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<th><strong>Title</strong></th>
<th>Ireland in Crisis 2008-2012: women, austerity and inequality</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Authors(s)</strong></td>
<td>Barry, Ursula; Conroy, Pauline</td>
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</table>
IRELAND in Crisis 2008-2012

Women, Austerity and Inequality

Ursula Barry and Pauline Conroy

September 2013

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Introduction

Ireland was the first EU country to declare itself officially in recession in August 2008 and the second EUROZONE country to have a structural adjustment programme imposed by the IMF/ECB/EU known as ‘the troika’. The turnaround of the Irish economy in just a few short years has been dramatic - from one with the highest levels of GDP and employment growth to among those with the highest unemployment, emigration and debt levels across the EU. Ireland’s economic policy throughout the ‘boom decade’ from 1998-2008 was based on a neo-liberal low tax strategy and the consequences of this have shaped the particular way in which the recession has unfolded and its enormous negative impact on Irish public finances. Firstly, the overreliance on taxation income from a completely overblown property and construction sector and secondly, the high level of public subsidy that has been made available to a crisis-ridden Irish banking sector.

Successive governments have committed a huge level of state financial resources to the banking sector through nationalisation, capital injections and taking over of ‘bad loans’. The Irish government has guaranteed since 2008, not just depositors but also all bondholders, secured and unsecured, in Irish banks and credit institutions, even those who had already failed. Private corporate debt has been transformed into sovereign debt placing a huge burden across the economy and with particular serious consequences for low and middle income households.

In this context, what became known as the ‘troika’ got involved in high level loans to the Irish government, known as the ‘bailout’ in November 2010. In reality it is made up of credit at (at least initially) controversially high rates of interest. The terms of the
agreement with the ECB/EU/IMF means that severe restrictions on Irish public expenditure have been imposed under the European Stability Mechanism (ESM) and a limited period (until 2015) to reduce the current deficit to 3% of GDP has been set down. It means that Irish economic policy has become subject to a detailed Memorandum of Agreement signed with the ‘troika’ and covering all areas of public expenditure and taxation policies - subject to quarterly review – including a commitment to repay all debt. This has meant a severe drop in public expenditure and a fall in income levels across the economy, with a particularly negative impact on those with low to middle level earnings. It is estimated that around 20% of households are now in significant debt (Social Justice 2011).

The depth of the economic crisis which has consumed the Irish economy over the last three years has had complex effects on the structure and the internal workings of the Irish labour market. Almost every sector of the Irish economy has been deeply affected by the crisis (with the exception of the export sector, largely driven by foreign-owned companies many of them American multi-nationals). The sector which initially was the worst hit is construction resulting in a dramatic rise in unemployment among men, including migrant workers. Unemployment rates among men are nearly 18% (an increase of 300%) and that does not include the growing numbers who have left, and are continuing to leave the country as the recession deepens. 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 unemployment rate to around 10% (an increase of 150%) by 2011 (CSO 2011).
These last four years has seen successive Irish governments pursuing fiscal policies that have already made a significant impact on the public or ‘sovereign’ deficit but the cost of subsidising the banks is undermining that strategy. Government policy is committed to both deficit and debt reduction despite the fact that many commentators argue that due to the level of subsidisation of the banks, and the rate of interest being charged on the ‘bailout’ loans, that aim will not be achieved. Attempts to negotiate with the ‘troika’ a reduced liability to the banking sector have not yet been successful. It is argued by many that the impact of central government austerity policies has severely depressed demand creating conditions for continued, and possibly higher, mass unemployment, poverty, inequality and emigration as the economy is squeezed tighter and tighter.

A series of policy measures have been taken over Phase 1 2008-2010 and Phase 2 2011-2012 of the crisis with the stated aim of reducing the gap between revenue and expenditure. Phase 1 focused on reducing the public sector pay bill through pay cuts and a freeze on employment combined with significant cuts in social expenditure. Phase 2 continued these policies but with an additional focus on increased taxation, reduction of welfare payments and the implementation of an untargeted early retirement scheme across the public sector. The consequent reduction in demand has affected most sectors of the economy, some more badly than others. The decline in public sector employment has been mirrored (and even exceeded) by falling wage rates and employment levels across the private sector. From a gender equality perspective many of these policy measures introduced clearly have an unacknowledged yet significant negative impact. This chapter will explore the pre-crisis nature of the Irish welfare regime, employment and poverty trends over the two phases of the crisis and the policy responses specific to each phase.
Gender, welfare regime and employment

Ireland’s welfare regime is a mixed hybrid model combining strong elements of market organised and delivered services with women in the family expected to deliver care, costs and support across a range of social needs. Not surprisingly this has generated considerable ambiguity in public policy in terms of whether women should be on the labour market earning individual wages or staying at home and working occasionally or part-time while caring for children and persons who are long-term frail or with disabilities. This dilemma has been described by Kennedy (2002: 227) as a choice between ‘a patriarchal employment market, patriarchal health care and the patriarchal social welfare system.’

