

Financial Crisis, Austerity and Gender Equality in UK

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UK Economy Since Financial Crisis

- Recession in 2008, Recovery in 2010, but with increased budget deficit
- Sterling fell 36% against dollar in 2007 and 2008, one pound=\$1.35
- Subsequently recovered somewhat , currently one pound =\$1.51
- New government introduces extreme austerity policies in June 2010
- 80 % of deficit reduction to come from expenditure cuts
- Output flat-lining in 2011, Recession again in 2012
- Fall of 4.5% in GDP since pre-crisis peak
- UK real disposable income in mid 2012 at 9 year low
- Average annual wages fell by more than 1200 pounds, 2007-10
- Deficit reduction targets not being met, government borrowing rising, as tax revenues fall
- Beginnings of recovery in 2013? IMF forecasts GDP growth 0.9% and calls for measures to secure stronger growth

Analysis of Gender Dimensions

- Unemployment and employment

- Disaggregation by sex

- Main Data Source: Fawcett Society (2013) *The Changing Labour Market, Delivering for Women, Delivering for Growth*, www.fawcettsociety.org.uk

- Public services and social security and taxation

- Disaggregation by household, according to gendered characteristics

- Methodology developed in project on gender and taxation that came out of an IWG-GEM summer school . See C. Grown and I. Valodia (eds) *Taxation and Gender Equity*, Routledge 2010

- Main Data Source: analysis by UK Women's Budget Group, www.wbg.org.uk

Male and Female Unemployment

- Women's unemployment rate historically lower than that of men
- 2007 Q1 unemployment male 5.8% female 5.2%
- Mid 2008 to mid 2009 men's unemployment rose faster than women's :
impact of credit crunch
- 2009 Q3 unemployment male 9.0% female 6.5%
- Men's unemployment began to decline in 2010, as result of post crisis
stimulus, while women's unemployment continued to rise
- 2011 Q2 unemployment male 8.3% female 7.0%
- Austerity leads to rise in unemployment
- 2011Q 4 unemployment male 9.1% female 7.7%
- Followed by some recovery
- 2012 Q 2 some fall in unemployment male 8.6 % female 7.5%

Gender Gap in Unemployment Falls as Women's Unemployment Worsens

- 2010 Q1 to 2012 Q3, male unemployment fell 7.3%
- Female unemployment rose 11.9%
- Over a million women unemployed- a 25 year high
- Key reason: cuts to public sector jobs
- Private sector accounts for about 80% of employment and public sector about 20%
- Women make up about 2/3rd public sector workforce
- One third of women in employment have been in the public sector
- 2007-09 public sector employment rose while private sector employment fell
- 2010-12 public sector employment fell while private sector employment rose

Public Sector Job Cuts

- Office of Budget Responsibility projects 929,000 public sector job cuts by 2018
- Estimated that by end of 2012 around a quarter of these losses had occurred- three quarters still to come
- Women lost 57.5 % of jobs, men 42.5%
- Women's employment in local government hard hit
 - Women have lost 252,600 local government jobs since austerity began
 - Men have lost local government 104,700 jobs
- Government claims that every job lost in the public sector has been offset by three new jobs in private sector

Private Sector Job Creation

- *Regional mismatch*
- Greatest increase in London, where rate of public sector jobs lost is lowest
- Much lower in Northeast England , where rate of public sector jobs lost is highest
- *Temporary*
- Jan 2010-Oct 2012 numbers who want permanent jobs but can only find temporary job increased by 140,000 , much same rate f and m
- *Part-time – and not by choice*
- Jan 2010-Oct 2012 numbers in part time work who want full time work increased by 339,000 , much same rate f and m
- *Self-employment*
- Up 200,000 for men, 74,000 for women. Majority of self employed on less than average earnings

Underemployment, Low Pay and Gender Wage Gap

- Underemployment (2012 Q3)
 - Numbers in part time work who want fulltime work
 - 1,084,000 women 971, 000 men
- Low Pay
 - In 2010 62% of those on low pay in private sector were women
 - In 2011, 28% of women employed fulltime earn less than 300 pounds a week in private sector, only 8% in public sector
- Gender pay gap larger in private than public sector
 - In 2012 hourly full time work gap 19.9% compared to 13.6%
 - Hourly gap for all workers (pt and ft) , 24.2% compared to 17.6%
 - Overall gap will widen as more female labour leaves public sector and moves to private sector

