Gender, recession and austerity: recent labour market developments in the UK

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Outline

1. Gender impact of recession: Labour market developments
2. Policy impacts on gender equality: how public and business policy is changing and with what potential effects?
3. Conclusions on possible outcomes
General employment trends

- **Two broad phases to date (Q3, 2011):**
  - Phase 1 2008 to early/mid 2010
  - Early/Mid 2010 onwards

- **Phase 1: ‘Technical’ GDP Recession and afterwards...**
  - Male unemployment rises faster than women’s although Women disproportionately loosing jobs in some sectors & female unemployment steadily increasing
  - Greater involuntary PT and temporary work for all.

- **Phase 2: Public sector cuts begin to hit**
  - Female job loss in private sector increasingly disproportionate
  - Male unemployment growth falls back 2010, stabilises 2011, female unemployment continues to steadily rise.
ILO Unemployment: July sep 2011

• 2.6 Million unemployed

• Men: 1.53 Million (9%)
  – Stable year on year

• Women: c.1.1 Million (7.5%)
  – Up 1% on same time last year

• 700K public sector cuts. Will female unemployment pass male unemployment?
Flexible reserve versus relative autonomy

• Women still treated as flexible reserve by economists in labour market flexibility debate and in some parts of public policy
• But women's employment growth not very cyclically sensitive- more secular

This recession in the UK:
• Inactivity rate has declined overall/ stayed stable for couple or lone parent households in contrast to previous recessions.
• Increase in involuntary part-time employment for both sexes – both sexes accepting underemployment but not voluntarily
Change in involuntary part-time employment
(in 000s, base= Oct-Dec 2007)

Women 07-11: 274
Men 07-11: 263
Women 07-09: 152
Men 07-09: 156

Change in involuntary part-time employment
(in 000s, base= Oct-Dec 2007)

Involuntary pt work
Total pt work
Flexible labour supply: Continuity and change

Mediated by benefit system:
• Lack of access to benefits plus household means-testing in part accounted for women’s withdrawal/ growth of workless households in previous recession

This recession:
• More female benefit claimants on grounds of unemployment
• More families on WTC with female sole or joint earners suggesting that WTC an alternative to spouse withdrawal from employment
Sectoral differences

• Changing pattern over time: Protected sectors?
  – Initial recession impact in male dominated sectors (construction and manufacturing)

• Disproportionate losses: Buffer roles?
  – In banking If employment shares by gender had been maintained, in this sector employment loss for women would be 110K less (2007-11).
Public sector cuts

• 40% of female workforce jobs are in public admin, health, and education, cf. 15% of male jobs

• Public sector protection (so far):
  – Women accounted for 32% net job loss 2007-9 compared to 40.7% of private sector job loss.
  – 2009-10 women accounted for two thirds of net job loss and for 88% of private sector job loss

• Full impact of public sector cuts on employment rates not felt. Q1-Q2 2011: 100K jobs cut- largest drop on record
Public sector Employment
(in 000s, excluding financial corporations)
Public admin, health, education

• Women taking the brunt of most job loss, although largely reflecting their greater shares of sectors

• Education one exception (c. 25K greater job loss than expected based on sector share)

• Majority of losses in public admin so far followed by education. Healthcare sector job count still growing 2011/11
Change in health, public admin and education workforce jobs
(Dec 09-June 2011 (in 000s))

-150,000 -100,000 -50,000 0 50,000 100,000 150,000

Health & Social
-50,486
101,999
14,700
109,600

Education
-76,600
10,200

Public Admin defence
-126,650
12,480
-126,800

Predicted change women 07 Share

Actual change men

Actual change women
Importance of public sector to gender equality

• Public sector is source of ‘quality employment’
  – Public sector wages prevented widening of gender pay gap
  – Higher paid part-time work in public sector
  – Managerial and professional PT employment
Further trends

• Gender and youth unemployment

• Ethnic differences
  • Growth in female unemployment higher amongst Black African and Black Caribbean women

• Lone parent welfare reform contributing to trends:
  – Oct 2011 Youngest dep child <7yrs moved from IS to unemployment benefit (JSA).
  – Increased lone mother unemployment relative to coupled mothers; little effect on employment rate
  – Nearly 1 in 4 children live in a lone parent household
UK social model and women’s employment pre New Labour

Positive

Financial
• Independent taxation

Labour market
• High employment rate

Care
• Family not responsible for elder care- home care provided by state

Negative

Financial
• Means tested benefits- disincentives for second income earners/restrictions on

Labour market
• Large share of low wage often part-time jobs with limited career prospects- use of outsourcing-limited opportunities for quality part-time work

Care
Limited childcare provision or paid maternity leave
Changes under New Labour

