

**EUROPEAN LABOUR MARKETS  
IN TIMES OF CRISIS  
A GENDER PERSPECTIVE**

edited by Anne Eydoux, Antoine Math  
and Hélène Périvier



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## OFCE

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# EUROPEAN LABOUR MARKETS IN TIMES OF CRISIS

## A GENDER PERSPECTIVE

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The opinions expressed by the authors are their own and do not necessarily reflect  
the views or positions of the institutions to which they belong.



## EUROPEAN LABOUR MARKETS IN TIMES OF CRISIS A GENDER PERSPECTIVE<sup>1</sup>

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The crisis that began in 2008 has hit European countries diversely, causing economic and labour market disequilibria of more or less magnitude. As with past global crises, the current one has gendered implications. While women's employment is said to have been preserved relative to men's in the early stage of a recession, austerity plans implemented in several countries to limit public deficits and debts are deemed to affect female workers more deeply. How gendered are labour market changes in recession and austerity and how should cross-country differences be analysed? The seminal book edited by Jill Rubery in 1988, *Women and recession*, carried out a comprehensive and comparative review of the gendered dimensions of past recessions, and it constitutes an invaluable guidebook for the present. It notably points out the protective role of the gendered segregation of labour markets (i.e. the fact that women and men do not work in the same sectors or occupations): male-dominated sectors (construction, industry, etc.) are generally first hit in recession, while female-dominated sectors (services and the public sector) remain quite sheltered from a quick drop in the demand for labour – but are exposed to job losses at a later stage. Jill Rubery's book also underlines the way changing gender roles and public policies influence women's labour supply in recessions: as women perceive themselves

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1. The research presented in this special issue follows up a workshop organised jointly by the CEE, the IRES and the OFCE.

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as permanent workers, they tend to remain in the labour market even during protracted downturns.

Are common hypotheses regarding the gender-segregation in the labour market or the role of public support for women's participation still relevant to analysing the gender implications of recent crises? Are public policies implemented in times of recession (stimulus packages, fiscal consolidation, labour market reforms, crisis-related social and employment policies etc.) gender neutral or do they impact differently on women's and men's employment?

This special issue of the *Revue de l'OFCE* aims to shed light on the differences in the gendered dimensions of past and/or present crises and related policies' impacts on European labour markets. The issue includes several comparative papers that either deal with gender at the European Union (EU) level, encompassing a variety of European countries, or that focus on more specific groups of countries, such as those most hit by the crisis and austerity: central and eastern European (CEE) countries, or 'continental' countries. To complete the picture, a focus on specific country cases helps understanding the great variety of crises and how related policies impact on gender in labour markets. For instance, in Germany where female employment has apparently been spared the effects of recession in quantitative terms, the focus is on the low quality of women's jobs. In central and eastern Europe, as well as in southern countries such as Greece, Portugal and Spain, male and female employment has been so deeply affected in quantitative terms (both in the recession and in the austerity phase of policy) that poverty and material deprivation have increased for all. In the UK, the impact of the recession and austerity has been selective, increasing existing inequalities by gender and by ethnicity, as well as within each category. In Sweden where the public sector is widespread and female-dominated, the impact of recessions on women's employment has been delayed, occurring in austerity phases through the downsizing of the local government sector.

Various approaches are developed in this issue. First of all, many papers show the importance of the timing of recessions and define several phases with different gender implications, often distinguishing the recession and the austerity phases or adding an intermediate phase of recovery. When it comes to the analysis of crisis related policies, the phases may however sometimes appear less sharply, overlapping instead of alternating, for instance when austerity measures were implemented prior to the crisis – eventually in line with the economic governance of the euro zone or with a previous downturn. Several papers cover the long-term changes in labour market or public policies, trying to identify the impact of recession and austerity on

trends in female and male employment (or foregone employment growth), and/or to question the change in public policies from a gender perspective. Others rather focus on the short-term gender impact of recession and austerity, exploring the relevance of common hypotheses regarding the demand for labour (segregation effect, buffer effect) or the labour supply (discouraged-worker effect, added-worker effect).

**Jill Rubery and Maria Karamessini**, drawing on the collective book they edited in 2013, *Women and austerity*, focus on eight European countries most affected by the Great Recession (Iceland, the UK, Hungary, Greece, Ireland, Spain, Portugal and Italy) to underline the “challenge of austerity” for gender equality. In the short run, the recession phase predominantly appears as a “he-cession” since employment losses are concentrated in male-dominated sectors (construction and manufacturing, etc.) and hit men more than women, leading to reductions in gender gaps and to a downward convergence of pay and employment conditions. This is a common trend in all countries, whatever the initial differences in women’s relative position in the employment structure or the social system and the prevailing social norms on gender roles. The longer term trends are characterised by an austerity phase that may turn into a “she-austerity” whose implications are even more important from a gender perspective. One of the key changes concerns the (female-dominated) public sector that, depending on the magnitude of fiscal consolidation plans, may cease to provide protection from job losses or be exposed to job freezes or deterioration in pay and employment conditions. Such a change exerts a specific pressure on women with higher education, due to their concentration in public service employment. Labour market flexibility and deregulation contribute for their part to a levelling down of (less educated) men and women’s employment conditions at the bottom of the labour market, a change that is liable to weaken gender equality as an important policy matter. Austerity also has negative social implications as regards the gender regimes of work and care. The state’s withdrawal from the provision of social care bears the risk of bringing to an end the “de-familialisation” of care and to hamper women’s access to quality employment, especially for those who cannot afford costly childcare services.]

**Hélène Périvier** analyses the dynamics of women and men’s employment in eight countries (Denmark, France, Germany, Greece, Italy, Spain, Sweden and the UK) that have been diversely hit in the Great Recession. She explores the gender impact of the recession distinguishing three different phases: the recession phase (drop in GDP), the rebound phase (stimulus packages and relative GDP

recovery) and the austerity phase (cuts in public spending impairing the GDP growth). While male employment was more affected during the recession phase and recovered better in the rebound phase, the austerity phase is expected to be particularly harsh for female employment. A shift-share analysis relying on Eurostat data confirms the role of sex sectoral segregation in explaining the gender impacts of recession, but with notable differences between countries. In Spain, sex sectoral segregation has contributed to protecting women relatively from job losses and explains most of the narrowing of the gender gap. Such protection is weaker in Denmark and the UK, where women have experienced more job losses than expected, had their distribution across economic sectors remained the same during recession. Austerity plans have begun to hamper female employment, again with important differences across countries.

**Mark Smith and Paula Villa** adopt a medium term perspective and a holistic view to encompass the full gendered impact of the recession, both on the labour market and on employment policies in Europe (EU27). In the context of widespread rises in female employment rates prior to the crisis, they highlight what they call “foregone employment growth” during recessions, as well as the differing responses of women’s and men’s activity patterns. Reviewing the European Union and Member States’ policies, they show that previous advances in gender equality have also been foregone. Gender preoccupations are no more a priority on the European agenda. At the EU level, the gender perspective has lost the prominent position it had acquired in policy-making since the 1990s. It has been challenged during the recession as governments have responded to the crisis by “reverting to type” and weakening gender equality commitments. For instance, some countries have implemented cuts in their equality-related measures, while others have treated women as a buffer labour force in their crisis-related measures.

Focusing on the case of Central and Eastern European (CEE) countries, **Éva Fodor and Beáta Nagy** find that job and occupational segregation have protected women’s employment more than men’s in these countries as well. After the collapse of State Socialism at the beginning of the 1990s, women and men’s employment declined much, leading to a rise in poverty. By the 2008 crisis, it was far from having recovered from the transformation shock. The Great Recession has led to a sharp deterioration of the situation of women and men in both CEE and Southern EU countries. Examining the evolution of employment and material deprivation in “peripheral” (CEE and the much-affected Southern EU countries) and “core” (Western EU) countries, the authors show that, whereas women in core countries

were not much affected in the first stage of the recession, women in peripheries experienced a deep employment crisis. In these countries, the Great Recession has been an “an ebbing tide” lowering “all boats”: the observed reduction of the gender gaps has been the result of a levelling down, leading to increased unemployment and very deep levels of material deprivation and to decreased job satisfaction for both women and men. If women have been less affected than their male counterparts in CEE countries, they have been much more vulnerable to the 2008 crisis than their western peers.

