of median income. 14% of the Irish population
according to this data, are at risk of poverty, including 19% of children. Lone parents are particularly at risk at a rate of 35%. While the overall rate of those at risk of poverty has remained constant at 14% those in ‘consistent poverty’ increased from 4.2% in 2008 to 5.5% in 2009 and those experiencing ‘deprivation’ have increased from 13.8% in 2008 to 17.3% in 2009. The crisis has also resulted in a sharp increase among those at risk of poverty who are in arrears with household bill payments from 20% to 34% between 2008 and 2009. This is confirmed by a recent survey by the Irish Credit Union Association showed that a significant proportion of the population is experiencing debt crises.

As the crisis has intensified the profile of those living in poverty has changed. The data reveals that 63% in 2009 of those living in poverty were in households in which there was no one in paid employment – a marked increase from 2008 when this figure was 50%. Poverty levels are particularly high among older people, lone parents and those registered as unemployed. There is no comprehensive new data to show the impact of the recession on the scale of the working poor in Ireland – but there is evidence that it has increased significantly. Nearly 23% of those in households classified as at-risk of poverty under EU-SILC 2009 data have a ‘head of household’ that was in paid employment. Looking at EU comparative data, the overall ‘at risk of poverty’ rate among ‘in work’ households has increased from 5.3% to 5.7% between 2008 and 2009.

**In work At – Risk of Poverty Rate**

<table>
<thead>
<tr>
<th>Country</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>IE</td>
<td>6.2</td>
<td>5.6</td>
<td>6.5</td>
<td>5.3</td>
<td>5.7</td>
</tr>
<tr>
<td>EU27</td>
<td>8.2s</td>
<td>8.2s</td>
<td>8.5</td>
<td>8.5</td>
<td>8.4</td>
</tr>
</tbody>
</table>

Note: “ : ”= Not available, b – break in series; s – Eurostat estimate.
*Definition: In work at-risk-of-poverty rate is the share of employed persons of 18 years or over with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median disposable income (after social transfers).

Source: Eurostat, Online Database and CSO EU SILC 2009,

e) Trends in the gender pay gap during crisis

The deep recession in the construction industry has had a particularly negative impact on men’s employment. For the first time the employment rate of young women is higher than that of young men. Effectively the gender gap in the younger age groups has been reversed over the past eighteen months as young men suffer the consequences of an economy with over-reliance on a construction industry that has effectively collapsed. And, as the data also reveals, the scale of male job losses (particularly in construction) has reduced the overall gender gap in the rate of employment which has narrowed to just over seven percentage points. As the crisis has unfolded in the Irish economy there has been a sharp narrowing of the overall gender gap in employment rates from a level of
18.8 percentage points in 2004, to 16.8 in 2007 and 7.3 in 2011. In an EU context this latest data will likely put the gender pay gap in Ireland significantly below the EU average (EU comparative data for 2009 shows an average gender pay gap at 17.1) (Eurostat Online Database)


<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2007</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female Rate (%)</td>
<td>57.2</td>
<td>60.8</td>
<td>55.3</td>
</tr>
<tr>
<td>Male Rate (%)</td>
<td>76.0</td>
<td>77.1</td>
<td>62.6</td>
</tr>
<tr>
<td>Gap</td>
<td>18.8</td>
<td>16.8</td>
<td>7.3</td>
</tr>
</tbody>
</table>

Source: CSO, NQHS 2011

f) Tightening of rights and deterioration/change of working conditions due to the recession.