Gender Equality Beyond the Labour Market

- *Income, including impact of taxation and welfare benefits*
 - A larger share of women's income than of men's is made up of welfare benefits and tax credits-
 - On average one-fifth for women compared to one-tenth for men
 - Men were just over half of all income tax payers in 2004-5 but five-sixths of the top 1% and more than nine-tenths of the top 0.1 %
 - Women are more likely to be in lower income households which pay a greater share of their income in VAT
- *Access to public services and infrastructure*
 - Women use public services more intensively than men-
 - to meet their own needs, which are greater than those of men, because of pregnancy, longer life expectancy, and lower earnings and assets;
 - to assist them in managing care responsibilities, for which women still have the major share.

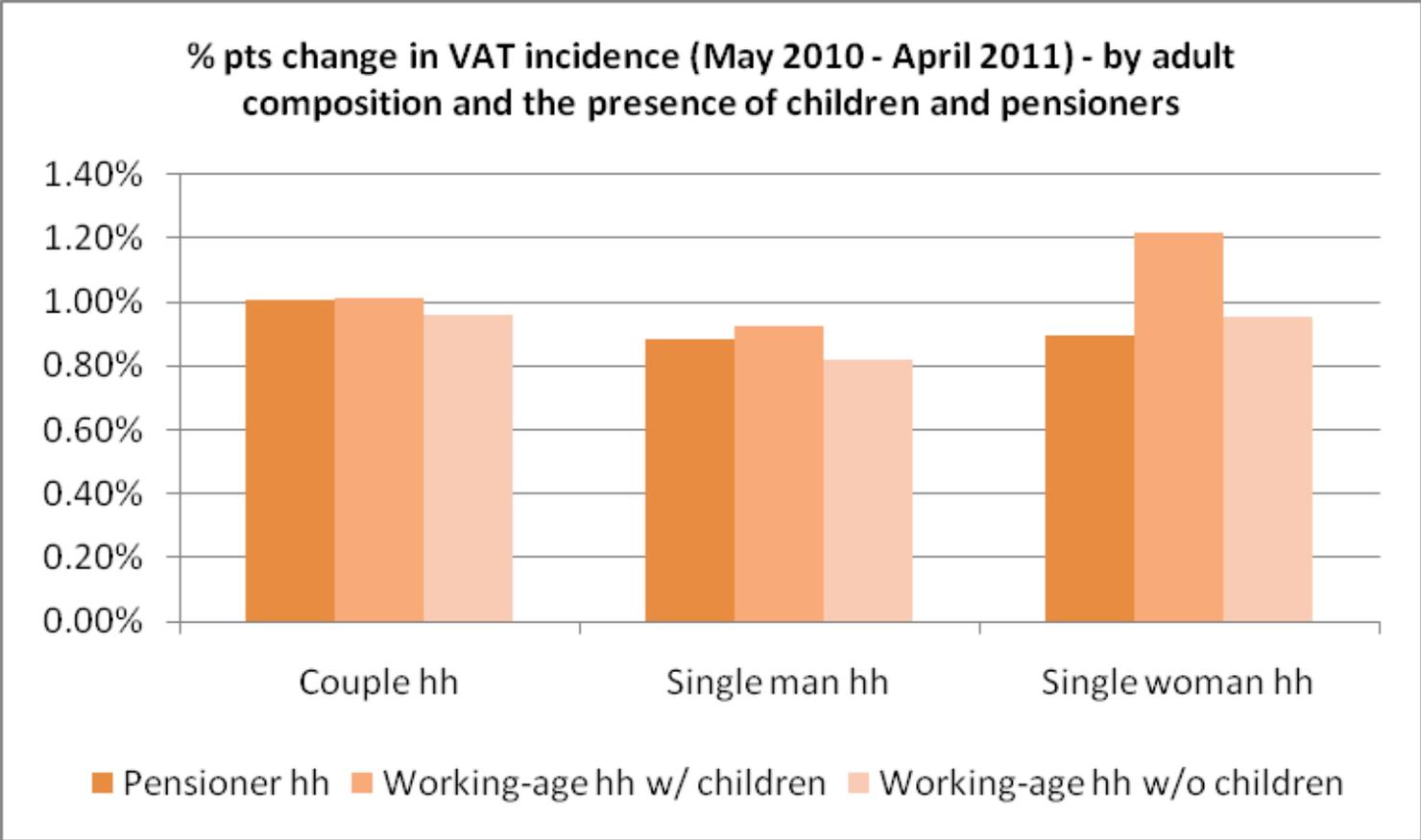
Inequality in changes in direct taxes and welfare benefits