*Anne Eydoux* focuses on “continental” countries (France and Germany), exploring from a gender perspective the effects of the 2001 and 2008 economic downturns and their policy responses. During the Great Recession, France experienced a significant rise in both male and female unemployment, while Germany apparently witnessed a (gendered) “employment miracle”: unemployment rates only temporarily increased for men but continuously decreased for women. Germany is thus often cited as a model for France, especially for its structural labour market reforms (decided in the early 2000s when the country was in recession and experiencing a deep employment crisis). These reforms are often presented as the reason for its current employment performance. In both countries, economic downturns have hit male-dominated sectors and men’s jobs first, thereby leading to a reduction or a reversal of the unemployment gender gap and challenging the male-breadwinner model. But women have not been spared: their employment and social conditions have been impaired by austerity measures and “structural” labour market reforms. While recovery plans and labour market policies developed in the earlier stage of recessions have tended to provide support to the male-dominated sectors and to the male labour force, structural reforms have deteriorated the quality of women’s employment.

*Claudia Weinkopf* provides further insights into the trends and patterns of female employment in Germany, showing that the country’s good employment performance in quantitative terms may also be analysed as a defeat in terms of gender equality. The recent economic crisis did not significantly hit female and male employment nor directly challenge gender equality. But before, during and after the recession, real progress towards a more equal German labour market has been hindered by labour market reforms and an institutional framework that remains very ambiguous and inconsistent as regards the role of women in the labour market. The so-called German “employment miracle” has been accompanied since the mid-2000s with a rise in low, hourly-pay jobs for women and atypical or marginal forms of employment. Women’s employment growth has been prima-

rily based on a steadily rising number of part-time jobs and mini-jobs (encouraged through incentives to keep the monthly earnings below a pay threshold of €450) that confines them to a second earner position, while reconciliation instruments now (since August 2013) provide for a new payment for caregivers who are not using childcare.

**Yolanda Peña-Boquete** focuses on Spain, a Southern country among the most affected in the Great Recession. Prior to the 2008 crisis, women's position in the Spanish labour had improved as regards all outcomes (level of education, employment rate, participation) but the unemployment gender gap had resisted quite strongly: women kept having a much higher unemployment rate than men, up to twice as much in some periods. This gap almost disappeared during the Great Recession. The author compares the gendered responses of unemployment in the 1992-1993 recession and during the most recent one. The decomposition of changes in female employment shows that whereas the buffer effect was central during the 1992-1993 recession (women in unstable jobs acted as a labour force buffer), the segregation effect has been more significant in the ongoing recession. The observed reduction of the unemployment gender gap in the Great Recession results from women's over-representation in less cyclical or protected sectors (segregation effect) while male-dominated sectors were both most hit by the economic downturn and exposed to job losses, due to a higher share of temporary jobs (men-detrimental buffer effect).

**Maria Karamessini and Franciscos Koutentakis** explore the case of Greece, which is particular in a number of respects. Greece has experienced the deepest structural crisis in its recent history and has been through an austerity cure resulting in a further fall of its GDP, which slumped by 20.1% from 2008 to 2012, while employment dropped by 17.5% and unemployment increased by 3.3 times. Analysing the gender impact of the crisis, the authors show that, while male employment retreated much more than female employment as the Great Recession impacted male-dominated sectors more, the gender unemployment gap has remained remarkably stable. Their thorough analysis suggests two simultaneous explanations of this apparent puzzle. They interpret supply-side responses in terms of a discouraged-worker effect for men, whose falling participation mitigated the rise in unemployment, and in terms of an added-worker effect for women: inactive women joined the labour force in increasing numbers while employment opportunities were still shrinking, thus boosting their unemployment rate.

**Pilar Gonzáles** points out some distinctive gender features of the Portuguese labour market when compared to its southern neighbours

Greece or Spain: the traditionally high rates of female participation and employment. As in the Greek case, the recession started with the crisis of 2008 and continued with austerity measures implemented under the auspices of the Troïka. It resulted in a rise of unemployment to huge and unprecedented levels both for women and men as well as in increasing inequalities. As in many other countries, the unemployment gender gap closed during the Great Recession because male-dominated sectors have been hit more. It cannot be interpreted as a step towards gender equality when it occurs under massive unemployment affecting both sexes. Moreover, the gender segregation of the labour market did not diminish. Pay and poverty gaps did not notably change and remained gender biased, disadvantaging women. According to the author, previous achievements in gender equality have nevertheless been sufficiently incorporated into the institutional and legal framework, so as to ensure that they are not reversible during recession, even if the gender dimension has lost visibility in the public debate, hampering further progress.

*Anthony Rafferty* examines labour market developments and government policy responses in the UK after the crisis of 2008, during both the recession phase and the unfurling austerity phase. In the country's high-inequality economic model, he analyses the way the experience of recession and austerity has differed, not only by gender but also by ethnicity. He highlights both the varying overall effects by gender and the tendency for ethnic minority women and men to have fared worse than UK born white women and men in the recession phase. Austerity policies, because they negatively impact on public sector jobs and welfare expenditures, tend to intensify further existing inequalities, and to affect women disproportionately. Longer term trends in growing female labour market participation are nonetheless unlikely to be reversed: women in the UK will remain as committed to the labour market as before, even if many more have a rougher time of it.

The Swedish case is analysed by *Anita Nyberg*. In Sweden as in other Northern European countries, female and male employment rates are high. The labour market is highly segregated and women are over-represented in the public sector. The rapid development of this sector has long facilitated the expansion of women's employment, simultaneously creating jobs and facilitating the reconciliation of work and care by providing child and elderly care. This feature has made women relatively sheltered during recessions, which have more affected male-dominated activities. But it has turned into a disadvantage for women in times of austerity. Comparing the short-term and long-term gender impact of two economic recessions (1990-1993 and

2009) in the private and public (state and local government) sectors, the author shows that women's employment has not been protected. During recessions and recoveries, the share of women in total employment increased (especially in the private and in the state sector). But the downsizing of the local government sector resulting from budget consolidation policies and changed political priorities led to a loss of female employment in this sector (and to employment transfers to the private sector). Structural transformations towards a bigger private service sector and employees with higher education may also benefit women. From 1990 to 2013, employment rates declined by 8% for both sexes, and the share of women in total employment remained unchanged.

All of these contributions demonstrate the importance of a gendered analysis of labour markets and public policies in recession and austerity. They show that the observed reduction in gender employment or unemployment gaps in the first stages of recession do not mean that gender equality has improved, because the narrowing of gender gap is mainly due to the deterioration of men's situation. Besides, this may lead to considering gender equality as being of secondary importance. The extent to which women are hit during recessions may be underestimated because of a focus on the short-term dynamics of employment and unemployment, or on quantitative changes instead of qualitative issues (such as job quality or more generally quality of life). In-depth analyses of changes in labour markets and public policies during recessions reveal that advances in gender equality in recent years in both older and newer members of the EU are always at risk of being suspended or reversed. In this sense, economic crises and the responses to them may jeopardize the progress towards gender equality.

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# THE CHALLENGE OF AUSTERITY FOR EQUALITY

## A CONSIDERATION OF EIGHT EUROPEAN COUNTRIES IN THE CRISIS

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The article deals with the comparative experience of women and men during the current crisis in eight of the European countries most affected by austerity and the challenge that recession and austerity represent for gender equality. Short term reductions in gender gaps and the female employment rate have been a common trend in all countries but the longer term trends are more important from a gender perspective. More labour market flexibility leads to a greater convergence of men's and women's employment conditions at the bottom of the labour market; reductions in public sector employment hamper women's access to stable, protected and more equal jobs, while the withdrawal of the state from the provision of social care is interrupting the defamilialisation of care. However, as women's employment remains vital for social reproduction at both the macro and household levels, gender equality must be an essential component of a progressive exit strategy from the crisis.

*Keywords:* Crisis, austerity, Gender equality, Europe.