The most significant change in working conditions has been announced by government but the full details and dates of implementation have yet to be revealed. This follows a high court decision that the system of Joint Labour Committees (JLCs), which establish wage rates in a range of sub-sectors of the economy, were deemed unconstitutional. The new Minister for Employment has announced a series of changes which diminish the rights and conditions of employees covered by Employment Regulations Orders (EROs) under this system. Pay rates for the many thousands of workers in catering, hotels, retailing and hairdressing will be reduced once these changes are implemented – the majority are likely to be women. Legal entitlements to Sunday premium payments are likely to be replaced by ‘time in lieu’. But the most important change that is being proposed, which will likely have a negative impact on working conditions for many low paid workers, is to allow companies to derogate from the terms of the EROs in cases of ‘financial difficulty’. EROs are proposed to be revised using new criteria of competitiveness and comparative average hourly rates set in Ireland’s main trading partner economies. Pension entitlements have also been negatively affected for public sector workers and pay levels of new public employees will be reduced. A levy on private pensions will affect pensions of private sector employees. One extremely controversial decision to reduce the level of the statutory minimum wage announced in Budget 2011 was reversed when the new government took power in March 2011.

g) Forecasts for employment and unemployment rates by sex.

Forecasts for GDP growth of 0.8% in 2011 and 2.5% in 2012 are made in Irish National Reform Programme 2011 (INRP 2011) although these have already been bypassed by events which have lead to a series of forecasts from economic commentators that the Irish economy will contract through 2011 and again in 2012. The level of indebtedness is forecast for 111% of GDP for 2011 and to peak at 118% in 2013 returning to a level of 111% in 2015. A government deficit of -10% is assumed for 2011 and -8.6% for 2012. Because of these economic projections and the enormous amount of money being taken out of the economy, many of the policies presented in the INRP are not in fact projected
to be in place until 2013, 2015 or even 2020. In this sense, this document is not a summary of policy initiatives for 2011-2012 but to a significant extent is an aspirational document dependant on achieving a specific set of results in the short-term. The latest Central Bank economic forecast has average unemployment of 14.3% in 2011 followed by 14.1% in 2012.

The ESRI forecasts expect domestic demand to remain very weak in 2011, with investment and government expenditure declining and household expenditure static. Household expenditure fell over the course of 2010 but the ESRI expect it to increase gradually during 2011 and to rise by 2% in 2012. The current weakness in domestic demand is due primarily to the negative effect of fiscal policy of contraction. GNP (GDP) is forecast to increase by ½ (2) percent this year and by 2 (3) percent in 2012. Their forecast for unemployment is 14 ¼ percent for 2011 and 14 percent in 2012, with any decline accounted for by emigration. Employment is not expected to grow during 2011 while unemployment is expected to fall very marginally in 2011. This expected fall in the rate of unemployment is related to expected migratory outflows - - 60,000 in the year ending April 2010 and 40,000 in the year ending April 2011. ESRI also estimates that wages across the economy fell by 2% in 2009, by 3% in 2010 and by a further 1% in 2011 (ESRI 2011). Accounting firm Ernst & Young’s Winter Eurozone Forecast (EEF) says the Irish government assumes GDP (gross domestic product) growth will average 2.75% in 2011-14. By contrast, the EEF sees on average only 0.8% growth per year during that period. Their forecast comprises another year of recession in 2011, with GDP declining by 2.3%, after a shrinkage of 1.5% in 2010, and before climbing gradually to growth of 2.5% in 2014. In this forecast, employment is not expected to increase until 2013 and Ireland’s unemployment rate is expected to still be as high as 14% in 2014. This bleaker unemployment outlook than presented by the Government holds despite a cumulative working age population net migration outflow of 170,000 persons between 2010 and 2014.

More detailed analysis of employment trends are published by the Expert Group on Future Skills Needs who argue that the main drag on Irish GDP growth in the next two years will come from a drop off in domestic demand “Beside the direct negative impact of the fiscal measures, growth will be dampened by a range of related factors that include a large out migration flow of people (and their skills and spending) and a likely rise in retail interest rates that will impact on consumer spending and housing repossessions”. They expect the decline in employment to slow to almost 1.5% in 2011 (translating into a further decrease of approximately 30,000), before halting in 2012 and that “despite the expected continued negative net migration and the fall in labour force participation, the unemployment rate is set to persist at its current rate of over 14%”. The EGFSN do not anticipate any particular change to the gender distribution of occupational employment with women outnumbering men amongst clerks, salespersons, services workers and associate professionals. In their analysis the greatest shift in gender distribution occurred in professional occupations, where women gained two additional percentage points to account for 53% of professionals. Educational qualifications continue to create stronger opportunities for accessing and maintaining employment.
Summary