- Researchers at House of Commons Library used administrative data to estimate how much women and how much men will pay towards reducing the budget deficit by 2014/15, as result of changes to direct taxes and welfare benefits introduced since June 2010
- Women 74% (£5.8bn) Men 26% (£2.2bn)
- Do not include increases in indirect taxes and reduction of public services
- Do not examine incidence on income-what *share* of their income in cash and in services are different groups of women and men losing ?
- Does not allow for many women and man sharing part of their income as a couple (though case study evidence suggests that incomplete sharing is the norm)

Incidence on households by gendered characteristics

- A new approach put forward by economists in UK Women's Budget Group
- Analysis by gendered household characteristics
- For example:
 - Single male, single female, couple
 - Differentiating by age of adults and presence of children
 - Differentiating by male or female main earner in households with working age adults
- Applied to changes in indirect taxes
- See Jerome De Henau and Cristina Santos(2011) Gender analysis of the changes in indirect taxes introduced by the coalition government, 2010-2011, www.wbg.org.uk

Gendered Impact of Rise in VAT 17.5% to 20% from Jan 2011



Incidence Analysis of All Tax and Benefit Changes, 2010-15

- Institute of Fiscal Studies, with advice from WBG and Fawcett Society , used gendered household characteristics approach
- Key findings
 - Incidence is highest for lone mothers – they lose about 8.5% of pre-change income
 - Lone fathers lose about 7.5%- but this is a very small group
 - Couples with children lose about 6.5%
 - In childless households
 - Single males lose about 3.8%
 - Single females lose just over 3%
 - Couples lose about 2.6 %

See J. Browne (2011) *The impact of tax and benefit reforms by sex: some simple analysis*, Institute for Fiscal Studies. www.ifs.org.uk/publications/5610