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We are in the middle of a global economic crisis which is considered as the worst since the Great Depression of the 1930s. The experience of the crisis in different parts of the globe and countries varies greatly as regards the initial shock, secondary effects, policy responses and economic and social effects. As regards the political management of the crisis, after significant state intervention and public spending to rescue banks and avoid economic collapse during the initial years, austerity became

the new principle for public policy, especially in Europe, after the financial crisis was converted into a sovereign debt crisis which menaced the breakup of the Eurozone. This twist in the form of the crisis and the character of public policy constitutes a turning point concerning the gendered effects of the crisis which seems to be transforming from a recession to a sh(e)-austerity.

The article deals with the comparative experience of women and men in European countries most affected by either the financial or the austerity crises and the challenges posed by the crisis for gender equality. It draws, for its theoretical framework and empirical evidence, on a collective volume recently published by the authors (Karamessini and Rubery, 2014) to analyse in particular the implications of the changes observed in labour markets, public policy, political developments and individual/household responses to the crisis and austerity for both gender inequalities and for gender regimes – defined here to include the gender division of labour, the gender culture and the gender dimension to the welfare state.

The focus is on a sample of eight European countries – Iceland, the UK, Hungary, Greece, Ireland, Spain, Portugal, and Italy – selected among the European countries that have been most affected by the financial crisis, austerity and fiscal consolidation. Each entered the crisis at a different time and has experienced different types of problems but all have faced significant adjustment problems (Karamessini, 2014a). The starting point for the analysis is that gender differences in vulnerability to recession and austerity derive from differences in women's position, relative to that of men's, in the job structure, the family economy and the welfare system and from prevailing social norms on gender roles (Rubery, 1988). Women's relative position and prevailing social norms vary by gender regime. The gendered effects of the economic crisis are also nation-specific and depend on its nature, transmission mechanisms, sectoral pattern, and type of policy response to it, and finally, on the gender ideologies developed in its course that influence institutional change (Rubery, 2014a).

The argument is made that the closing of gender gaps in the labour market achieved by the deterioration of men's position during the first phase of the crisis may be reversed since the full implementation of austerity is likely to harm women's employ-

ment position relatively more. In fact austerity measures risk the reversal of past progress towards gender equality by undermining important employment and social welfare protections and putting gender equality policy onto the back burner. This means that a progressive strategy cannot rely solely on a benevolent state. Greater solidarity needs to be forged between women and men but based around the precondition that gender equality is central to a progressive route out of the crisis.

The article is organised in three parts. The first describes the developments of gender regimes before the crisis in the selected countries; the second examines the comparative labour market experiences of women and men during the crisis and austerity in these countries; while the third analyses the changes in the employment and welfare systems and gender relations during the crisis and discusses their possible implications for the development of gender regimes in Europe.

## 1. European gender regimes pre crisis: converging divergences

Over the period from the early 1990s until the outbreak of the current global financial crisis the gender regimes of the European countries studied here converged towards a greater and long-lasting integration of women into paid work which had developed in parallel with a decisive shift away from the male-breadwinner family model towards a dual earner/adult worker family model (Lewis *et al.*, 2008; Daly, 2011). The dual earner family model had become the most common model in all eight countries but the male breadwinner model remained widespread in Greece, Spain and Ireland (Karamessini, 2014a). Thus, in spite of the wide variety in regimes at the beginning of the period, accounted for by historical legacies and crystallised in different gender contracts (O'Reilly and Nazio, 2014), common upward trends emerged, for example in female employment rates, female aspirations for continuous employment over the lifecycle and gender equality in employment, state support for working parents and in the shares of dual-earner and lone-parent households. Yet, within these upward trends, strong differences were still observed between countries on each of these dimensions, pointing to a pattern of converging divergences.

Convergence was evident in employment integration for although in all eight countries female employment rates rose significantly over the 1994-2007 period, increases were particularly high in countries with low initial female employment rates such as Ireland and Spain. Only Hungary suffered a fall associated with the ending of the communist regime but female employment rates were rising again towards the end of the period (Table 1). The boost in female employment rates reflected the continuing rise in women's educational attainment and changes in gender norms and values but was also facilitated by changes in labour market institutions and the welfare state. Part-time employment has been promoted by public policy as a suitable work option for women nearly everywhere; it spread quickly also in countries in which it had been marginal up to the early nineties such as Italy and Spain. Furthermore, the EU in its employment and social policy urged all EU Member States to improve their parental leave and childcare systems in order to achieve higher maternal employment rates. It thus provided an impetus for substantial improvements in the care regimes of those EU countries that lagged behind the EU average re support to working parents. In our group of countries, this applies to all those of southern Europe (Karamessini, 2014b; Gonzalez Gago and Segalez Kirzner, 2014; Verashchagina and Capparucci, 2014; Ferreira, 2014) as well as to the UK and Ireland (Rubery and Rafferty, 2014; Barry and Conroy, 2014).

Despite the trend towards convergence in female employment rates (Table 1), the overall dispersion of female employment rates in 2007 still remained high due in large part to national differences in employment rates among the less well educated and at the younger and older ends of the age range. Low employment rates for young women in Greece, Italy and Hungary reflected difficulties in initial integration into employment. These same countries also had very low female employment rates for older workers due to the low activity of these older cohorts in prime age (European Commission, 2007), to various early retirement options and to a low legal age of retirement for women in Italy and Greece. At the other end of the spectrum, the female employment rate in Iceland was 80 per cent in 2007, reflecting a long-standing retirement age at 67 for both women and men and integration across a long working life (Thorsdottir, 2014).

Table 1. Female employment rates in selected European countries

%

	1994	2008	2012	Δ 1994-2008	Δ 2008-2012
	15-64 y.	15-64 y.	15-64 y.	in p.p.	in p.p.
Greece	37.1	48.7	41.9	11.6	-6.8
Hungary	47.8	50.6	52.1	2.8	1.5
Iceland	74.6	79.6	77.8	5.0	-1.8
Ireland	39.8	60.2	55.1	20.4	-5.1
Italy	35.7	47.2	47.1	11.5	-0.1
Portugal	54.1	62.5	58.7	8.4	-3.8
Spain	30.7	54.9	50.6	24.2	-4.3
United Kingdom	61.2	65.8	65.1	4.6	-0.7
EU-27 average		58.9	58.6		-0.3

y=years, p.p. =percentage points.

Note: Figures for Hungary and Iceland for 1994 come from OECD.

Source: Eurostat online (data extracted on 6.9.2013).

Gender differences in the employment effects of the crisis depend on the different position of men and women in the job structure, including not only occupational and sectoral segregation of employment by sex but also the relatively greater concentration of women in precarious jobs. According to an EU-wide report by Bettio and Verashchagina (2009), a slight rise was witnessed in the level of occupational segregation in EU-27 between 1992 and 2007 but sectoral segregation increased more strongly. A common feature of all gender regimes before the crisis in the countries examined here was the high concentration of women in the public sector, especially of the higher educated, making these women particularly vulnerable to austerity policies. Women can be more vulnerable to recession than men due to their higher concentration in part-time and temporary work but there were great differences in the level of such concentration between countries prior to the crisis. Women's greater vulnerability to recession may be also related to their over-representation in some forms of self-employment (unpaid work in family businesses and farms, dependent work classified as self-employment) and in informal work, which were more widespread in the Southern and Eastern European countries of our group before the crisis (Karamessini, 2014b; Ferreira, 2014; Frey, 2014).

**Table 2. Indicators of cross-country gender differences within employment in selected European countries 2007**

%

Countries	Public sector employment <sup>1</sup>		Part-time employment <sup>2</sup>		Temporary employment <sup>2</sup>	
	% of all employed men	% of all employed women	% Male dependent employees	% Female dependent employees	% Male dependent employees	% Female dependent employees
Greece	14	28	5.0	13.7	9.3	13.1
Hungary	13	33	1.6	4.2	7.7	6.8
Iceland	14	45	7.8	24.8	11.2	13.6
Ireland	15	38	7.5	34.9	6.7	9.5
Italy	24	18	5.3	31.2	11.2	15.9
Portugal	17	28	2.0	8.7	21.8	23.0
Spain	15	26	3.4	20.8	30.6	33.1
United kingdom	16	43	9.1	37.2	5.3	6.4

1. Extracts from Karamessini and Rubery (2014) Table 16.6, p. 322 European Labor force survey special tabulations.

2. *Op. cit.*/ Table 16.5, p. 321.

Source: OECD.