When Irish trends are looked at in an EU context the scale of the recession is particularly evident. Whereas Irish employment rates among both men and women were above the EU average before the recession they are significantly below the EU average at this point in the economic crisis. Ireland is among those with the lowest employment rates for women and men in 2010 and showing little sign of recovery (alongside for example Spain, Portugal, Norway). Among men the unemployment rate in Ireland is the third highest (after Lithuania and Latvia) and has experienced an increase of approximately 300% between 2008 and 2010. Irish women’s recorded unemployment rate was close to the EU average in 2010 after experiencing an increase of around 150% during the same period.

Employment changes have generated new gender patterns as the loss of employment among men has been particularly high (due to collapse of the construction sector) and, as a result, the gender gap in employment rates has narrowed significantly. This change is not a result of any policy change but is due to the way in which the crisis has unfolded across the economy. Sectoral data reveals contrasting trends within different sectors of the economy during the recession and, from a gender perspective, a fast changing picture of the composition of employment. The most dramatic change has been the collapse in employment in construction affecting predominantly men and there has also been a contraction in industrial and agricultural employment also largely impacting on men in paid employment.

Services employment, where women are concentrated has lost some employment (for example in accommodation and food services) but has largely held its pre-recession level of employment in both private and public services (e.g. financial and insurance and professional and technical services). The percentage of women employed across the various sectors has remained relatively stable although there are some notable reductions in the proportion of women employed in industry and also in wholesale and retail sectors. In contrast, women have increased their proportion of employment in both education and health care sectors, both sectors which have shown continued employment growth even through the crisis years.

Another feature of the recession in Ireland has been the sharp increase in part-time employment and, in particular, the rise in involuntary part-time employment. Both women and men have experienced a rise in part-time employment, but among women it is from a significantly higher base. Net migration has returned to Ireland after a decade of inmigration. Emigration is predominantly of young people, the majority are men and nearly half of those emigrating are Irish nationals.

Forecasts for the Irish economy, for the most part, indicate an economy in a continuing state of crisis. Ireland is clearly among those whose economies are experiencing sustained recession affecting both men and women and showing few signs of recovery.
Section II. Policies

Overall economic policy has been dominated by the single priority of reducing public expenditure with little evidence of a gender informed strategy to combat unemployment, tackle poverty or address inequality. Employment policy has shifted from a ‘pre-recession’ emphasis on increasing the supply of labour (through increasing women’s employment rate and net immigration) to a focus on registered long-term unemployment leading to a definite gender shift, from policies towards increasing labour supply (with an emphasis on women and migrants) to a policy of reducing long-term registered unemployment (with an emphasis on men).

Through the imposition a new income levy across the economy, a pension levy on public as well as a series of cutback in entitlements and in service provision, the government has attempted to regain control over a public financial system undermined by the dramatic reduction in taxation revenue coupled with the massive drain on resources by the process of recapitalisation of the failed banking sector. Progressive social and economic policies, including gender equality policies and practices, have suffered as resources have been severely cutback. Women, who make up the majority of those on low pay, those living in poverty and workers in the lower paid sections of the public sector have been badly affected. Welfare payment rates have been significantly reduced, child benefit has been cut, unemployment payment rates for young people have been significantly reduced, the double ‘christmas’ welfare payment has been abolished, community and local area programmes have lost resources and budgets for important equality agencies and equality initiatives have been severely cut. Men have been particularly severely hit by the dramatic rise in unemployment which has already turned into an issue of long-term unemployment. The collapse of the construction industry is affecting men across all age groups and, as well as the high levels of unemployment, has resulted in a new pattern of emigration, particularly affecting young men. This has become the central focus of new policy initiatives aimed maintaining existing employment levels and generating new job opportunities.