In the years prior to the onset of the economic crisis in 2007, the employment rate of women in Ireland had been rising year on year and the gap between women’s and men’s employment rates had been closing bit by bit (Barry 2008: 9). By 1999, the employment rate of younger women aged 25 to 34 years old was 72% well above the overall Irish women’s employment rate of 52%. Women participated in paid employment despite the infrastructural obstacles placed in their way. Their ever increasing presence at work did not generate a corresponding lifting of the ideological construct of the family as headed by a male bread winner. Among the barriers women faced then and now is the absence of decent and affordable childcare, after-school care and elder care, the discriminatory barriers to careers in the workplace, the poor provisions for maternity leave, the absence of parental leave and the expansion of low-paid atypical employment in service sectors such as shops, hotels and restaurants.
Women’s labour force participation has been consistently under-estimated in Ireland due largely to the conceptual weakness of statistical tools in capturing women at work in family enterprises. Women’s activity on farms, or supporting the management of private bars, cafes, doctors’ surgeries and pharmacies have tended to render them invisible in official statistics. The self-employed were outside of the social security system until 1988. The EU Directive on Equal Treatment in Social Security took 16 years and several visits to the European Court of Justice to implement in Ireland (Cousins 1995: 62).

An additional factor in the Irish State and party system’s attachment to the male breadwinner regime in the face of a reality that declared it otherwise, is the Poor Law. The Poor Law system was introduced into Ireland in 1838 and became ‘one of the strongest roots of Irish social policy from which many of the statutory social services subsequently developed’ (Burke 1987: 1). Poor Law notions of entitlement to public support, eligibility for services and the proper place of everyone in the family still prevail in today’s public administration. For example with the passage of the UK Abortion Act in 1967, the then Government of Ireland introduced a weekly stay-at-home payment for unmarried mothers of children as an incentive to stop them going to England for abortions. Lone parents still receive the allowance today and about 230,000 women have gone to the UK for abortions (Conroy, 1993: 82, Conroy 2012).

**Changing employment structure pre- and post-crisis**

Irish employment rates among both men and women were above the EU average before the recession (meeting and even surpassing the EU Lisbon employment targets) but they
had fallen significantly below EU average rates by 2012. Rates of employment fell across the Irish economy during the crisis years of 2008 to 2010 and continued to fall through to 2012. Both men and women have been significantly negatively affected by this fall. The employment crisis can be analysed under two phases: *Phase 1* shows a dramatic fall in rates, across the economy, particularly among men, linked to the collapse in the construction sector; *Phase 2* reveals a gradual slowing down of employment decline impacting differently across age and gender, affecting young men particularly badly and revealing a counter-trend among older women. Women’s employment rates continue to be lower than men’s rates, particularly in the middle age groups, but the difference is narrowing significantly. Gender gaps in employment have changed considerably during both phases of the crisis but this is less a result of more equal access to the labour market among women, and rather more to the depth of the deteriorating employment situation among men, mainly young men.

When the impact of falling employment rates on different age groups is examined some key points emerge (see Table 1). Young women and particularly young men have been particularly badly hit. Men aged 20-24 years saw their employment rate fall dramatically from 70.1% in 2008 to 47.8% in 2010 during the *Phase 1* - mainly due to the collapse of construction sector - and to 40.2% in first quarter of 2012. Young women saw their employment rate drop from 66.1% in 2008 to 54.2% in 2010 and to 49.0% in first quarter of 2012. 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 sex segregated sectors of the economy. Older women aged 45-59 have bucked the trend – their
Employment rates have increased over both phases although from a relatively low base of 48.9% in 2008 to 52.9% in 2010 and to 53.0% in 2012. Phase 2 has also seen a stabilisation of the relatively low employment rate among women aged 35-44, a low rate that has traditionally been linked to care responsibilities.

Table 1  Employment Rates by Sex and Age 2001 to 2012

<table>
<thead>
<tr>
<th>Employment Rates (ILO) %</th>
<th>Age group</th>
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<th>2008</th>
<th>2009</th>
<th>2010</th>
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</table>

Source: CSO QNHS Table 9a. Note: * 2012 data is for 1st quarter

The combined impact of these contrasting trends is that the gender gap in employment rates is narrowing. 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 Phase 2 as young men suffer the consequences of an economy with an over-reliance on a construction industry that has effectively collapsed. The scale of male job losses has reduced the gender gap in the rate of employment. As the crisis has unfolded there has been a sharp narrowing of the overall gender gap in employment.
rates from a level of to 15.2 percentage points in 2008 to 8.1 in 2010 during Phase 1 of the crisis and to 7.5 during Phase 2. Comparative EU data for 2011 shows the average gender gap in employment rates between women and men across the EU at 11.6 percentage points (EU LFS 2012).

