

# **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](http://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](http://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 2/3<sup>rd</sup> 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.

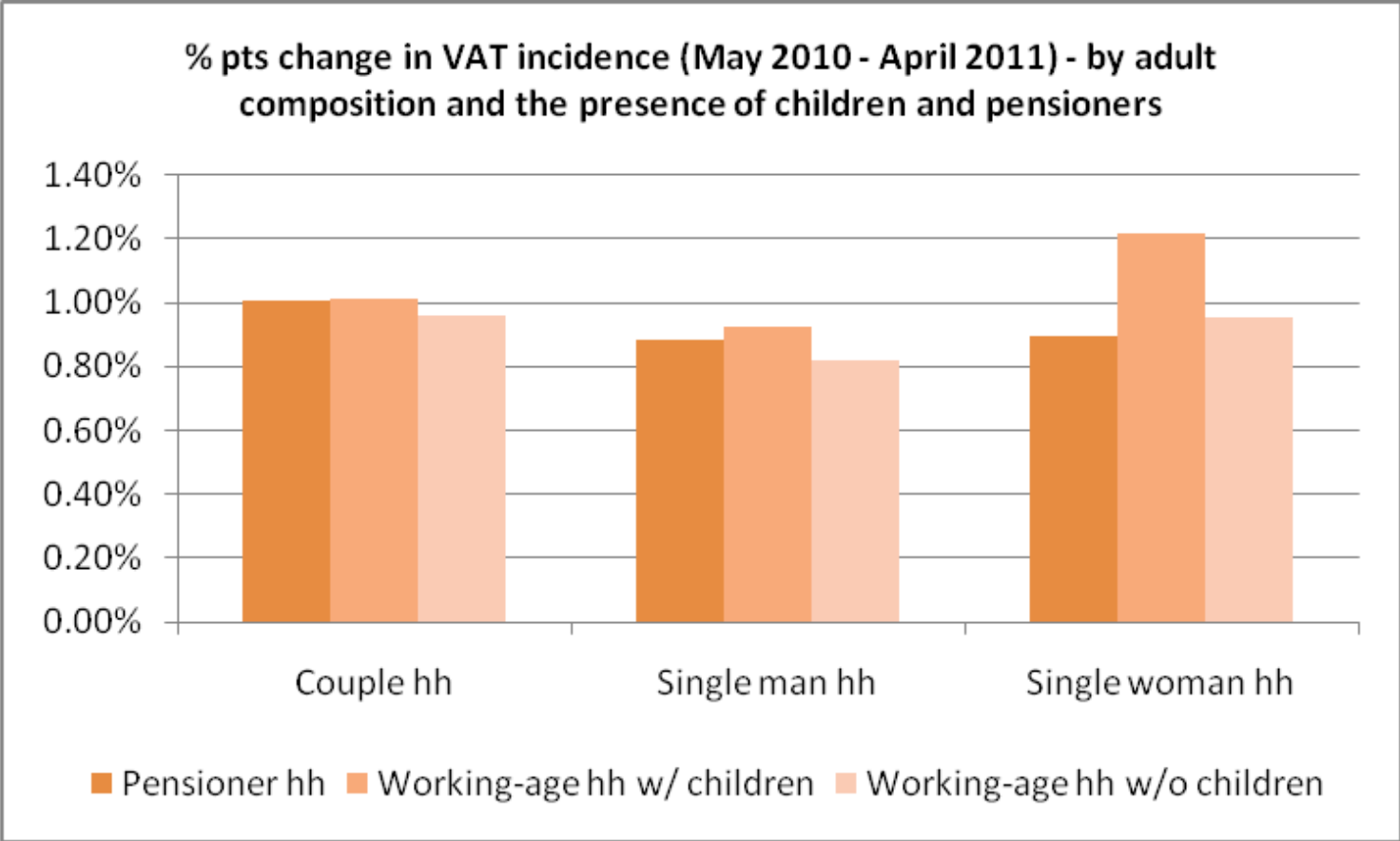
# Inequality in changes in direct taxes and welfare benefits