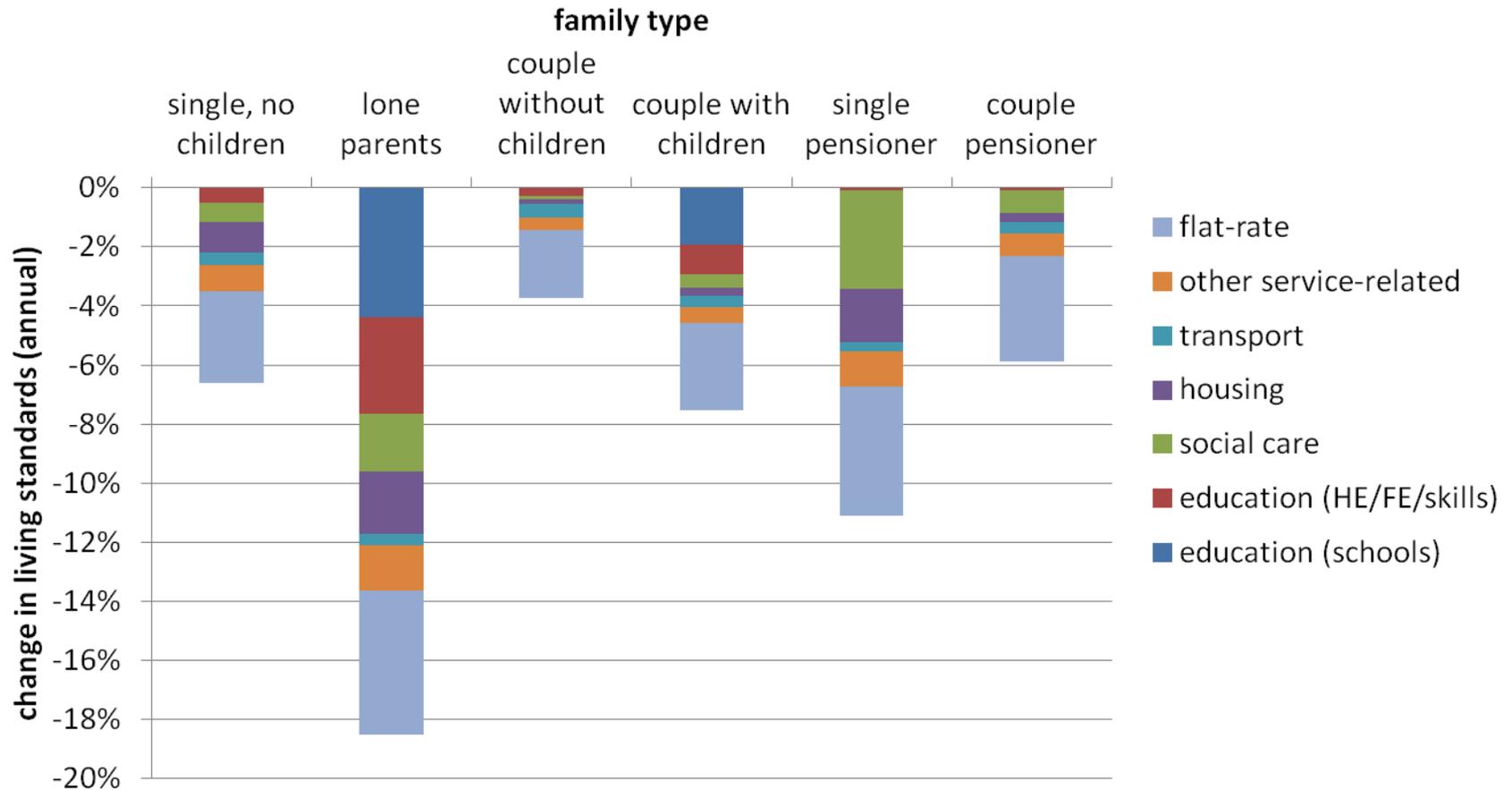
Cuts to Expenditure on Public Services to 2014/15

- Overall cut to spending on public services -12%
- Health 0%
- Education (schools) -10%
- Transport -15%
- Social care -20%
- Social housing -24%
- Policing -20%
- Higher, further and , adult education -27%
- Defence -8%