## 2. Gendered labour market effects under recession and austerity: main trends

Assessment of the gendered labour market effects of the crisis is complicated by both the change in the nature of the crisis, from financial crisis and recession to fiscal consolidation and austerity and by the continuing evolving nature of policy responses and outcomes. Any assessment of its overall effects is thus provisional. The impact of the changing contours of the crisis is already evident in so far as although the immediate effects on men were stronger the prospects for women under austerity are bleaker. Thus although gender gaps have closed this has occurred in a context where women as well as men have already faced employment loss (Karamessini and Rubery, 2014, p. 324) thus in these eight countries ending the long run upward trend in women's employment. Segregation by sector is the main cause of these gender effects but segregation has switched from being a source of protection against job loss to a cause of exposure to austerity. There is also no evidence of women withdrawing from the labour market in response to the downturn; in fact participation rates particularly among lower educated women tended to increase indicating the presence of an added worker effect. Women are thus

not acting as a buffer either in protecting men against job loss or acting as a labour reserve in voluntarily withdrawing from the labour market. Indeed the group that acted most as a buffer was young people of both genders together with male migrants (Bettio and Verashchagina, 2014).

### **2.1. Recession effects – “he-cession”**

The “Great Recession” brought about dramatic changes in employment within the selected eight countries, particularly in Greece, Spain and Ireland where over the period 2008-2012 male employment rates dropped by 14 to 15 percentage points and female rates by 4 to 7. Although women’s employment loss is less, these effects reversed the long-term upward trend in female employment rates and pushed up female unemployment rates: among our eight case studies only in Italy and Hungary had the female employment rate by 2012 returned to or exceeded respectively its 2008 level.

Sectoral segregation accounts for much of the pattern of job loss. Men bore the brunt of the initial recession downturn in the male-dominated construction and manufacturing sectors in all countries together with finance in the UK, Iceland and Ireland. Subsequently the recession spread to the more mixed private services causing women to become more vulnerable to job loss. Although men’s unemployment rate rise was higher than women’s in all countries except Iceland but if the increases are measured in percentage points they are roughly equal for men and women in Greece and the UK and quite similar in Spain and Portugal (81 and 72 per cent of the male increase respectively). However in three countries – Italy, Hungary and Ireland – the increase for women even on this measure was only around three fifths that experienced by men. Inequalities between younger and older women have also increased in our eight countries. In Ireland, in particular, employment rates for women aged 45-59 have remained roughly stable in the crisis while those for young women have plummeted, resulting in many emigrating to find better job prospects. Moreover those new hires in the public sector – again mainly young women – are being employed after 2010 on terms and conditions up to 30 per cent below the pre-2010 conditions (Barry and Conroy, 2014).

In contrast to women acting as a reserve army and voluntarily reducing participation in the labour market in response to the crisis, it has been men whose inactivity rates have increased in all countries while those for women fell except in Ireland. This suggests that an “added-worker effect” is more likely than any “discouraged worker effect” in at least seven of the countries, although this trend is for all women while analyses of added versus discouraged worker effects have normally been focused on the behaviour of married women. Further evidence of women consolidating their position in the labour market and the family economy is found in the increase in female couples between 2007 and 2009 in the seven countries for which we have data (Bettio and Verashchagina, 2014) and a parallel reduction in dual-earner couples in the same countries over the same period. As male partners lose their jobs women are either staying on or even (re)entering the labour force. The implication is also that the crisis has interrupted trends towards a universal adult worker family model where both partners contribute to household budgets. It is probable that it is difficult to make ends meet for many sole breadwinners, whether male or female, but the strain is likely to be greater on women whose earnings opportunities are lower and who are likely to still be responsible for care.

All in all, labour market developments during recession in our group of eight countries confirm that the impact of the crisis on gender inequalities in the labour market has been a downward levelling of gender gaps in employment, unemployment and economic activity, as demonstrated by Bettio and Verashchagina’s (2014) comparative study of EU countries. While these general trends justify the characterisation of the initial phase of the Great Recession in Europe as a “he-cession” for all eight countries, the subsequent experience was different. Three countries experienced GDP growth between 2010 and 2011 but while in the UK this was a “he-recovery” with male employment increasing while women’s employment declined after late 2009 (Rubery and Rafferty, 2014), in Italy and Hungary, and Iceland after 2011, there was more of a “she-recovery” as female employment grew more than male employment.



## **2.2. Austerity effects – from “he-cession” to “sh(e) austerity”?**

The key change in employment trends during the austerity phase of the crisis in the eight countries studied here concerns public sector employment. From providing protection from job loss in the early phase public sector employment has become both a key factor in deteriorating demand for labour and in the freezing or deterioration in pay and employment conditions. Due to the higher concentration of female than male employment in the public sector, these developments can be expected to have a greater impact on women than on men although the gender composition of employment in the subsectors in which the cuts take place and the categories of personnel that are laid off also play a role.

Indeed, the pattern of job loss during the crisis and the employment impact of austerity policies by gender across the eight case studies have roughly followed the timing, severity and form of austerity policies. The turn to austerity has not occurred in all countries at the same time and has been affected by variations in the size and form of fiscal consolidation (Karamessini, 2014a). Iceland, Ireland and Hungary adopted austerity policies from the very start of the crisis while in Greece, the UK, and Spain the policies began in earnest in mid-2010 to be followed even later by Portugal and Italy.

To track the impact of austerity table 3 takes public administration, education, health and social care as a proxy for public sector employment and shows that in the first phase of the crisis (2008-2010) continued growth in these areas provided protection for overall female employment due to women's high representation. The only exceptions were Iceland and Italy where women's employment fell. During the next phase this protection effect effectively disappeared as a consequence of stagnant or declining overall employment in six countries with growth evident in only Portugal and Hungary. In the UK, Iceland and Greece employment fell by 1.8, 6.4 and 9.8 per cent respectively with the large fall in Greece the combined result of huge reductions in temporary jobs, hiring restrictions and mass take up of early retirement in anticipation of pension reforms (Karamessini, 2014b). Employment is set to decline further as redundancies of permanent public sector employees have just started. Although the effect of these reversals to growth between 2010-2012 was to reduce protection for women the pattern of change

varied with falls in female employment in four countries (though only above the rate for men in Ireland and Greece while in Iceland the fall was roughly equal and in the UK higher for male employment). In the remaining countries female employment rose but only marginally in Italy and Hungary whereas men appeared to be the main beneficiaries of the public works scheme which was launched in Hungary after 2009. Overall employment in these sectors grew by 1.8% compared to only 0.5 per cent growth for women (Frey 2014). Portugal and Spain recorded above 2 per cent increases in employment for women while men's employment grew even faster in Portugal but declined in Spain. However, in both countries where public sector recruitment is now frozen and further job cuts are expected (Gonzalez Gago and Segales Kirzner, 2014; Ferreira, 2014).

**Table 3. Change in employment by total and in the public sector\* in selected European countries 2008-2010, 2010-2012**

%				
	Total All NACE	(Total female)	All public sector NACE O+P+Q	(All public sector female)
<b>2008q2-2010q2</b>				
Ireland	-12.0	(-6.5)	5.1	(3.9)
Greece	-3.4	(-0.8)	1.9	(5.2)
Spain	-9.6	(-5.1)	6.3	(7.3)
Italy	-2.4	(-1.0)	-1.6	(-0.7)
Hungary	-2.3	(0.3)	4.1	(4.8)
Portugal	-4.7	(-3.0)	3.8	(8.1)
United Kingdom	-2.4	(-1.5)	4.8	(5.2)
Iceland	-8.0	(-2.6)	1.3	(-2.3)
<b>2010q2-2012q2</b>				
Ireland	-1.5	(-0.5)	-0.2	(-0.5)
Greece	-14.1	(-13.5)	-9.8	(-14.8)
Spain	-5.8	(-2.8)	-0.1	(2.7)
Italy	0.1	(2.5)	0.0	(0.5)
Hungary	2.4	(2.2)	1.8	(0.5)
Portugal	-5.9	(-4.6)	2.7	(2.2)
United Kingdom	1.3	(0.9)	-1.8	(-1.0)
Iceland	1.7	(2.6)	-6.3	(-6.4)

\* It refers to public administration, defence, compulsory social security, education, health and social care.