**Financial**
Extension of in work tax credits increased disincentives for second income earnings but increased incentives for lone parents to work, but coupled with requirements to seek work
Child tax credits and support for child care cost
More generous child benefits

**Labour market**
National minimum wage introduced and rose in value – some support but became going rate for wages in many female dominated areas
Right to request flexible working improved opportunities to reduce hours in some job - rise in quality part-time jobs
Major expansion in public expenditure- 84% of new jobs for women from public sector
Promotion of business case for equal opportunities to employers

**Care**
’a sea change in support’ (Waldfogel).
- Extended paid leave plus moves towards leave for fathers
- Child care programmes plus support for costs of childcare through child tax credits
Austerity policies in Britain post change of government

• Shift to austerity as part of a re-assertion of broader neo-liberal agenda to dismantle UK and wider European social model (but Labour nonetheless had fairly dramatic austerity plans for if elected).

• Key issue is whether it is a temporary fiscal adjustment- quantitative adjustment- or a permanent retrenchment, redrawing boundaries of the state.

Key issues for women

• Major reliance on public sector employment for quantity and quality of employment, wages, pensions

• Recent expansion into support for working parents- vulnerability to cuts

• Unpaid labour as substitute for public services
Key policy changes to date or planned

Financial

Freeze on child benefits for 3 years and removal for higher tax paying households- end to universalism

Cuts to child tax credits

Further requirements on lone parents to seek work or lose benefits

Cuts to disability benefits including means testing- more impact on women as more likely to be in households where partner in work

Cuts to housing benefits with major effects on lone parents

Introduction of universal credit which will pay all benefits to one partner (instead of ensuring that child-related benefits go to the mother) and which will increase marginal tax on most second income earners
Key policy changes to date or planned

Labour market

Major cuts planned and already materialising for public sector
Erosion of national minimum wage and of protection of pay for new recruits in public sector subcontractors
Pay freeze in public sector- should start to widen gender pay gap
Changes to public sector pensions- women most affected
Reform of employment law- two years until covered by unfair dismissal legislation- affect women more as more likely to move in and out of the labour market.
Key policy changes to date or planned

Care
Closures of childcare facilities plus cuts in financial support for childcare
Cutbacks in after school and holiday facilities
Baby and pregnancy related grants cut (Sure Start pregnancy grant restricted to first child; Health in Pregnancy grant abolished Jan 2011).
Major cuts in social care for elderly as social care budget not protected- Local Authorities facing largest budget cuts
Impact of austerity policies by social group

Age and family status
Young people and lone parents most affected
Followed by families with children
Elderly more protected except for care and rise in pension age

Lower skilled/lower paid women
- erosion of wage and employment protections, financial support for childcare and service provision support, freeze to child benefits
- potential loss of access to child related benefits with universal credit
- increased pressure to provide elderly care

Higher skilled/higher paid women
- pay freezes and pension cuts in public sector
- loss of child benefits
- cuts in childcare facilities
- increased pressure to provide elderly care
- Future problem of paying back graduate loans on lower public sector pay and pensions
Austerity policies, the social model and change to gender relations.

Austerity programme can be considered both:

• a **continuation** of previous policies (for example pressure on benefits recipients/ lone parents to work )

• and to constitute an **ideological shift towards a permanent smaller state** that does not involve state support for more egalitarian gender relations.

Austerity programme draws on suppressed models or ideologies of gender relations

• for couple households participation now seen as a private issue to reduce costs of support on state

• but adult worker model of gender relations used to reinforce pressure on lone parents- also to reduce costs of support for living not only childcare-thus obligation to work but not a right to care.

• notion that state should not intervene within families used to legitimise transfer of benefits from purse to wallet and to introduce more disincentives to second income earners

• denigration of work in public sector as overpaid facilitated by association of public sector with women’s work- with men the true victims of the recession.
Conclusions

• Many policy gains under New Labour for employed families (childcare programme, tax credits) configured as ‘progressive universalism’ aiming to build welfare consensus through more universal welfare state.

• Clawing back of state provision seeks reversal of policy towards more marginal welfare state- disproportionately affecting female autonomy.

• Impact of public sector cuts now more fully being felt, particularly amongst women, although far off predicted 710K job losses.

• Women as a ‘political problem’ for Conservatives: Recent declines in electoral support for Conservatives amongst women: Some policy moves to counter this but piecemeal. Policies unlikely to be game changers given overall strategy.

• (Erroneous) policy assumption that women are more willing to bare the brunt of recession and more likely to voluntary withdraw from labour market.

• Forty years of increased employment participation, equalised levels of educational attainment to men, and financial necessity etc make this unlikely.