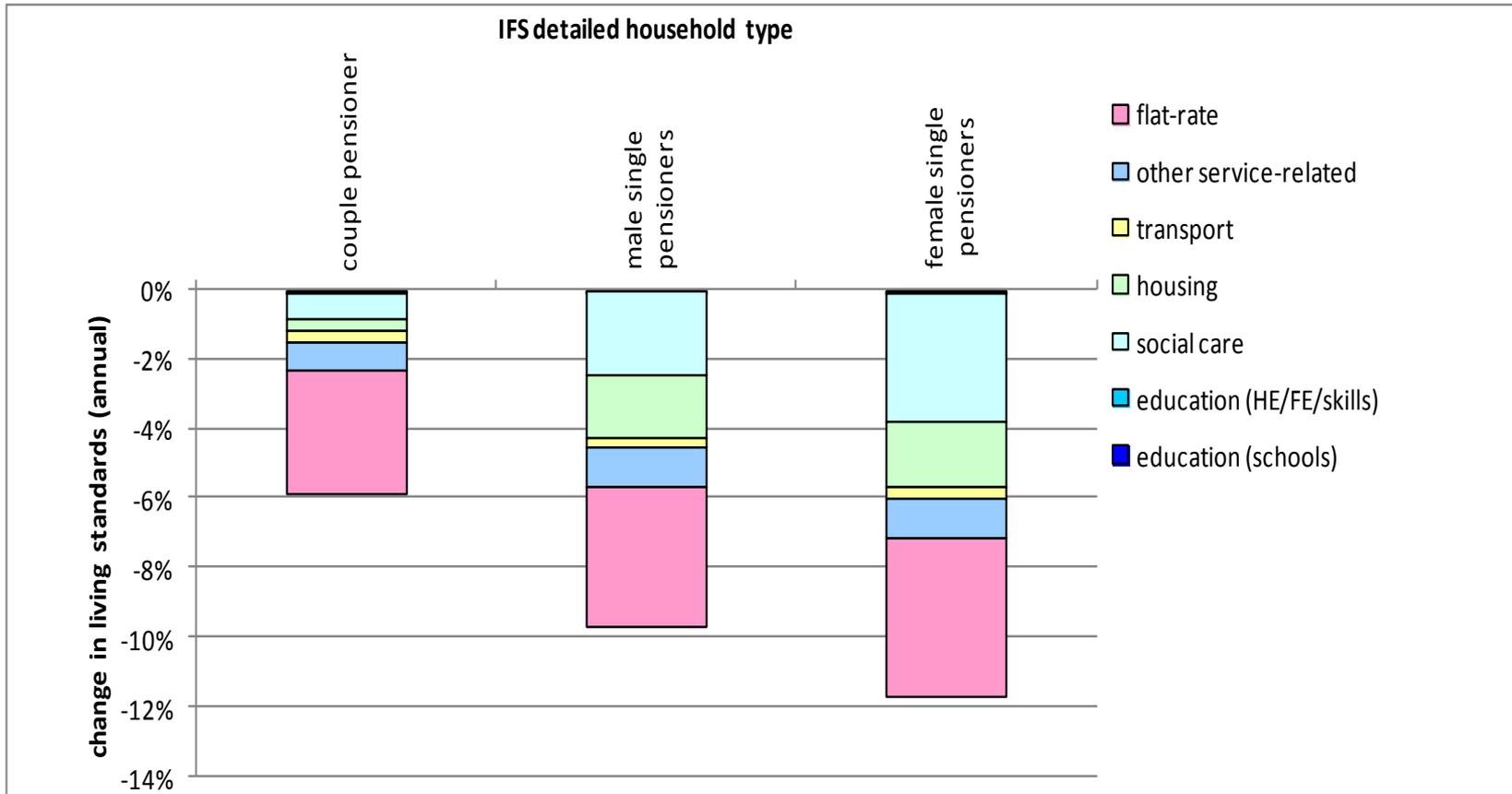
Estimating Gendered Impact of Cuts

- For incidence of cuts by household , for period up to 2014/15, used model developed by WBG member Howard Reed *Where the Money Goes: How we benefit from public services*
<http://www.tuc.org.uk/extras/wherethemoneygoes.pdf>
- Assumes that public services provide an income in kind that can be valued at net cost of providing them
- Includes all public services, and assumes those that are not individually consumed are used equally by everyone
- Looks at loss of income in kind (resulting from reduced services) as percentage of net household income, including both cash and kind
- Incidence by gendered characteristics of households
- UK Women's Budget Group (2010) 'The Impact on Women of the Coalition Spending Review 2010',
[www.wbg.org.uk/RRB Reports 4 1653541019.pdf](http://www.wbg.org.uk/RRB_Reports_4_1653541019.pdf)