Analysing unemployment data from the perspectives of both gender and age reveals some contrasting trends between women and men and over the two phases of the crisis (see Table 2). The dramatic impact of the crisis is evident in the huge rise in unemployment rates particularly over Phase 1 (2008-10) as the unemployment rate among men went from 5.7% to 13.6% and among women from 4.4% to 9.8%. The overall unemployment rate currently stands at 14.8% and at 29.2% for those under 25 years. Irish men’s unemployment rate was recorded at 17.7% in June 2012 (unchanged from June 2011) and women’s unemployment rate is recorded at 11.2% in June 2012 (up from 10.5% in June 2011. Young men, many of whom left school early in the height of the ‘boom’ to take up job opportunities in construction, now find themselves unemployed and, for some, without even basic second level qualifications. Long-term unemployment has returned to Ireland at an acute level badly and, as the crisis has become prolonged, the majority of those unemployed have become long-term. While unemployment levels among both women and men continued to rise during Phase 2 it has been at a lower rate, although noticeably higher among women than men. Women’s unemployment rate continued to increase through Phase 2 from 9.8% in 2010 to 10.6% in 2011 and 11.1% in 2012 reflecting the way in which the recession has moved from construction into services affecting key important sectors of women’s employment, such as the retail and hospitality sectors.
Table 2 Unemployment Rates by Age and Sex 2001 to 2012

<table>
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<tr>
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<th>2010</th>
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<td>Combined Male Rate</td>
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Source: CSO QNHS Table 9a. Note: * 2012 data is for 1st quarter, ** No Data

It is important to analyse Table 2 in the context of two key characteristics of the Irish economy. Firstly, through the crisis years emigration has become a very significant factor in that unemployment rates would have been substantially higher if there had not been a dramatic rise in emigration levels particularly among young women and men. Secondly, women’s unemployment rates needs to be understood in the context of the traditionally high level of women recorded as ‘engaged on home duties’ in the Irish economy and the likely under-registration and under-declaration of unemployment status linked in part to the eligibility rules applying to unemployment registration which only allow registration of those seeking full-time employment, thus discriminating against swathes of women. It should also be noted that those who have been self-employed or ‘engaged on
home duties’ are strongly discourage from registering as unemployed.

Ireland during the period of the so-called ‘celtic tiger’ Ireland was a country of high levels of net in-migration, a new historical experience given our colonial past. The last two years has seen a reverse of this trend and a return to the historical pattern of emigration - emigration has returned to Ireland after a decade of in-migration. There are gender differences. The data reveals the dramatic increase in emigration figures, including a particularly steep rise among men in Phase 1 and women over Phase 2 of the crisis. Emigration levels have increased from an annual level of 36,000 in 2006, to 65,000 in 2009, levelling out at 65,300 in 2010 and rising again to 76,400 in 2011 (CSO figures 2011). Emigration is predominantly of younger people over 90% are 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. While the majority were young men over recent years, 2011 figures show almost the same number of young women and men left the country. 52% of those that emigrated during 2011 were Irish nationals, this accounted for 65% of male emigrants and 45% of female emigrants (CSO Population and Migration Statistics, 2011). The percentage of those deemed as ‘engaged on home duties’ reveals the depth of historical gender differences in Irish society. 98% of those ‘engaged on home duties’ in 2012 are women - accounting for nearly 30% of all women - and this percentage has remained unchanged over the crisis. It might have been expected that the percentage of women ‘engaged on home duties’ might have increased through the crisis but there is little evidence of this other than a slight increase
among older women. What this demonstrates is the resilience of younger and middle-aged Irish women’s attachment to the labour force despite significant discouragement.

This is not the only way in which prevailing gender norms are reflected on the labour market. Flexibility, for example, means different experiences for women and men workers; women have tended to predominate among short-hours jobs and men among long hours. Men worked an average of 39.3 hours a week in 2012 compared with 30.6 for women (CSO 2012). Recession has disrupted this gender pattern to a certain extent with the increase of part-time employment among men. 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 13 % between 2004 and late 2012, while the proportion of women working part-time has increased from 31.6% to 35.6% over the same period (CSO 2012).

Table 3 Part-time and involuntary part-time employment 2008, 2010, 2012

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2010</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Part Time</td>
<td>7.4%</td>
<td>32.0%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Involuntary part-time</td>
<td>20.3%</td>
<td>8.3%</td>
<td></td>
</tr>
</tbody>
</table>

Source: CSO, 2012 Table3a Q 4

Women who are concentrated in part-time employment are most often those with children or with a combination of caring responsibilities. However, maybe even because of the crisis, overtime continues to be prevalent among mainly male workers (around 25% of men work overtime). Recent research by Russell and
McGinnity (2011) compares data between 2003 and 2009 and shows the extent to which part-time work is also low paid work, particularly when it is women’s work. Women part-timers earn 6% less than full-timers in contrast to men part-timers who do not seem to experience a ‘pay penalty’. An important feature of the economic crisis has been not just the increase in part-time employment, but the rise in involuntary part-time employment. 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 (Eurostat 2011). The share of involuntary part-time employment in Ireland shows a sharp increase among women but more particularly among men. This rise in involuntary part-time employment is a reflection of the overall crisis in employment in the Irish economy and is likely to continue, at least in the short-term. In terms of other forms of flexibility, such as fixed-term contracts, there is no significant gender difference over the crisis years reflected in the data and no significant gender differences accounting for about 10% of employment (CSO 2012). Overall employment data for 2012 show that women account for 47% of employment in 2012 and that this percentage rose during the Phase 1 of the crisis from 43% but has been stable during Phase 2. Wide variations in the percentage of women and men are evident across different occupational groups, revealing a highly segregated Irish 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 clear is that the numbers employed have fallen from a peak in 2007 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). Some occupations which employ a large proportion of women have contracted at a slower rate or, in some cases expanded during the period of the recession. Other important employers of women such as sales occupations rose rapidly until 2007 and then fell sharply to 2012 (CSO 2012).