The Irish National Reform Programme (INRP) was released in April 2011 following a general election in March and the publication of a Programme for Government by the new Fine Gael (Christian Democratic) and Labour (Social Democratic) Coalition. The election debate was marked by anger towards the previous government (which lost heavily) and to the terms of the IMF-ECB-EU loans and intervention in the Irish economy. The level of current and future indebtedness of the Irish economy has dominated debate in Ireland over the first six months of 2011 and much of the previous year. As a consequence there has been little to no emphasis on policy options other than those aimed at reducing the public deficit and the public debt. The INRP reflects this economic situation. Neither gender equality nor equality of opportunity are mentioned anywhere in the document in contrast to employment action plans in the past. Gender equality policy has clearly become a victim of the recession and crisis management of the Irish economy.
h) Major policy measures that have been implemented at the national level

a) Measures to counter the effect of the crisis

i) Public Service salaries were reduced as follows:-

- 5% on the first €30,000 of salary
- 7.5% on the next €40,000 of salary
- 10% on the next €55,000 of salary

Overall, these measures were intended to generate public expenditure cuts with the objective of reducing the public deficit by €6 billion. Alongside these direct pay cuts a series of new measures were introduced in 2010 to change public sector pension entitlements and reduce pension expenditure into the future. These changes have involved creating a new single scheme for all entrants to the public service from 2010 with the following elements:

- raising the minimum public service pension age to 66 years (from 65 years)
- setting a maximum retirement age of 70 years (from 65 years)
- pensions to be based on “career average” earnings rather than final salary as currently applies.

Budget 2011 followed a similar path to Budget 2010 bringing in harsher measures to reduce the public deficit targeting increases in tax and social charges and lowering of welfare payments.

ii) Universal Social Charge

Gender equality has received little to no attention in the Irish policy-making process over the recent period of economic crisis. One highly significant policy change that has been introduced affecting significantly low and middle level earnings from employment is the introduction of a new Universal Social Charge (to replace previous Health and Income levies) and to be paid on everyone’s gross incomes. This charge which came into effect in January 2011 is paid as follows:

- 0% on those with incomes below €4,004
- 2% on those with income from €4,005 to €10,036
- 4% on those on incomes €10,037 to €16,016
- 7% on those on incomes above €16,016

iii) Reduction of welfare payment rates

Welfare policy measures introduced over the last two years have focused on those who are long-term unemployed and lone parents on welfare. Young people on job seekers
allowances have also been hit badly by reductions in payment levels to those between 18 and 23 years. A strict regime that makes welfare payments contingent on the take-up of training or employment opportunities is gradually being implemented across the welfare system in Ireland and is particularly focused on lone parents. However, in the context of current pressures on access to training and employment programmes, the stated need for such a policy change is questionable. And there are particular implications for women due to their childrearing responsibilities. A recent report by the OECD showed that households with young children in Ireland pay on average 41% of their income on childcare (OECD 2010). In practice, unless the availability and the cost of childcare are addressed then these policy changes will have a negative impact on women’s income (particularly in low income households) and do nothing to increase their participation in paid employment.

b) Measures to stimulate the economy

i) Jobs Initiative

The new Coalition Government promised to introduce a stimulus package to generate employment by the end of its first 100 days in office. A number of specific initiatives were announced in May 2011 with the stated aim of stimulating employment, the main one is the Jobs Initiative. The Jobs Initiative is planned to be “fiscally neutral” – i.e. will not create additional demands on the budget deficit. The stated aim of government for the overall jobs initiative is to target young unemployed people – there is no reference to gender in the planning of this initiative. The Jobs Initiative will include €30 million for school building improvement and it is stated this will create almost 3,000 mostly construction-related jobs – 2,400 direct construction jobs and 480 indirect jobs. When announcing the school building programme, the government has stated that the labour-intensive upgrading projects were already “costed and ready to go”, and would improve employment. As the construction sector is over 95% male employment (see above) the stimulus will likely benefit men who have traditionally worked in construction and or currently registered as unemployed.