- 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](http://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](http://www.ifs.org.uk/publications/5610)

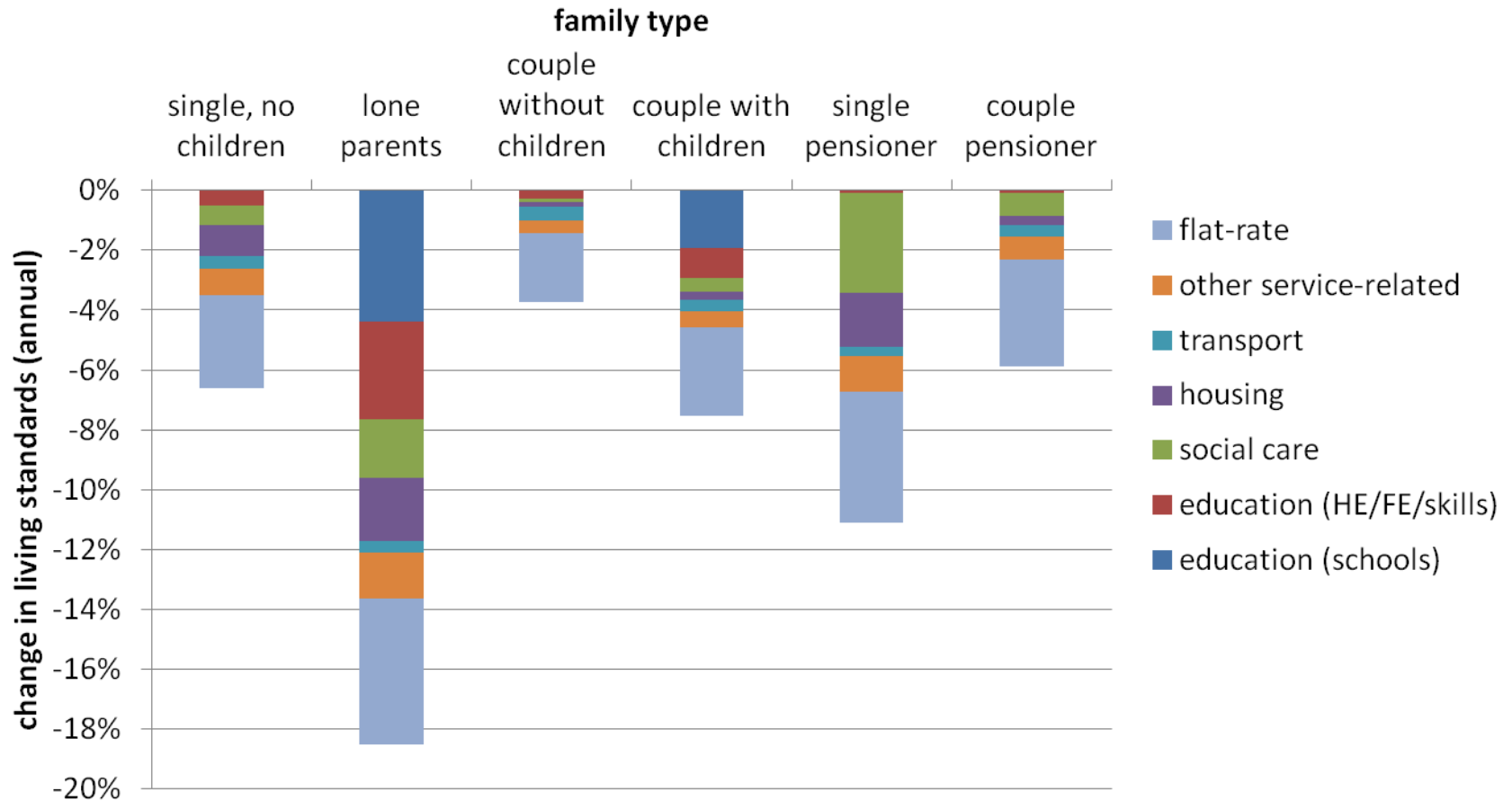
# Cuts to Expenditure on Public Services to 2014/15