The public sector is a very significant employer of women in Ireland, partly because there are better conditions of work, including greater job flexibility. In contrast to other sectors education (76% female) and health care (81% female) have increased employment through the recession although both sectors have begun to show vulnerability to employment decline over the last year. 44% of those employed in public administration and defence are women (down from 51% in 2007). Wage rates are higher and the gender pay gap is generally lower in the public sector. The introduction of a freeze on recruitment until at least 2013 followed by an indiscriminate non-strategic early retirement scheme in 2012, are having major consequences, especially in health. It means fewer job opportunities for women. Reductions in social expenditure have resulted in the contraction of a range of services, for example home help and nursing home places in the health
sector, Special Needs Assistants and language assistants in the educational sector. These cut-backs put pressure back onto communities and families where women continue to be the primary carers, effectively displacing paid work with unpaid work.

**Regulation and deregulation**

Apart from a statutory Minimum Wage and a maximum hourly week, Ireland can be viewed as country with a relatively low level of labour market regulation. There are a series of ministerial orders that cover for example night-time working, short-term working, zero-hours contracts, breaks and sick leave. Regulation generally encompasses entitlements to specific conditions of employment as well as compensation when those conditions are not met. However, the regulation of the Irish labour market has come under threat as the crisis has persisted and it is the collective bargaining system that has protected pay rates of (mainly) low paid workers that has been the first to come under fire.

Joint Labour Committees (JLCs) were founded in 1946 to establish minimum wage rates and conditions in a range of sub-sectors of the economy occupied by low paid and weakly unionised workforces. Decisions of JLC are called Employment Regulation Orders (EROs). They cover employment in such areas as hairdressing, industrial cleaning, and security work. The Dublin region JLC applies to 65,000 workers in hotels and catering. They are a form of sectoral collective bargaining.

A High Court decision of July 2011 determined that Joint Labour Committees were unconstitutional. The Minister for Employment subsequently announced a
series of changes which diminish the rights and conditions of employees covered
by Employment Regulation 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 of those affected are likely to be women.
- Legal entitlements to Sunday premium payments are likely to be replaced
  by ‘time in lieu’.
- 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 to be revised using new criteria of ‘competitiveness’ and
  ‘comparative average hourly rates’ set against Ireland’s main trading
  partner economies.

The proposed changes have been strongly criticised:

There are grave concerns about the collapse of the Joint Labour
Committees (JLC) Wage Setting Mechanisms and the proposals by
Minister Bruton to make significant changes. The JLC is an essential
mechanism for protecting the incomes of the lowest paid and most
vulnerable workers. This has been highlighted by the independent Report
on the JLC Wage Setting Mechanism which has stated that cutting the
wages of the low paid will not lead to a significant increase in
employment. (EAPN Pre Budget Submission Budget 2012)
There has been one welcome positive announcement in relation to regulation. An 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 (remaining at €8.65 per hour). Young workers and workers with significant disabilities do not automatically qualify for the minimum wage.

**Recession and changes in public policy**

A wide range of policy measures have been implemented over *Phase 1 2008-2010* and *Phase 2 2011-2012* of the crisis with the stated aim (over both phases) to reduce the gap between government revenue and expenditure. *Phase 1* focused on reducing the public sector pay bill primarily through reducing public sector pay and pensions and freezing recruitment. *Phase 2* continued these policies but with an additional focus on increased taxation, reduction of welfare payments and the implementation of an untargeted early retirement scheme in the public sector.

From a gender equality perspective many of these measures clearly have an unacknowledged yet significant negative impact.

**Phase 1 2008-2010**

A series of measures were introduced at the onset of the crisis with the stated objective of reducing the public deficit by €6 billion through direct pay cuts in the public sector and a reduction in pension entitlements into the future. These changes have involved creating a new single lower level scheme for all entrants to the public service from 2010 with significantly lower entitlements. This is a new *two-tier* public sector structure – a hierarchical *inter-generational* structure. New
and younger entrants to teaching for example will work alongside middle and older-age colleagues who have significantly higher pay levels and pension entitlements.

Reductions in public service salaries have taken place 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

Reductions in public service pension entitlements have taken place as follows:

- Minimum public service pension age raised from 65 to 66 years
- Maximum retirement age increased from 65 years to 70 years
- Pensions to be calculated on ‘career average’ earnings rather than final salary level
- Non-targeted early retirement scheme introduced

As these changes have been implemented there impact differently on women and men. Women heavily rely on public sector employment and as the figures reveal relatively high levels of pay cuts were introduced at relatively low levels of pay, with the severest cut of 10% imposed on those earning only middle incomes (€55,000 per annum). The public sector is a very significant employer of women in Ireland (partly because there are better conditions of work, including greater job flexibility). 47% of those employed in public administration and defence are women, and around 75% of those employed in education and health sectors are women. Wage rates are higher and the gender pay gap is generally lower in the public sector. Consequently, the reduction in pay levels is having a negative
impact on large numbers of women employees and, combined with the cut-backs in employment levels, as well as a freeze on recruitment (until the end of 2013) means that there are higher job losses and fewer job opportunities for women.