A levy of 0.6% is to be applied to the capital value of assets under management in private pension funds established in the State that it is stated will finance the Jobs Initiative. Market value is to be determined on 1 January, 2011 – suggesting that the same absolute amount will be paid in each of the four years. The levy will apply for a period of 4 years from the beginning of 2011 and is expected to raise €470m in each of the 4 years that it will apply for – a total of €1.88bn over the four year. The levy will not apply to pension funds established in Ireland which provide benefits solely to non resident employers and members or to public sector pensions. The new levy will apply to occupational pension schemes (e.g. defined benefit and defined contribution schemes) and personal pension plans, it is unclear whether people in receipt of pensions or holding Approved Retirement Funds will also be affected.

ii) Internship Programme

An internship programme has been established under which participants will be drawn from those on the Live Register who will be paid €50 per week on top of their social-
welfare entitlements. 20,000 places are stated by government to be made available for those who want to get back to education or who want to avail of training at a cost of €11m in 2011.

i) Gender mainstreaming of new policies

In the context of the severe economic crisis in the Irish economy, the INRP states that it is not in a position to take up the EU Headline Target (70% employment rate of women and men) and instead sets the target of raising to 69% - 71% the employment rate for women and men aged 20-64 by 2020 ‘including the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants’. There is no gender analysis informing this statement and no differentiation in the setting of targets between women and men, despite the articulation of gender specific targets in earlier policy documents (linked to the EU Lisbon targets). The employment rate of women in Ireland has already fallen to 56% (below the Lisbon target of 60% which it had reached in 2007) while that of men has also fallen to 65% (from a peak of 76% which it had reached in 2004). This almost ten point differential between women’s and men’s employment rates is the result of historical disadvantage and cultural differences and it is crucial that it is understood and informs the policy process. Otherwise policy development initiatives will not be implemented on a gender equality basis. To raise women’s employment rate to 69 - 71% by 2020 would require the attainment of around a fifteen percentage point increase. There is no evidence of the gender specific policy measures required to support this aim.

A number of key developments at institutional level during the recession have had a significant negative impact on infrastructure to monitor the implementation of equality legislation and developments in equality policy and human rights in Ireland. Following a major cut-back of 43% in the budget to the Equality Authority in 2009, which carries national responsibility for these areas, the strength of equality related infrastructure has been very substantially weakened. At the same time the budget to the Irish Human Rights Commission (IHRC) was substantially reduced, the Combat Poverty Agency was dissolved into a government department, Women’s Heath Council, Crisis Pregnancy Agency lost their independent status and the National Council to Combat Racism and promote Interculturalism (NCCRI) was dissolved.

In practice, resources allocated to gender equality generally, and to gender mainstreaming, have been reduced substantially in the current economic crisis, and it is evident that the scale of cut-back experienced by key elements of the equality infrastructure has been disproportionate. Over the past three years there have been no new gender equality policies introduced in Ireland. On the contrary, resources to gender and equality have continued to be reduced, reflected in particular in the reduced budget to the Equality Authority (discussed above) and the severe reduction (of around 50%) in the budget for the Equality for Women Measure (EWM) – first announced in 2008.

Up until 2007 Ireland was recognised across the EU as a country with strong and comprehensive equality legislation covering a broad range of grounds in relation to both employment and services backed up with a strong Equality Authority headed by a
progressive Director. This situation has changed radically during the recession. The budget of the Equality Authority has been cut by 43% and its Director resigned in controversial circumstances due to the budget cutback. Over the same time period the independence of important statutory agencies have been undermined and government departments have absorbed the work of key agencies such as Combat Poverty Agency (CPA), National Consultative Committee on Racism and Interculturalism (NCCRI); other organisations have seen their work drawn in under the Health Service Executive (HSE) of the Department of Health, such as the Women’s Health Council (WHC) and the Crisis Pregnancy Agency. In 2009, the CSO presented findings in relation to inequality: in 2007, 5.1% of persons in Ireland were in consistent poverty, while 17.2% of unemployed persons were in consistent poverty.