Source: Extract from Karamessini and Rubery (2014), Table 16.8, p. 326. European Labour Force Survey (Eurostat on line) own elaboration.

The estimation of the full gendered effects of the crisis on public sector employment is not yet possible as fiscal consolidation plans in the Eurozone's periphery countries and the UK are on-going and even tightening. It is even too early to assess whether the austerity will be a "he" or "she" in terms of job loss. It is, however, seriously compromising job opportunities for women, including the higher educated.

### 2.3. Labour market flexibility and deregulation

The crisis has not only changed aggregate trends in economic activity patterns but also employment conditions. In the first place non-standard forms of employment have been used by employers as flexibility buffers involving the flexibilization/ feminisation of employment and working conditions for men. Temporary employment has mainly enabled firms to make rapid reductions in employment to cope with the downturn in demand and to make new hires without offering employment security. Women's greater concentration in temporary jobs pre crisis resulted in women facing greater loss of temporary jobs in seven of the eight countries, the exception being Spain (Table 4). They have also benefited less than men from new hires on such contracts – except in Hungary.

**Table 4. Changes in part-time and temporary employment in selected European countries 2008-2011**

End - initial year change (%)

	Part-time		Temporary	
	Men	Women	Men	Women
Greece	16.6	-4.7	-8.7	-13.1
Hungary	65.5	45.4	6.5	18.8
Iceland	16.7	0.6	20.4	18.4
Ireland	28.0	1.5	8.6	-3.1
Italy	5.4	3.1	3.1	-4.7
Portugal	37.0	-5.9	-5.8	-6.3
Spain	25.8	-0.8	-24.4	-18.6
United Kingdom	12.0	3.8	17.7	6.5

Source: Extract from Karamessini and Rubery (2013), Table 16.9, p. 328. OECD.

The main change in part-time work has been first in the share of involuntary part-time work that has increased for both men and women in all our countries (Bettio *et al.*, 2013, Figure 1.8) and

second the much faster increase in male part-time jobs, while for women the extent of part-time working has remained relatively stable. This development in male part-time work is probably related to the conversion of full-time jobs into part-time to reduce redundancies but men still have a long way to go to catch up with women's part-time employment rate. Hungary has experienced exceptional rises in part-time for both men and women but these are increases from a very low starting point and reflect both work sharing policies and the large-scale public works jobs scheme (Frey, 2014).

The second impact on employment conditions comes from labour market deregulation measures. Pressure for deregulation has stemmed from a policy agenda which has assumed that deregulation will assist not only labour market flexibility and responsiveness but also the austerity aims of internal devaluation in indebted Eurozone countries and reduced public deficit. While the rhetoric focuses on removing privileges for labour market insiders, who are normally expected to be men, in practice many of the policies increase deregulation in secondary labour market segments where women are most affected. Thus the labour market reform programmes have not only focused on reducing wage premiums and other apparently favourable conditions in the public sector but also on reducing legal rights and protections and limiting the extent of the coverage of collective bargaining arrangements in the private sector. These developments not only have immediate short term effects on particular groups of men and women including the unemployed, the low paid, lone parents and public sector employees but also may lead to fundamental changes in social models and gender regimes, as discussed in the next section.

### 3. Austerity and the development of gender regimes in Europe

In the pre crisis period, as we have described, we witnessed a process of converging divergence in European gender regimes as countries with limited female employment and underdeveloped welfare support for care improved their performance, even if significant variation remained around a generally rising European average level of gender equality. In contrast the austerity period

seems likely to lead to renewed widening of differences among countries around a falling average standard of gender equality (Karamessini and Rubery, 2014). This overall decline is certain if gender equality is measured by reference to women's economic position compared to the trajectory for women pre crisis rather than in relation to gender gaps which narrow because men's position is deteriorating faster.

The likelihood of renewed divergences arises from the austerity measures being more severe in European countries that were already towards the bottom end of European rankings by either employment performance or welfare state support or both—for example in Greece, Spain, Italy, Ireland and Hungary. Among the countries we focused on – that are most of those at the centre of the crisis and austerity – only Iceland had a well established gender regime based on both high levels of integration and strong welfare support (Thorsdottir, 2014). The UK, Portugal and in the immediate pre crisis years also Ireland had relatively high employment rates for women, though integration in the UK and Ireland is lower if a full-time equivalent employment rate measure is used. All three countries had moved towards developing more welfare support for working parents but these were emerging developments which rendered them potentially vulnerable in the crisis.

While the time period is too short to assess the longer term outcomes of austerity on gender equality, we can identify current trends within each of the three spheres that directly impact on gender equality – namely the labour market, welfare systems and gender relations – and offer some predictions of potential scenarios. One feature to emerge is the strong scope for contradictions in the different trends and it is through these contradictions that pressure could come to bear upon policymakers to review and possibly change the direction of current policies. Thus the purpose here is not to map out for policymakers a new internally consistent approach to gender regimes, compatible with the austerity vision, but to identify the pressure points and inconsistencies which may yet help to turn the political tide.

### **3.1. Labour market developments**

There are several interacting trends with respect to labour market developments which may lead to considerable changes

both to the absolute and relative positions of women and men in the labour market. Austerity policies, especially when combined with increased deregulation of the labour market, may serve to exacerbate already existing trends or even constitute a turning point in a country's employment model. Labour market change is unlikely to have even effects either by gender or within genders, so instead of discussing overall trends we consider the likelihood of divergent trends by gender and education level, as a proxy also for social class.

If we look first at prospects of lower educated men and women, there has been a long term tendency towards a hollowing out of the labour market in middle level jobs in some European countries (Fernandez-Macias *et al.*, 2012; Hurley *et al.*, 2013) which has negative impacts on prospects for less advantaged men. In the past most men, at least by prime age, might hope to escape from low paid or precarious work, while women faced this prospect often through their life course. Recession and austerity has increased this hollowing out in more countries (Hurley *et al.*, 2013) and in the future one might expect more men to find themselves trapped alongside women in low paid and precarious work. Evidence to support this notion comes from the loss of wage income among men (Bettio *et al.*, 2013), the similarities in men and women's involvement in temporary employment and the high rates of increase in part-time work among men (part-time work as a share of men's employment rose from 7.7% to 9.5% 2007-2012 for EU27 while for women the increase was lower from 31.2% to 32.6% (European Labour Force Survey Eurostat online database).

However, despite these signs of convergence there is still the likelihood of gender specific forms of precarious and low paid work; it is not that plausible for example that care sector jobs, one of the main areas for job growth, will be filled equally by men and women. It is more plausible that these will remain female jobs, either in the formal but low paid sector, or even informal economy jobs filled by migrant female labour (Simonazzi, 2009). It is also likely in countries where most low paid work is part-time that women will continue to dominate these lower paid job areas as the existence of these jobs which do not provide living wages presupposes another breadwinner in the household.

Prospects for those at the bottom of the labour market are critically dependent upon policies to regulate employment conditions, particularly with respect to the level of minimum wages, the extension of collective agreements to non-signatory employers and of course the enforcement of regulation. In most cases so far, while there have been widespread real wage cuts in minimum wage rates (ETUI, 2013), only a few countries – such as Greece and under the instructions of the troika – have introduced nominal wage cuts as well. Austerity measures are also challenging the practices of extending collective agreements – for example in Spain and Portugal (ETUI, 2013) – which is likely to have a major impact on those in the most precarious labour market segments. These changes could signal a turning point, converting these employment systems from inclusive high collective bargaining coverage to exclusive collective bargaining systems where coverage is confined to areas of strong trade union regulation, with potentially negative effects for women.

For higher educated women the most significant labour market development under austerity has been the pressure on pay, employment conditions and jobs in public services where a majority of higher educated women in our country sample tend to be employed (Karamessini and Rubery, 2014: Table 16.6, p. 322). These public sector adjustments have variously involved redundancies, low ratios for rehiring after quits, further outsourcing, wage freezes or wage cuts, barriers to promotion, reduced pensions and/or specific levies for pensions, removal of collective bargaining processes, increases in hours of work and increased work intensity (Rubery, 2014b). This multi-pronged downgrading of the material conditions in public sector employment has been accompanied in many cases by an intensification of the rhetoric against the work ethic and indeed value of public service workers (Cardona, 2009). Given the high importance of public services as a source of employment for higher educated women, the impact of these combined developments can be expected to have strong gender effects, leading to widening of gender pay gaps for the higher educated, even when these are already often higher than for the lower educated (Arulampalam *et al.*, 2007). For some countries these developments are not new; in Hungary as in other Eastern European countries there is a long term tradition of low value

attached to highly skilled work in public services associated often with labour shortages (Rubery, 2014b) but it is also clear that these problems would be likely to be greater if public services were not staffed by women. In short, instead of being relied on as a promoter of gender equality, the state may increasingly rely on women's relatively disadvantaged position to resolve its fiscal problems by downgrading employment conditions.