Some increased on taxes on low incomes were also introduced, such as the reduction personal tax credits by €180 a year and a single person to pay tax at €32,800 rather than at €36,400. A range of welfare cuts were also introduced over Phase 1: unemployment and welfare payments were cut generally by circa 10% per week in 2009-10; child benefit (paid directly to women) was reduced by €10 per month (additional decrease for 3rd child); Carers Allowance (claimed mainly by middle to older aged women looking after elderly or disabled relatives) was reduced by €8 per week for carers less than 66 years of age; reduction of €8 a week for those on Jobseekers Benefit and Jobseekers Allowance paid to those aged 18 to 21 years capped at €100; Disability payment and Blind Pension were reduced by €8 a week; increase of €2 per week was made in the contributions from those with a Rent Subsidy; reduction of Supplementary Allowance for aged 22 to 24 from €186 to €144 per week (former Paupers Relief/Outdoor Relief).
When these diverse cuts are looked at closely it is evident that while old age pensions have not been touched, payments to young unemployed and large families have been hit hardest. Child benefit has traditionally been a source of direct income to women and this reduction will have a negative impact, particularly among women in low income and one-parent households. But in addition to the reduced level of welfare expenditure and social transfers that these
cut-backs represent, reductions in general departmental spending is having a major impact on services delivered at community and household level. Some 79% of carers are women in Ireland. Women – elderly and lone parents – experience the highest risk of poverty and will likely be disproportionately affected by these changes. Pressure on government towards the end of Phase 1 has led to a commitment under the Programme for Government to maintain headline or basic social welfare rates and, under the current social partnership agreement (known as the Croke Park Agreement), that taxes will not be raised any further, public sector pay rates would not be reduced and there would be no compulsory redundancies in the public sector, at least until the end of 2013. This Agreement continues in place and has dominated the industrial relations landscape since over the crisis period.

**Phase 2 2011-2012**

The most significant change during the second phase of the crisis affecting those on middle and lower incomes – predominantly women – has been the introduction in January 2011 of a new charge on gross incomes which has badly hit disposable income. The Universal Social Charge (USC) is paid on all gross incomes and is a new and *highly regressive* tax/levy. Despite its appearance as a progressive tax, and arguments to this effect (Callan, 2012 p) its impacts, even at very low income levels, have been severe. While there are few steps up the payment ladder, the highest rate of payment comes into force at a rate barely above the minimum wage. It represents a new historical negative shift in Irish taxation policy transforming our welfare system based, at least in part on the concept of universal
provision, into a new ideology of *universal payment*. This cynical rediscovery of the principle of *universal*ity (associated as it is with the most progressive aspects of systems of social protection) and applied to this most regressive charge/tax represents a new low in Irish economic policy.

This charge which came into effect in January 2011 and in 2012 is paid as follows:

- 2% on those with income of €10,037
- 4% on additional income between €10,037 to €16,016
- 7% on additional income above €16,017

It is only when these figures are closely examined that the truly regressive nature of this charge is clearly evident. There is an exemption level (which was raised in the 2012 budget after some pressure). However, once a person’s income goes *even one euro* over the exemption level of €10,036 they pay 2% on all their income and graded amounts of 4% and 7% after that. The USC is paid on gross income, including pension contributions. Medical card holders who were normally exempt from such levies and taxes, are now obliged to pay the USC. Only those that are fully dependant on welfare payments are exempt. In practice the highest rate of 7% is paid on those earnings that are barely above minimum wage.
Government policy is pushing people further down under the poverty threshold. The exemption threshold is less than the ‘at risk of poverty’ threshold (€10,831) stated in the latest SILC data and is generating poverty traps around the payment percentage bands of just above €10,000 and again at around €16,000. The government makes much of the exemption levels but the reality is that the picture is very grim.

In another hugely significant measure targeted at lone parents on welfare the critical *earnings disregard* that enabled many to reattach to paid employment has been drastically cut by €16.50 (to a weekly amount of €130 - planned to be further reduced to €60 by 2016) creating new and deeper poverty for lone parents, the vast majority of whom are women. New government stated policy is to transfer lone parents from One Parent Family Payment onto Jobseekers Allowance once their youngest child reaches seven years of age (the current age is fourteen years) thus moving to a system of *compulsory attachment* to the labour market by 2015.

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**Chart 1 Poverty threshold, Minimum Wage and USC – figures for 2012**

<table>
<thead>
<tr>
<th>Universal Social Charge</th>
<th>Universal Social Charge</th>
<th>Minimum Wage</th>
<th>At risk of poverty threshold</th>
<th>Average adult welfare payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exempt from payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Only when total income is under 10,036</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liable for payment at 2% on ALL income</td>
<td>10,037</td>
<td>17,092</td>
<td>10,831</td>
<td>11,440</td>
</tr>
<tr>
<td>Liable for payment of 4% on additional income</td>
<td>10,037 to 16,016</td>
<td>17,092</td>
<td>10,831</td>
<td>11,440</td>
</tr>
<tr>
<td>Maximum Payment rate of 7% on rest of income</td>
<td>16,017</td>
<td>17,092</td>
<td>10,831</td>
<td>11,440</td>
</tr>
</tbody>
</table>

Source: Based on author’s own calculations
Due to this reduced level of the earnings disregard, lone parents who had been in a position to take-up Community Employment (CE) places and retain their OPFP, are no longer able to do so. Evidence is already mounting that this has brought about a significant reduction in applications for places. It is estimated that 70% of CE participants are lone parents and the result is a “staffing crisis” in, for example, childcare services in disadvantaged areas which have been heavily reliant on the CE programme (Irish Times 2012).