- 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

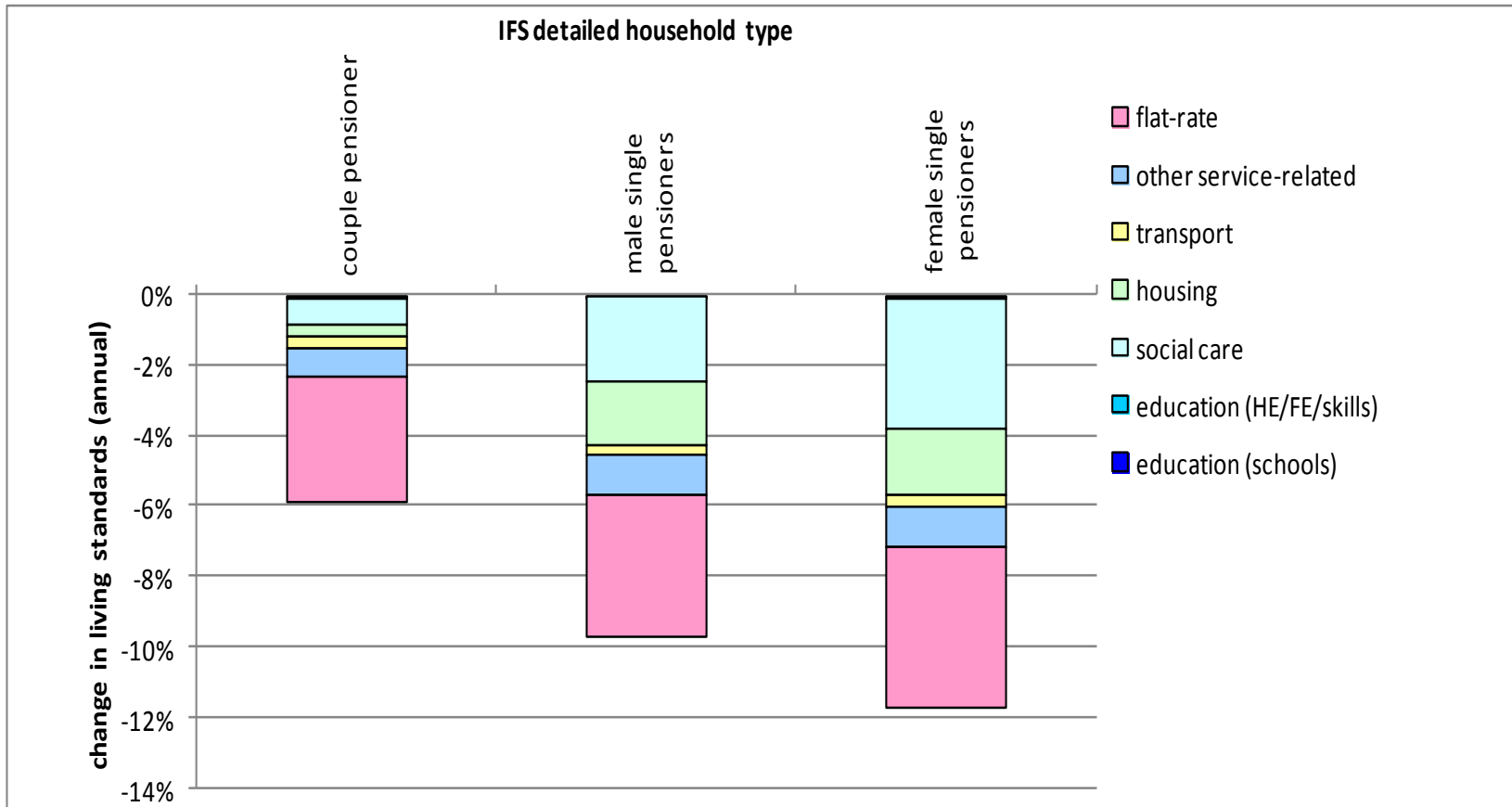
- For incidence of cuts by household , for period up to 2014/15, used model developed by WBG member Howard Reed *Where the Money Goes: How we benefit from public services*  
<http://www.tuc.org.uk/extras/wherethemoneygoes.pdf>
- Assumes that public services provide an income in kind that can be valued 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