What are the implications of these divergent developments for the overall prospects for gender equality in Europe in the future? First of all the tendency towards greater convergence between lower educated women and men may detract attention from gender equality as an important social goal, even though this greater equality has only been brought about by a levelling down of employment conditions for men. At the same time education may no longer provide the basis for women to enter into quality employment, particularly for those in countries which have downgraded the size or the quality of public sector employment. Women may in response increasingly seek careers in the private sector but the barriers to entry are unlikely to diminish under the twin effects of austerity which is undoubtedly increasing competition for jobs in the private sector and deregulation which may increase expected working hours and reduce the likelihood of work life balance policies which the public sector has provided in many countries.

A further issue is the future commitment to raising female employment rates which became a mantra of both European and in many cases national employment policies in the decade prior to the crisis. At the European level this commitment has not quite disappeared but has become increasingly invisible (Villa and Smith, 2014), hidden behind a joint employment rate target for men and women and at a national level attention has been primarily focused on job loss for men with the continuing employment gap for women being given limited attention. Furthermore the focus has changed from generating a large labour supply to providing more jobs to resolve the unemployment problem, in particular that for youth. Nevertheless some key elements of the policy of raising the employment rate for women still remain, that is where not working would lead to a charge on the state. Thus in the UK there has been increased pressure on lone parents to work



with ever younger children (Rubery and Rafferty, 2014) and in many countries women are being required to work longer if they wish to be eligible for a pension. Thus inactivity among women is increasingly only tolerated when the responsibility for supporting the inactivity lies with the family, that is with the husband in most cases for mothers or with parents for young people.

### **3.1.1. Social policy developments**

Social policy is critical for gender equality; social provision of care services is the only form of support compatible with women's effective integration into employment which does not result in either some form of exploitation of the labour of other women or in a care deficit (including low fertility rates). There are no examples of effective integration of women, at an aggregate level, based on men's voluntary participation in care work; any changes in the domestic division of labour between men and women have at most been marginal and significant participation by men may be heavily penalised in the labour market without policies to support these gender role changes. The alternatives to social provision are first to rely on other family members such as grandmothers but this policy cannot last more than a generation as grandmothers would then be also in employment; this in fact happened in Portugal, prompting a late development of welfare support (Tavora, 2012; Ferreira, 2014). Where family support is insufficient, women may in fact rely on cheap female domestic labour where wage inequalities are high) or externally sourced female labour in the form of legal or illegal migrant female care labour (in Southern European countries – Simonazzi, 2009). On this basis the inclusion of childcare targets as an element of European employment policy from 2000 onwards represented a major step forward and led to quite widespread development of childcare provision in most of our case study countries. Elder care support was also being developed in some of countries – for example in Spain after a new 2007 law – where the tradition had been to rely on the family.

Against this background of progressive, even if slow, defamilialisation of care, the austerity period appears to be halting and even reversing progressive developments. Announced programmes for childcare development have been halted or closed down

(for example in Italy, the UK) and in Spain the elder care developments have been put on hold. Even the more traditional support for families in the form of child benefits to support the costs of child raising have been cut back in many countries suggesting a reversal in willingness to fund the general costs of social reproduction. These policies have direct and immediate impact on families but particularly mothers who often have responsibility for household budgets. As such they may act to reinforce women's work commitments even as childcare support is being cutback. Much of the current cutbacks are predicated on the expectation that women will take up the slack by providing unpaid care work. However, women have not only invested more in their education but are also likely to be aware of the reduced capacity of male partners to provide lifelong support due to both higher divorce rates and declines in family wage secure jobs. In this context it is unlikely that there will be an orderly retreat by women into domestic work.

Nevertheless the longer term effects on both fertility and the quality of child support may be severe. It is notable that when cases are made for investment in infrastructure to boost growth in the context of prolonged recession most of the focus is on physical infrastructure projects and not on human development projects which are assumed to be less productive (Perrons and Plomien, 2013). In this context the recent announcement of a social investment package from the EU which promotes in particular investment in children (European Commission, 2013) is welcome even though there is little evidence of funding or commitment outside of DG employment within the EU.

Other changes taking place in European social models are also likely to have negative impacts on gender equality. First there are the widespread pension reforms which are adding to the years of full-time work needed for a full pension, with the burden falling particularly on women as they have the most interrupted careers. Some countries provide some compensation for years spent in care work but women's pensions are likely to further lag behind men's as a result of the extended time period for full pensions. In some countries there is also a trend towards more targeted benefits involving more household means testing which has negative impacts on women. This is a relatively new departure for example in

Portugal but is an intensification of a common practice in the UK. However, even in the latter case recent policies are reversing major gains won by women some decades ago and that was for benefits for children to be paid to the main care giver. The new benefit regime will provide all benefits to only one member of the family on the spurious and clearly anti-feminist proposition that the state should not interfere in internal family issues.

### **3.1.2. Gender relations and ideology**

A key issue in considering the future development of gender regimes is the future of both public policy and individual attitudes and responses to gender equality and gender roles. These two dimensions are not necessarily developing in the same direction. Thus, at both the EU and national level, the crisis and austerity has been taken by policymakers as an opportunity to back pedal on commitments to gender equality. This applies not only to the promotion of women's employment within employment policy but also to resources to implement gender equality policies and principles. In Ireland gender mainstreaming arrangements have been discontinued, in the UK budgets for implementing gender equality cut back and gender impact assessments of legislation ended and in Spain the Equality Ministry was dissolved (Karamessini and Rubery, 2014: table 16.11, p. 335).

At the same time at the individual and the household level there appears in many cases to have been a reinforced commitment among women to wage work; under recession and austerity the so-called added worker effect has been dominating over discouraged worker effects (Bettio *et al.*, 2013). These responses by women may serve to keep issues such as childcare on the policy agenda even though policymakers would prefer to return to a situation where the state took no role in childcare provision. These same policymakers would, however, wish women to spend ever longer years in employment in order to earn rights to a pension; these long careers are unlikely to be possible for all if many are prevented from staying in or re-entering employment due to a shortage of childcare. If careers are interrupted for too long a period, women will only be able to return to poor quality jobs and it may be more difficult to sustain these into relative old age. Thus there are many inconsistencies in the approach associated with the

presence of both a traditional view of the family and women's role therein and a set of policies for welfare reform based on the notion of longer working lives for both men and women.

These multiple ideologies or perspectives on women's role are probably always present but the recession has provided fertile grounds for conservative gender ideologies to flourish, most notably in the US with the rise of the Tea Party and more restrictive abortion legislation at state level but also in Spain where abortion rights are due to be curtailed. These movements are not necessarily supported by citizens and particularly by women themselves, as witnessed by the importance of the female vote in the re-election of Obama. In Hungary there has been an explicit move away from gender equality in favour of a more nationalistic family policy by the government (Frey, 2014) but the support for this approach among citizens is unclear. Nevertheless there remains the ever present danger of a conservative ideological backlash, especially in countries where notions of gender equality have not taken strong root.

#### 4. Conclusions

This review has considered the immediate and longer term implications of recession and austerity for a group of eight countries that have been among those most affected by the financial crisis or the austerity policies or both. The implications for the future of both gender equality and social models may thus be expected to be stronger in this sample than across the whole of the EU. However changes induced in these countries could also set in train changes elsewhere, particularly with respect to employment and social models. Nevertheless the changes to date may be expected to be less evident in countries less affected by the crisis such as Sweden, Germany and even France.