The income disregard is an essential support for single parents taking up employment. It provides a financial incentive that can be used to offset the high cost of childcare. Its level has been constant €146.50 per week since 1997 so in real terms its value has been reducing year on year. Budget 2012 has reduced this in absolute terms and will continue to do so until it is at €60 per week by 2016. This means that the financial assistance available for single parents taking up work will have reduced by 55% over 18 years while childcare costs have increased steadily over the same period. The average cost of after school care in Ireland is €120 per week and full crèche costs are between €170 and €250 per week. The effect of this change will mean many single parents will not be able to afford to work and will be trapped in welfare dependency. Currently 59% of OPFA recipients participate in part-time employment, but this is now expected to now decrease (SPARK Budget submission 2012).

Additional policy measures have been implemented that are having hugely negative impacts on living conditions among specific sectors for example: reduced funding for community development programmes; reductions in special
needs assistants to children with disabilities in education, language assistants; travelling educational supports; reduction in home help services for elderly and those with disabilities. A new €100 per annum universal household charge was introduced at a flat rate (with a waiver scheme for those on particular low incomes). Without carrying out the necessary water metering or site/property valuation, these taxes/charges are seen as regressive, negatively impacting on low income households, in which women are the majority. Huge controversy greeted the introduction of the flat-rate charge and 40% of households have refused to pay and are facing court appearances and penalties.

The new Coalition Government (christian democrat majority with social democratic minority) elected in March 2011 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 in 2011 was 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 and is targeted at construction. An Internship programme was announced as well as a ‘Pathways to Work’ programme - there is no reference to gender in the planning of this initiative.

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 amongst others to take
advantage of that promised year of a free pre-school place to strengthen their attachment to the labour market. An OECD report (2010) showed that households with young children in Ireland pay on average 41% of their income on childcare. Unless the availability and 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.

**Consequences of austerity**

Low pay and low incomes often go hand-in-hand in Ireland where an increasing proportion of those living in poverty are ‘working poor’. The most up-to-date national data on poverty in Ireland is the EU-Survey of Income and Living Conditions (SILC) data for 2010 (mid-way through the crisis) which uses a poverty line set at 60% of median income. Nearly 16% of the Irish population according to this data, are at risk of poverty, including 19.5% of children. Lone parents, large families and people with disabilities are particularly at risk. The overall rate of those at risk of poverty has risen from 14.1% to 15.8% over just one year (from 2009 to 2010), those in ‘consistent poverty’ increased from 4.2% in 2008 to 5.5% in 2009 and 6.2 in 2010 and those experiencing ‘deprivation’ have increased from 13.8% in 2008 to 17.1% in 2009 and 22.5% in 2010.

Children are the most vulnerable to poverty in Ireland. In 2010, nearly one in five children were at risk of poverty and over 8% were living in consistent poverty, an increase of a third over the 2008 level. The reduction of the child benefit payment
by 15% in 2011 (on top of a 10% cut in 2010) means a further increase in child
poverty rates. A marked change has been the increase in the number of people
experiencing two or more forms of deprivation, rising from 29.3% in 2008, to
39.4% in 2010. The crisis has 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 2010. 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.
Poverty levels are particularly high among older people, lone parents and
households in which there are no adults in paid employment. Ireland has the
highest share of children living with one parent in the European Union (joint place
with Latvia). Figures from 2012 show that 23.2% of young people aged under 18
in Ireland live with a single parent (second only to US according to OECD at
25.8%). This compares with an EU average of just 13.6% at the other end of the
spectrum 4.8% of children born in Greece lived with one parent. 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 20% of those in households classified as at-risk of poverty under EU-SILC
2010 data have a ‘head of household’ in paid employment. Clearly, paid
employment is no guarantee of exiting from poverty. With the recession and
accompanying austerity measures, the indebtedness of private households has
risen. Tens of thousands are unable to pay the loans they have taken out to buy
their houses and the interest payment on the loans. Of particular note is the indebtedness of the poor and lower middle class households. Some 20% of Irish households did not have a bank account in 2008 – one of the main indicators of financial exclusion (Russell et al. 2011a). Financial exclusion compounds social exclusion. Bank-less or unbanked people have no cheque book or credit card, cannot effect electronic transfers, have no access to mainstream credit such as a bank overdraft, cannot earn interest on any savings and cannot pay for services using a direct debit facility. The year 2008 is significant as this is the year, as described above, when Ireland was still experiencing at least some of the development boom.

Persistent arrears on payments are a key indicator of over-indebtedness. The proportion of those at risk of poverty who are in arrears with household bill payments has increased from 20% to 34% between 2008 and 2010 (CSO 2012). The kinds of arrears faced by over-indebted households, such as those headed by lone mothers with children, are gas/electricity bills and rent for housing. Bord Gais the major supplier of gas to homes for heating and cooking has found itself with tens of thousands of customers unable to pay their bills (Irish Times 2011). The numbers of those unable to pay their electricity bills doubled between 2009 and 2010.