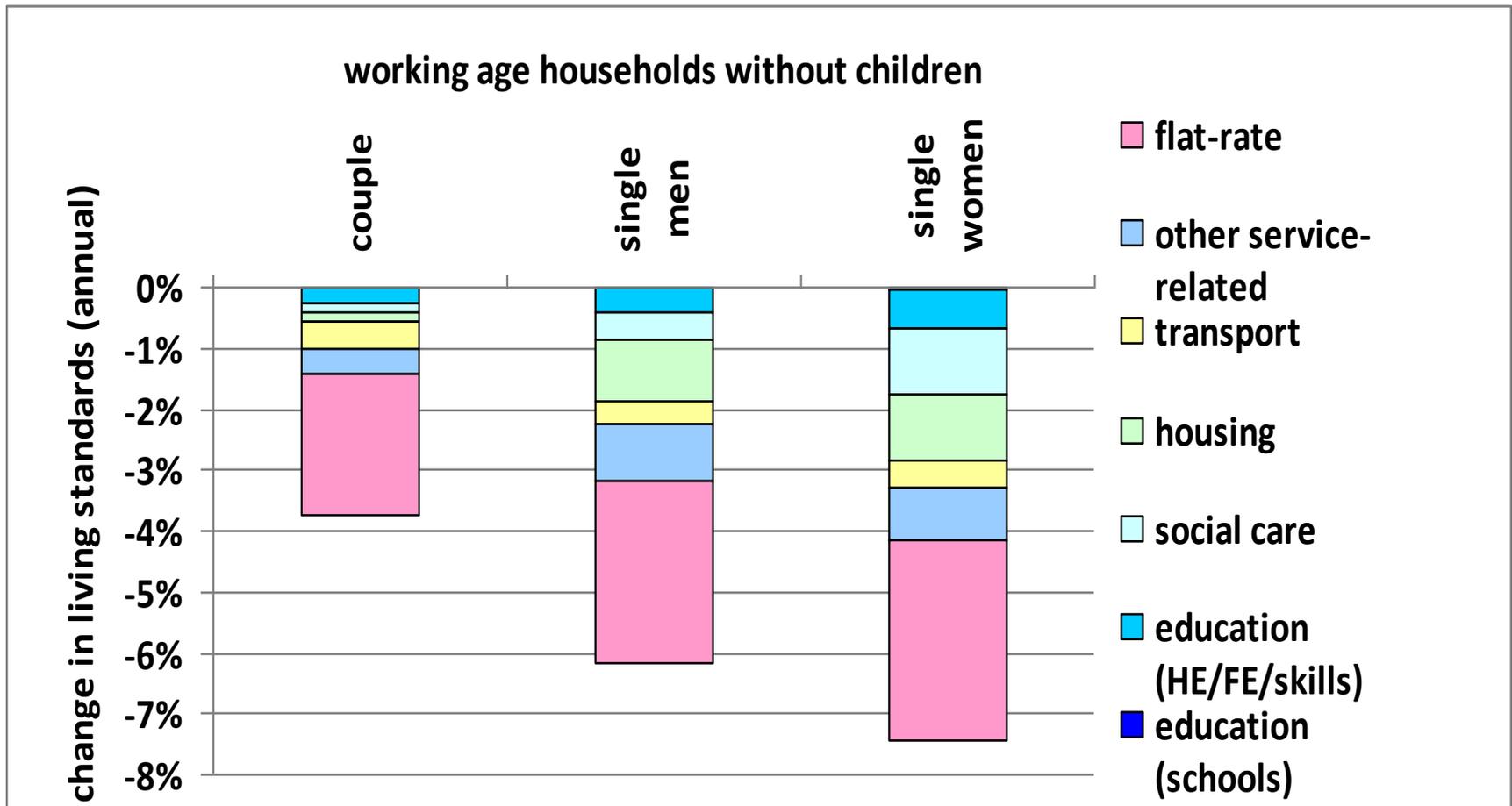
Effects of spending cuts by family type: as % of net income, all services