The immediate gender effects of both recession and austerity are primarily explained by prevailing patterns of gender segregation interacting with the scale of demand changes. It is gender segregation that primarily accounts for men's higher rate of job loss in the financial crisis and women's prospects of greater job loss under austerity. These predictable short term effects on employment opportunities by gender do not thereby provide an

appropriate measure for longer term prospects; in particular short term reductions in gender gaps as men face demand downturns are not indicative of any underlying trends in the treatment of gender in the labour market. Nevertheless some of the patterns of change uncovered in the labour market, in social policy and in gender relations do indicate longer term consequences but with varied impacts on men and women and by social class. These longer term impacts may apply primarily to this group of countries but to the extent that they imply changes to common trends across Europe, their significance may be more widespread.

The first longer term implication is that the intensity and length of the recession and austerity period is clearly emboldening employers and governments to reduce employment protection and pay for both men and women. This is likely to have longer term consequences in creating more flexible and less regulated labour markets, potentially leading to greater convergence at the bottom of the labour market in the prospects for men and women, even though more women are still likely to be concentrated in this segment. This downward convergence is to some extent already evident in lower pay for men (Bettio *et al.*, 2013) and in higher representation of men among part-time workers. Further trends in that direction are likely to intensify problems of the working poor in Europe, such that being in work will be insufficient for individuals or families to escape poverty (Fraser *et al.*, 2011).

The second longer term implication is that there could be a long term downgrading of the status and pay of public sector employment with particularly negative implications for job quality for highly educated women (Rubery, 2014b). Such a trend would intensify rather than reduce the problems of undervaluation of care and service work undertaken by women by reducing the quantity or quality of employment in the public sector, one area where women have had access to stable protected and more gender equal employment, as public sectors have in many countries been at the forefront of implementation and promotion of gender equality policies. This trend could also mean that the pattern for higher educated or higher class women relative to their male counterparts could go in the opposite direction than for the lower educated, that is towards greater divergence.

This second trend also links to the third and that is the retreat from high quality social services to support and replace women's domestic labour. The slowing down or even reversal of the policy of defamilialisation of care also indicates a potential change in the value attached to these non market concerns and activities, and initiating a further stage in the Polanyian shift to the dominance of the market at the expense of the community. This push towards ever more market values might, as Polanyi (2001) has argued, eventually provoke resistance or a double movement back to greater power to the community over the market. Here, however, we need to recognise Nancy Fraser's (2012) warning that this double movement could imply a push back towards "traditional values". It is thus vital in any resistance to the marketisation of the European social model that the need is also recognised for these traditional values also to be transformed into a more inclusive and gender equal set of values.

The justification, if needed, for continuing with a progressive gender equality policy can also be found in the behaviour of European citizens and households during the recession and austerity. There is no evidence of women retreating from the labour market, or even that they are regarded by employers as less desirable employees; indeed in many countries younger women are faring better in the labour market than younger men, as measured by access to employment, although women may be more likely to accept jobs below the level associated with their education or experience (Elias and Purcell, 2013). Furthermore women's earnings are ever more important for family budgets making it unrealistic to expect any return to a traditional male breadwinner family model.

Women's employment is thus a vital part of any sustainable and equitable model for recovery at both a macro and a micro household level. Contrary to the early years of the European Employment Strategy, there can be no reliance on the state promoting women's employment as an important element of both macro and micro economic sustainability and security. However, there are greater grounds for seeing converging interests of men and women, particularly among lower skilled groups, as both sexes face the problems of downgraded employment conditions and difficulties of making ends meet in single earner households. While developing an alternative macro strategy will still require recapturing the state from the interests of financial capital it is essential

that men and women both agree on a common vision of a more equitable, more gender equal and more sustainable strategy for exiting the crisis (Perrons and Plomien, 2014).

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# MEN AND WOMEN DURING THE ECONOMIC CRISIS

## EMPLOYMENT TRENDS IN EIGHT EUROPEAN COUNTRIES

**Hélène Périvier<sup>1</sup>**

OFCE-PRESAGE

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The current economic crisis has deeply affected European labour markets. Employment has dropped more or less in all countries. Female employment was less affected by the recession phase of the crisis than male employment. The second stage, characterised by the implementation of stimulus packages, should have been more favorable to male employment. The third stage, during which austerity plans have been introduced, might be particularly harsh for female employment. These gendered effects of the crisis are basically explained by sectoral segregation based on gender. The aim of this paper is to describe and analyse the trend in employment for women and men during the different stages of current crisis in eight European countries. We break down the evolution of employment by sectors for men and women by using a shift-share analysis. In some countries, specifically in Spain, the impact of the crisis has led to a narrowing of the gender gap; this is mainly explained by gender sectoral segregation. In the UK and Denmark, women have been less protected by sectoral segregation, because they have experienced more job losses than they should have if their distribution across the different economic sectors had remained the same during the crisis.

*Keywords:* Gender gaps, Economic cycles, Labour markets.

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The financial and economic crisis that began in the fall of 2007 has deeply affected European economies. The economic downturn has strongly hit labour markets. Employment has dropped more or less in all countries and unemployment rates

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1. Gérard Cornilleau and Marion Cochard contributed to the first stage of this research. I thank them for their support.

have increased dramatically. Three stages of the crisis can be identified: the first phase was the recession itself (i.e., the fall in GDP); the second phase was characterised by a relative recovery (a rebound of GDP), and then the third phase has been marked by “austerity”, public policies aimed at fiscal consolidation. Overall, the current crisis has had a gendered impact on labour markets during the three stages. In the first one, female employment was in general less affected by the recession than male employment. During the recovery phase, male employment recovered faster than female employment. The last stage is expected to impact female employment more intensively because it has generally been affecting more the sectors in which women are over-represented (social service activities, health and education, etc.). Indeed, European labour markets are still characterised by a high level of gender sectoral segregation. The gendered effect of the crisis is basically explained by this phenomenon, since the crisis has a clear sectoral dimension and the public policies implemented to tackle it are also sectorally-oriented.

The aim of this paper is to analyse the forces that drive the gendered impact of the crisis on the labour market in different European countries, in terms of employment trends for women and men. I apply some of the methodologies developed in Rubery (1988) to the crisis, using online Eurostat data, and I analyse the gender consequences of the economic crisis and of the public policies implemented during this period. Eight European countries have been chosen: Denmark, France, Germany, Greece, Italy, Spain, Sweden, and the UK. The crisis has not hit these countries with the same magnitude. Also, the reactions of labour markets to drops in GDP have been significantly different. This is due to differences in countries’ macroeconomic situations, but also in their institutional environments. The measures taken by governments in reaction to the collapse of employment and the scope of fiscal consolidation implemented differ across the countries under review.

The panel of countries chosen gathers different types of welfare states; and the public policies implemented to fight the crisis are partly designed according to their type of the welfare state, using Esping-Andersen’s classification (1990). The countries under review also represent different types of gender regimes (Lewis, 1992); this must be taken into account, since the present paper

focuses on the gender impact of the crisis. Esping-Andersen's social democratic welfare state is represented by Sweden. Denmark is an emblematic case of the flexicurity model (Gazier, 2008). The liberal model is represented by the UK. Germany and France are used to being presented as Continental models, even if France is different from Germany in terms of gender norms. Spain, Italy and Greece are known as Mediterranean welfare states. Spain is a specific case as female participation skyrocketed during the last two decades: the labour force participation rate of women between 15 and 64 years old grew from 42.6% in 1992 to 67.9% in 2012 (Eurostat). Spain is no longer a "Mediterranean welfare State" strictly speaking, as usually suggested in institutional classifications of welfare states, as it is no longer based on the low participation of women in the labour market. But, the gender division of labour inside the family is still marked, and public policies affecting the work-life balance are still underdeveloped in promoting gender equality (Gonzales Gaco *et al.*, 2014). Greece has faced one of the deepest crises in Europe. The intense public debt crisis, with which Greece has had to cope, has led the Troika (the European Commission, the European Central Bank and the IMF) to require the most important fiscal consolidation ever implemented in Europe.