A study of indebtedness was commissioned by OPEN – a lone parents’ network, the Society of St Vincent de Paul (Caritas) and the Money Advice and Budgeting Services found that the majority of its clients were lone parents. Mother-headed households in the study tended to borrow for their children’s needs and to pay
daily outgoings and utility bills. Their problem was not one of over-consumption of goods and services, their problems were survival on low incomes. Their unmet banking needs were met in some instances by moneylenders – legal and illegal (Conroy and O’Leary, 2006).

Ireland is a country with high rates of poverty but it is also a highly unequal society – a point that has been highlighted by various national and international organisations including the OECD and the UN. When the actual distribution of income is analysed the picture of a highly unequal society emerges. The difference between those on the lowest incomes and those on the highest incomes is wider than in any other EU country. In fact, there was an increase in income inequality between 2009 and 2010 as shown by the quintile share ratio. The ratio showed that the average income of those in the highest income quintile was 5.5 times that of those in the lowest income quintile. The ratio was 4.3 just one year earlier.

Commenting critically on the negative impact of these cut-backs together with loss of funding to significant community-based programmes, the Report by the UN High Commissioner on Extreme Poverty on her visit to Ireland:

The impact of these measures will be exacerbated by funding reductions for a number of social services which are essential for the same vulnerable people, including disability, community and voluntary services, Travellers supports, drug outreach initiatives, rural development schemes, the Revitalising Areas by Planning, Investment and Development (RAPID) programme and Youthreach. By adopting these measures, Ireland runs a high risk of excluding those most in need
of support and ignoring the needs of the most vulnerable. In particular, due to multiple forms of entrenched discrimination, women are especially vulnerable to the detrimental effects of reductions in social services and benefits. (UN 2011)

In an interesting analysis of Budget 2011 from a gender perspective, TASC carried out a survey financed by the EU Progress Programme, which demonstrated clearly the extent to which women and children were disproportionately affected by the negative changes to policy. The audit-entitled *Winners and Losers? Equality Lessons for Budget 2012* was based on a sample of over 7,000 households and revealed that households of lone parents and children experienced the most adverse effects – their gross average income fell by 5% as a result of this one budget in 2011.

Overall, those on the lowest incomes were hardest hit by the measured budgetary changes. They were adversely affected by the cuts to social transfers and by changes to taxation, specifically the introduction of the Universal Social Charge, widening of tax bands and reductions in tax credits. As women are concentrated in lower income groups, they suffered a disproportionate impact. (TASC 2011).

In a strongly argued report TASC highlights the different implications that expenditure and taxation policies have for women and men because of their different roles in paid and unpaid work and makes the case for gender budgetary analysis to become part of government policy – a process that could be framed and implemented at EU level.
TASC recommends that all budgetary measures under consideration be subjected to an equality audit, whereby a full distributional analysis is undertaken to identify how different groups in society are likely to be affected. This would inform a process of equality-proofing and gender-proofing the budget (TASC 2011).

An earlier TASC study on the ‘solidarity factor’ in public responses to economic inequality in Ireland reports that 87% believe that wealth is unfairly distributed, 16% believe the minimum wage should be increased, 29% believe a maximum wage should be established and 49% believe a combination of both policies should be implemented (TASC 2010).

**Undermining the Equality Agenda**

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 an Equality Authority and enforced by an Equality Tribunal. That was up until 2007. This situation has changed radically since the onset of the recession in 2008. An entire architecture of public and statutory bodies established or supported to promote equality, monitor progress, enhance awareness and innovative practice have been restructured, closed down, endured drastic budget cuts or were part absorbed into Departments of Government. The greater part of these changes occurred in the period 2008-2010. Chart - below illustrates the scope and scale of closures which dismantled the structures, most of which had been built up between 1996 and 2008.
The budgets of the Equality Authority and the National Women’s Council were cut, prompting the resignation of both directors and considerable disquiet (Equality and Rights Alliance, 2011). A proposed merger of the equality and human rights agencies would likely see a further erosion of its powers and resources, of investigation, support of individual cases and less emphasis on development and implementation of equality policy. An interim group to bring the merger into effect decided to stand back from the process in 2012 in the face of criticisms. On a parallel track the independence of important statutory agencies has been undermined where government departments have absorbed the work of key bodies such as the Combat Poverty Agency, National Consultative Committee.
on Racism and Interculturalism, the Women’s Health Council, and the Crisis Pregnancy Agency.

Resources to gender and equality have continued to be reduced in particular during the 2008-2010 period. This is reflected in the reduced budget for the Equality for Women Measure (EWM) – first announced in 2008. In 2009 a budget of €5 million in April was provided for equal opportunities measures, positive actions and structures to promote gender equality. Almost €4 million was subsequently diverted to non-gender related areas (NWCI 2009:70).

The National Women’s Council of Ireland who identified the transfers from approved EU allocations, described the appropriation of gender funds as a ‘ransack’ of the equality budget (NWCI, 2009a). The outcome of this process has been that the strength of equality related infrastructure has been very substantially and disproportionally weakened (ERA, 2011).