One agency that survived the cutbacks has been the recently established National Employment Rights Agency (NERA) whose remit is investigate and monitor the implementation of employment rights legislation. With 80 inspectors and a budget of €10.8m in 2008, NERA responded to 1,516 complaints and identified 4,629 breaches of employment law. The work of NERA is important to those on low pay in particular including predominantly women, young people and migrant workers.

j) Gender assessment of selected recovery measures.

While there appears to be some acknowledgement of the importance of women to the recent expansion of the Irish labour force, there is no attempt in economic policies over the crisis period to create a balance of policies reflecting a commitment to gender equality. Gender equality is not mentioned or addressed within the INRP, not in its policy analysis framework nor in the detailing of the policy measures to be addressed. The Universal Social Charge can effectively be seen as a regressive tax on gross incomes with a negative impact on gender equality, and inequality generally, as it disproportionately impacts on those in low pay predominantly women, young people and migrants. In addition, the Jobs Initiative does not appear to be informed by a gender analysis or a framework that is based on the social inclusion of those who have only a fragile attachment to the paid labour force.

As the Irish Anti-Poverty Network (IAPN) comments:

“The European Anti-Poverty Network (EAPN) Ireland Europe 2020 Working Group recognises the fiscal and economic and demographic challenges facing the Government but it is clear that in order to maintain a socially cohesive society, measures taken to address the issue of employment must be inclusive of the needs of people currently distant from the labour market and those in low paid employment. Measures to address jobs and access to the labour market generally must also be consistent with the stated policy in Ireland’s National Reform Programme and the National Action Plan for Social Inclusion and seek to address poverty. It must also support the EU Active Inclusion Strategy for people excluded from the labour market.
“In this context the announcement of a Jobs Initiative presents an important opportunity to address the needs of unemployed people of all ages, people currently distant from the labour market, including lone parents, older people, Travellers, people with disabilities and those in low paid employment. The Jobs Initiative must also differentiate between the needs of unemployed men and women and design and implement the proposed measures in a manner that facilitates their reintegration back into the labour market. As the European Pact for Gender Equality states that it ‘is important that the Member States and the EU find ways to integrate a gender equality perspective into the analysis of the impact of the crisis and into all policy responses to the recession’.

Long-term unemployment is a huge and growing problem in the Irish economy (accounting for over 51% of the registered unemployed) and those who are registered as long-term unemployed are predominantly men accounted for to a significant degree by the collapse of the construction sector. Many women who are unemployed over an extended period of time tend to slip into definitions of ‘engaged on home duties’. Many other women cannot meet the conditions of eligibility for registration namely that an individual must be available and seeking full-time employment. Registration as ‘seeking part-time employment’ is not permitted under the Irish system which has a negative impact on many women who make up the large proportion of those who work part-time.

There is a strong statement in the INRP that the challenge of employment policy is

“targeting cost-effective activation programmes to those most at risk of losing contact with the labour market and drifting into long-term unemployment, and of increasing labour market participation of those cohorts with lower than average participation rates, including lone parents and people on illness/disability payments and to reintegrate into the labour market the group of women who have interrupted their careers for child rearing” (INRP 2011).