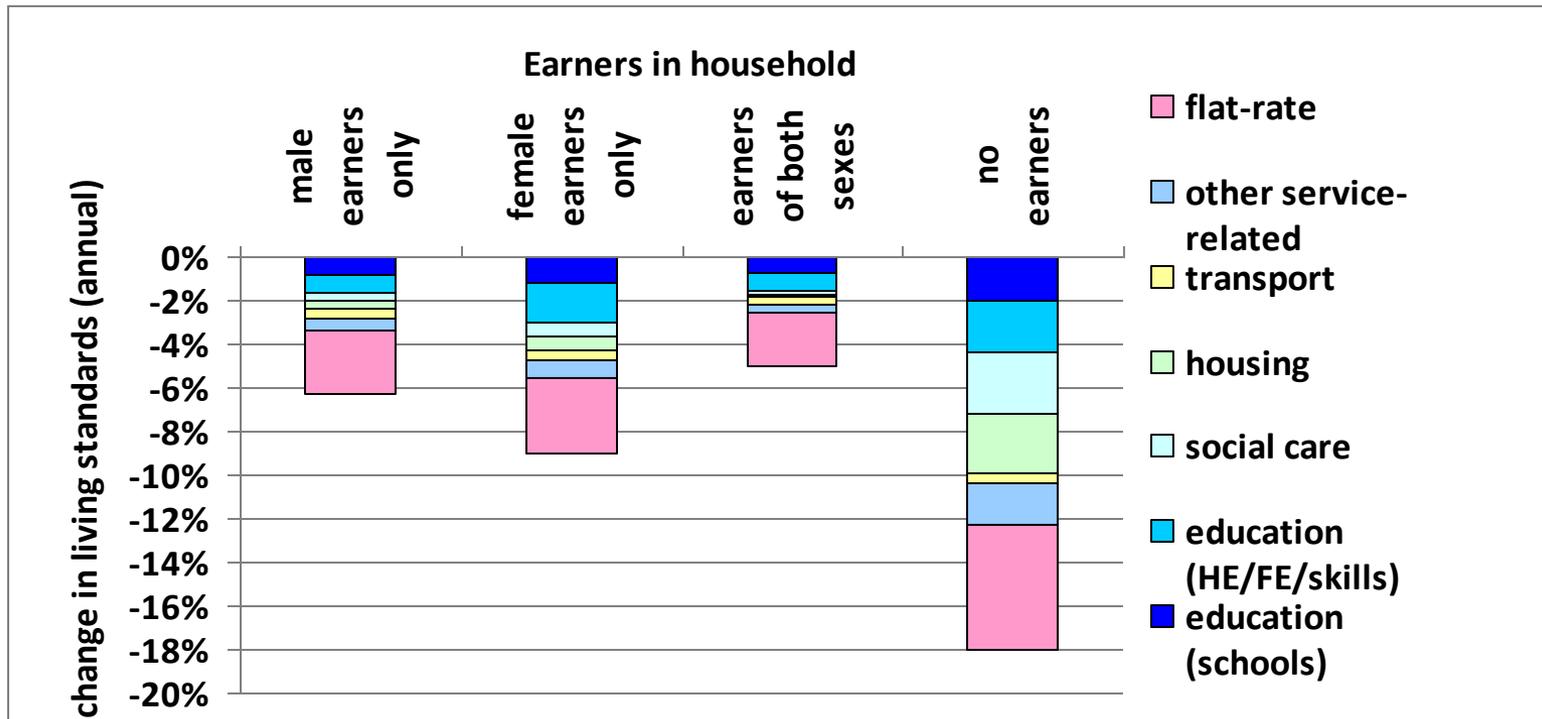
Single female pensioners hit hardest among pensioners



Single women hit hardest among working age households without children



'Female earners only' hit hardest among earning households



Cuts in public expenditure likely to increase unpaid care work

- No up to date statistics on hours that women and men spend on unpaid work
 - spending on social care estimated to be cut by 20% by 2014/15
 - number of elderly people who get publically funded free home care fell by 11% , 2010-12
 - 124 Sure Start child care centres closed between June 2010 and November 2011
- Falls in income from earnings and benefits will reduce ability to pay for substitutes
- January 2012 av. part time (25 hours) childcare nursery place cost more than £100 a week in many parts of Britain. Av. hourly price of nursery care is 6% higher than a year ago, with a childminder place costing over 3% more.
- Charges for providing home care for elderly people have risen about 10%
- Over the last year wages increased on average by only 0.3%

Feminist Alternatives : Plan F

- Raise more tax revenue, cut spending less
- Ratio in government policy is 20/80
- Introduce Financial Transactions Tax (“Robin Hood Tax”)
- And earmark portion for gender equality (“Maid Marion tax”)
- Invest in social infrastructure not just physical infrastructure- universal high quality care services
- Create a caring economy
- Opinion polls in Feb 2013 show big gender gap in support for Conservatives
- Labour ahead of Conservatives among women by 51% to 25%
- Labour ahead of Conservatives among men by 36% to 29%