Addressing the UN, the Irish Human Rights Commission stated:

‘Ireland has undergone a severe economic crisis since late 2008. This should not be used as an excuse to reduce the promotion and protection of human rights…Disproportionate cuts to the human rights and equality infrastructure that have taken place since 2008 will have long-term negative impact on human rights and equality in Ireland ‘(IHRC 2011:3).

Following a Mission to Ireland undertaken by the UN Independent Expert on Human Rights and Extreme Poverty, Magdelena Sepulveda Carmona’s report argues that ‘these cuts have substantially reduced Ireland’s capacity to protect the most disempowered segments of Irish society’ (UN 2011).
The critical importance of organisations to protect against discrimination and promote equality was highlighted in a recent report commissioned by the Equality Authority and the Health Service Executive Crisis Pregnancy Programme, on discrimination in the workplace, focusing specifically on the treatment of women in paid employment during pregnancy. Their research revealed that ‘…unfair treatment, financial penalties, denial of promotion and even dismissal, caused 30 per cent of working women to experience severe stress and “crisis pregnancies” (Russell and McGinnity, 2011). Those most at risk of unfair treatment were found to be young women expecting their second child and working in the retail or wholesale sectors. The study found that in companies in which equality policies were in place pregnant women were far less likely to experience discrimination.

The dismantling of the equality infrastructure has eroded the resources devoted to gender equality and distanced Ireland from the European Gender Equality Pact.

Conclusions

Successive Irish governments have been guilty, under the weight of a debt burden continuing to be imposed by the Troika, of mis-managing the economic crisis. Low income households, lone parents and the public sector have the been key targets and, among those, women are affected disproportionately across each sector and overlapping categories. 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 a higher women’s
employment rate and net in-migration) to a focus on registered long-term unemployment leading to a definite gender displacement effect and penalising a category of women: lone parents in receipt of welfare payments. 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 current INRP, not in its policy analysis framework nor in the detailing of the policy measures to be addressed. The use of gaps in employment rates as an indicator of progress of women relative to men is no longer useful in the Irish context and should be reviewed at a European level.

In the context of the severe economic crisis in the Irish economy, the Irish National Reform Programme (INRP)\(^1\) states that it is not in a position to take up the EU Headline Target of a 70% employment rate of women and men. In its place the INRP sets the target of raising to 69% - 71%. 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 which are linked to the EU Lisbon process. This persistence of an 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. In the absence of such understanding policy development initiatives will not be implemented on a gender equality basis. To raise women’s employment rate to 69 - 71% between 2011 and 2020 would require the attainment of around a fifteen percentage point increase over a nine year period. There is no evidence of broad gender specific policy measures,
action plans or supports required to achieve this aim, notwithstanding plans to
compulsorily ‘activate’ lone mothers off welfare and onto the labour market (over half of
whom are already working part-time). As a consequence the employment rate targets set
by Government for women must be regarded as, at the very least, highly unlikely to be
achieved both in the short and medium term.

The current absence of gender as a framework across the policy-making system or even
to inform the policy process 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. Gender impact and equality audits (as have been pioneered by
TASC) should be systematically undertaken of both the impact of past budgets and of
forthcoming budgets to establish their impacts on women and children.

There have been negative consequences – some severe - 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 successive budgets have brought in severe pay and pension
cuts across the economy even for those in low paid jobs. These changes have 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 more than half of those
who are registered unemployed (51.5%) are now long-term unemployed. 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 at maintaining existing employment levels and generating new job opportunities for example in construction. The Irish Anti-Poverty Network is highly critical of the failure to put in place ‘a comprehensive jobs strategy’ and argues that current policy has meant ‘significant increases in taxation on the lowest paid, many of whom are 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.

Through the imposition a new highly regressive tax – the Universal Social Charge across the economy, a pension levy on the public sector 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. This austerity policy has been undermined by the dramatic reduction in taxation revenue from a collapsed property industry, 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.

The Universal Social Charge represents a new departure in Irish taxation policy and a fundamental change to the Irish social contribution system – one that is deeply regressive – a payment system which deepens an already highly unequal society and a system which
increases gender inequality by targeting those on the lowest incomes. Changes to the public sector, a critical employer of women, have involved creating a new single scheme for all entrants to the public service from 2010 with significantly lower entitlements. This is a new two-tier public sector structure – a hierarchical inter-generational structure – new entrants to teaching for example will work alongside those with significantly higher pay levels and pension entitlements.

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. Reduction in the earnings disregard of lone parents pushes them further into poverty traps. Education and health services have been cut, community and local area programmes have lost resources and budgets for important equality agencies and equality initiatives have been severely cut. A non-targeted early retirement schemes across the public sector leaves women in households and communities picking up the pieces left after the withdrawal of important services. Women are becoming more indebted in a society with one of the largest proportions of unbanked adults.

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. Gender equality policy has clearly become a victim of the recession and crisis management of the Irish economy.
References


CSES Centre for Strategy and Evaluation Services (2010) *Study of the costs and benefits of policy actions in the field of ensuring access to a basic bank account – final report*, DG Internal Market and Services, July.