What is lacking in the Irish economic and employment policy is any indication that this statement is being translated into specific policies. This statement could be interpreted as reflecting an understanding of the different economic positions of women and men in Irish society and an intention to bring that understanding to bear in the formulation of policy. However, in practice there appears to be an absence of policy measures aimed at women who have interrupted their careers for child-rearing and few social supports (particularly childcare) for lone parents, over 90% of whom are women, to enter the paid labour force. In fact community based childcare services have been reduced, the early childhood supplement has been abolished, and the commitment to a year of pre-school education to all 3 to 4 year olds has been spread over two years rather than one. This latter change undermines the ability of lone parents to take advantage of that promised year of a free pre-school place to strengthen their attachment to the labour market.

What is needed for a more gender equality and inclusive policy is to support people to access quality training, education and sustainable work opportunities and to create the conditions in which people can maintain a minimum level of income whether they are in
paid work or not. There is a danger that new policies which introduce new conditions for accessing welfare payments and tend towards ‘compulsory’ uptake of job and training possibilities will worsen the living circumstances of those on the lowest income levels and among the most vulnerable.

“For those with caring responsibilities increasing requirements to be available for work must be balanced with access to quality affordable childcare and must recognise that labour market participation must increase family income if it is to produce positive outcomes for children”. (IAPN 2011)

Section III.

k. The effect of fiscal consolidation on labour market gaps

The level of crisis in the Irish economy has been enormous and has been especially marked by an extremely high level of public debt and a massive budget deficit. Exchequer funding had been hugely over-reliant on taxation from property transactions which ended abruptly leaving an extremely narrow tax base and a major gap between taxation revenue and public expenditure. The scale of public debt in Ireland is a result not just of a budget deficit but also the billions that the Irish government has been forced to pour into the collapsed banking sector Ireland has shown a sharp and dramatic rise in consolidated government debt, increasing at a level of 71.2% over the period 2007 – 2010, the highest in the EU and approximately triple the average rate of growth in EU 27 (21.0%) (Eurostat Online Database). Through the ECB/IMF/EU agreement with the Irish government, the deficit is to be reduced to 3% by 2014 – this has meant a severe drop in public expenditure and a fall in income levels across the economy having a particularly negative impact of those with low to middle level earnings. It is estimated that around 20% of households are now in significant debt, primarily through a combination of increases in mortgage payments (within a context of negative equity) and a significant loss of income (through unemployment and/or reductions in pay) (Social Justice 2011).

Budget 2010 and 2011 brought in harsh measures to reduce the public deficit targeting increases in tax and social charges and lowering of welfare payments have also restricted the income of many of those dependent on welfare payments:

- Reduction in child benefit by €10.00 per month (additional increase for 3\textsuperscript{rd} child)
- Carer’s Allowance reduced by €8.00 per week for carers under 66 years of age
- Increase in €2.00 per week contribution for those on rent supplement
- Reduction of €8.00 per week for those on Jobseekers Benefit
- Reduction of Jobseekers Allowance to €100 those aged 18 to 21 years
- Reduction of Supplementary Allowance for those aged 22-24 from €186 to €144 per week
- Employee and personal tax credits reduced by €180 per year
- Single person to pay tax at €32,800 rather than €36,400
Alongside the direct pay cuts a series of new measures were introduced in 2010 to change public sector pension entitlements and reduce pension expenditure into the future. These changes have involved creating a new single scheme for all entrants to the public service from 2010 with the following elements :

- raising the minimum public service pension age to 66 years (from 65 years)
- setting a maximum retirement age of 70 years (from 65 years)
- pensions to be based on “career average” earnings rather than final salary as currently applies.

Other specific taxation changes changes have been put in place reducing the level of taxation on sales (VAT) and taxation on labour (employer’s PRSI) :

a) The VAT rate has been reduced from 13.5% to 9% on a range of tourism-related goods and services. The reduction will be effective from 1 July 2011 until the end of 2013. It will cost €120m in 2011, €350m in 2012 and 2013, and €60m in 2014. It is targeted at the tourism sector in particular which is a female intensive sector and may contribute to stabilising and possibly increasing employment in this sector. Activities to which the VAT reduction will apply include restaurant and catering services, hotel and holiday accommodation, and entertainment services like cinemas and sporting facilities. It will also apply to hairdressing and printed matter including newspapers and magazines, but not books. Air travel tax is to be reduced to zero - provided airlines open new routes and boost passenger numbers.