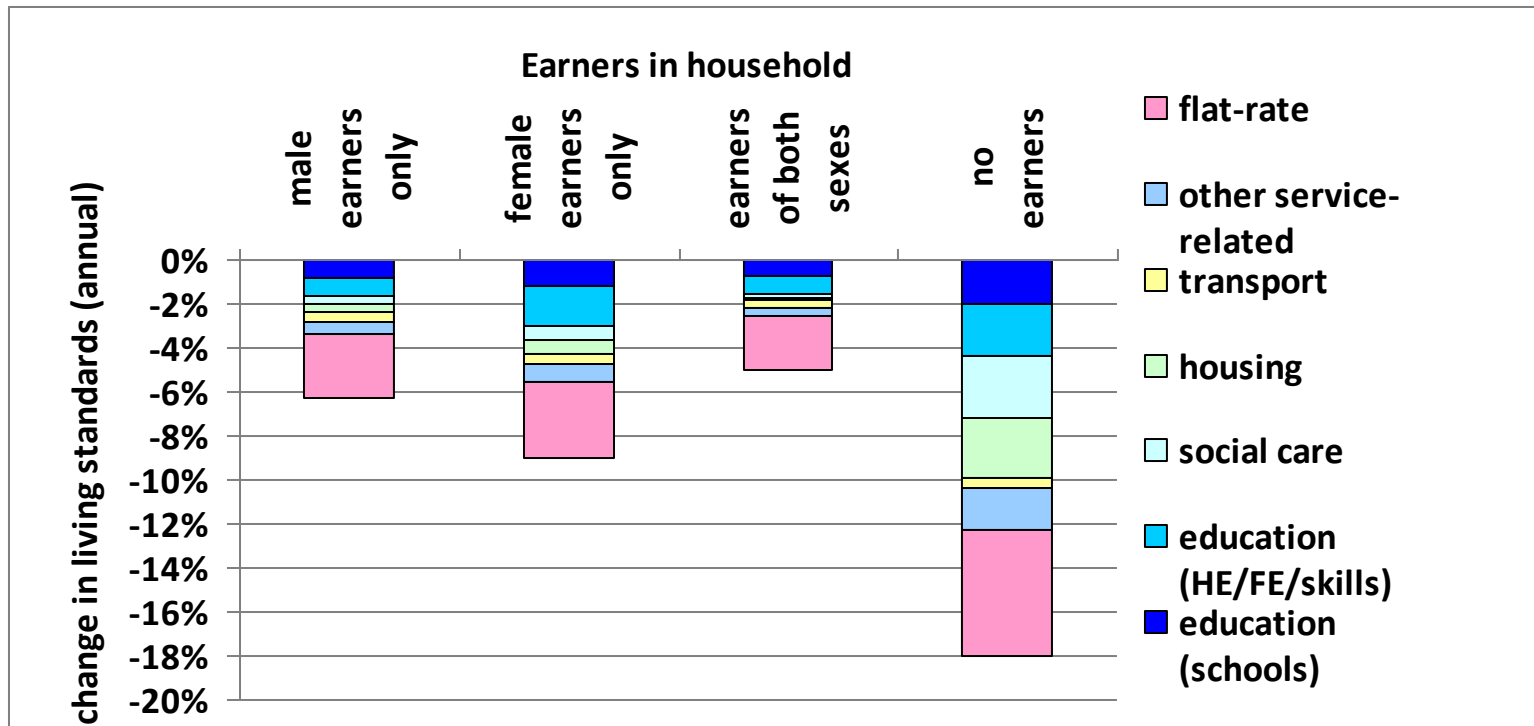


# Single female pensioners hit hardest among pensioners





# '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%