b) Employers’ PRSI has been reduced by half or low-paid workers below €356 a week will affect 600,000 workers. The Department of Finance is also liberalising the tax treatment for Research and Development activities and reducing employers’ PRSI on share options awarded to employees. The lower rate of employers PRSI of 4.25% (compared to the general rate 8.5%) applies where earnings do not exceed €356 per week. This reduction came into effect from 1 July 2011 and will apply up until 31 December 2013.

c) The Department of Finance has announced the liberalising of the tax treatment for Research and Development activities and reducing employers’ PRSI on share options awarded to employees. Employees will still be liable to PRSI on share options.

d) The existing Employer Job (PRSI) Incentive Scheme, which allows for an exemption from employer PRSI where a person who has been unemployed for at least 6 months is taken on in a new full time job, is to continue until the end of this year.

Policy measures introduced over successive budgets have very significantly reduced public expenditure and also introduced new taxes and social changes. Pay levels have fallen across the public and private sectors, affecting those on the lowest pay levels as well as those on middle and higher income levels. 15 billion has been taken out of the economy over the last three years with a consequent drop in consumer demand. Changes to public expenditure levels brought about primarily by a new Universal Social Charge
paid on all gross earnings, a pension levy on public sector employees, restricted eligibility and reduced welfare payments as well as deferred pension entitlement. A series of additional policy changes also taken place, for example reduced child benefit payments, a change to the promised one year pre-school education (now spread over two years), a new household charge (€100 per household per year). Public services have also been severely cut-back, for example the community development programme, special needs assistants in education and home help services.

Conclusion

Irish macro-economic policy over the last year has been dominated by just one objective i.e. stabilising public finances. Through the imposition of a pension levy of around 10% on public sector employees, the introduction of a Universal Social Charge, as well as a series of cutback in entitlements and in service provision, the government has attempted to reduce the budget deficit and regain control over a public financial system undermined by the dramatic reduction in taxation revenue coupled with the massive drain on resources by the process of recapitalisation of the failed banking sector. There have been negative consequences from a gender, equality and social inclusion perspective to many of these policies. Progressive social and economic policies, including gender equality policies and practices, have suffered as resources continue to be severely cutback. Reducing public sector pay has been a particular focus of macroeconomic policy and Budgets 2010 and 2011 brought in severe pay and pension cuts across the economy even for those in low paid jobs.

Fiscal consolidation has had negative impacts on those on low incomes and experiencing difficulties accessing paid employment. There has been an increase the level of consistent poverty and now more than half of those who are unemployed (51.5%) are now long term unemployed. The IAPN is highly critical of the failure to put in place ‘a comprehensive jobs strategy’ and that current policy has meant ‘significant increases in taxation on the lowest paid, many of whom are also experiencing a reduction in working hours’. Reductions in social welfare payments and a “consistent move towards a compulsory (and cost-neutral) approach to activation which fails to address the level, quality and relevance of training provision as well as the costs to participants of engaging in training and activation opportunities” is also strongly criticised.

There is a failure of to address gender equality in current Irish economic and employment policy. The absence of gender as a framework for policy-making or even to inform the policy process clearly reflected in the INRP and is an indication of the extent to which equality, anti-discrimination and gender issues have been, and are likely to continue to be, completely marginalised within the crisis management approach to the economy of this and the previous government.
The economic crisis in Ireland is persistent and has brought with it new levels of inequality within Irish society as incomes fall, public services are reduced, household debt levels are rising and unemployment and emigration are reaching record highs. Forecasts for the Irish economy, for the most part, indicate an economy in a continuing state of crisis. Ireland is clearly among those whose economies are experiencing sustained recession affecting both men and women and showing few signs of recovery.
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