In the first section, I assess the effect of the economic downturn and its impact on employment from a gender perspective. The section also analyses the evolution of the labour force during the crisis, in distinguishing between demographic trends and participation phenomena in the labour market. The sectoral characteristics of the crisis have often been given as the explanation for its gender impact. Section 2 investigates this point by using shift-share analysis. The decomposition of the evolution of employment by gender makes it possible to distinguish between the share that is due to the sectoral effect of the crisis and the share that is due to a modification of the proportion of women in each sector. I do not take into account the trends in job quality, or the evolution of working time during the recession. The statistical analysis is based on trends in employment in volume terms and labour force participation. The sectoral data given by Eurostat does not allow both a sectoral analysis and a working time analysis, which together would have made it possible to calculate full time equivalent employment.

## 1. General trends in labour markets

### 1.1. Contrasted patterns in employment

#### 1.1.1. *The three stages of the crisis*

The current economic crisis is identified as being different to others over the last three decades, in several ways: the severity of the crisis, the interventions of national governments in implementing stimulus packages, the subsequent European sovereign debt crisis and the ensuring fiscal consolidation to contain public deficits. In the literature on the gendered impact of economic recessions, the current crisis is also viewed as being specific because women seem to have been particularly protected from jobs destructions. As suggested by Smith and Villa (2013), the analysis of the impact of recession on the female labour force must be related to long term trends, such as gender regimes, family models and institutional environments, all of which have changed over time. Since, the European Employment strategy launched in 1997, female labour force participation has risen, so that women are no longer a secondary earner in families. Spain has experienced a particularly dramatic increase in female participation in the labour market, over the last decade. This trend has destabilized the male breadwinner model, but Spanish women are still more affected than men by short term contracts, unemployment, and part-time jobs (Gonzales *et al.*, 2014). The increase in the female participation rate has been coupled by an increase in gender sectoral segregation.

This context also explains why the current crisis is different from the past ones, from a gender perspective.

In fact, the present economic crisis can be broken down into three stages (Figure 1), and the timing of each stage is not the same according to countries under review:

— The collapse stage: this was the recession itself, characterised by a fall in GDP for at least two consecutive quarters. The depth of the recession differs across countries. The economic and financial crisis began in the 4th quarter of 2007 (Q4 2007) in Sweden, and during 2008 in the other European countries under review. Everywhere, this was the most severe recession of the post-war period: between the second quarter of 2008 and second quarter of

2009, economic activity fell by 8% in Denmark, 6.2% in Germany, 6.6% in Italy, 6.1% in Sweden, 6.3% in the UK, 4.5% in Spain, 3.7% in France, and by 2.7% in Greece (Eurostat).<sup>2</sup>

— The rebound stage: this second phase was characterised by a relative recovery of GDP (with the noticeable exception of Greece). The countries under review went through this stage with varying magnitude and timing. This rebound was concentrated especially in the sectors in which destructions of jobs had been large. This recovery of activity was reinforced in some countries by stimulus packages (particularly important in the UK and Spain), implemented to boost economic activity in industrial sectors (notably the car and construction industries. This recovery of GDP did not mean the end of the crisis, as the output gap was still existent in the countries under review: at the end of 2010, only Sweden and Germany had reached their pre-crisis level of production. Today (April 2014), output gaps are at historically high levels, and the economic forecasts by the OECD do not show any improvement for the next two years. All countries under review are functioning below their potential economic growth, with the exception of Germany (Figures 2).

— The austerity stage: this last phase has been characterised by fiscal consolidation and cuts in public spending, both of which harm economic growth (iAGS, 2013). Restrictive policies aim to make up public deficits and to fight the crisis of public debt in Europe. This stage is expected to be less favourable to women because austerity plans will induce cuts in public spending.

As a result of the economic downturn, labour markets have been affected sharply since the first quarter of 2008: the timing and magnitude of employment adjustment vary across the countries under review. The differences are explained by the different degrees and forms of flexibility of labour markets in Europe, which are linked to public policies that have been implemented in order to tackle the increase in unemployment. Some countries have relied on internal flexibility (through the reduction of working time, or short-time working schemes), others have used the external flexibility (such as lay-offs, job destructions, etc.).

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2. GDP and main components - volumes [namq\_gdp\_k]

Figure 1. Trends in GDP in 8 European countries  
(percentage point change compared to corresponding period of the previous year)

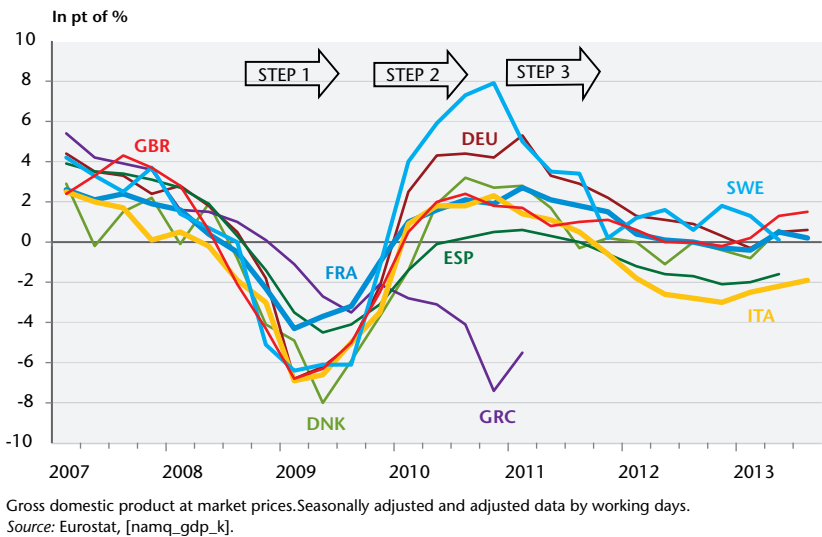
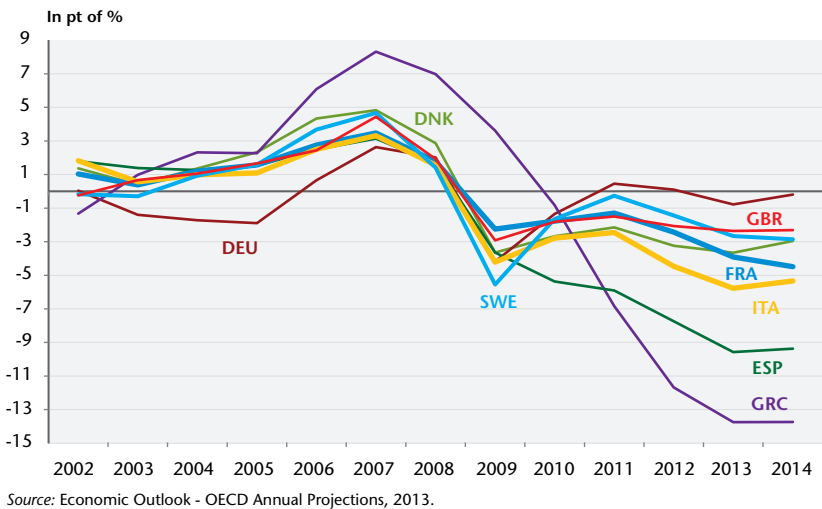


Figure 2. Output gap of the total economy by country



**1.1.2. The reactions of employment to the different stages of the crisis**

As shown in Cochard, Cornilleau and Heyer (2010), the average adjustment delay of employment, which measures the reactivity of labour markets to the demand, ranges from around one quarter for Spain, three quarters for France and UK, to five quarters for Germany



and six quarters for Italy. The authors did not study Sweden and Denmark, but according to the following figures, the delay of the adjustment seems to be close to the other countries. Spain has experienced the most important employment collapse, deeper than expected, meaning that the Spanish labour market has likely over-reacted to the economic downturn. The Spanish elasticity of employment to GDP is high; indeed four times higher in Spain than the EU Average (Munoz de Bustillo Llorente and Perez, 2011). In fact among countries under review here, Spain had experienced a specific change in its labour market from the mid-1990s to the beginning of the crisis, when the labour market expanded. The previous high level of employment creation was partly fuelled by the female labour participation, whose rate rose from 37% in 1996 to 66% in 2009, and also by the increase in immigration: the proportion of immigrants in the total population grew from less than 2% in the middle of the 1990s to more than 12% in 2009.

The second stage of the crisis cannot be identified in Greece: GDP and employment for both men and women continued to fall sharply from the beginning of 2009 onwards. Some stabilisation did subsequently occur, but employment still is decreasing (as of early 2014), as is GDP.

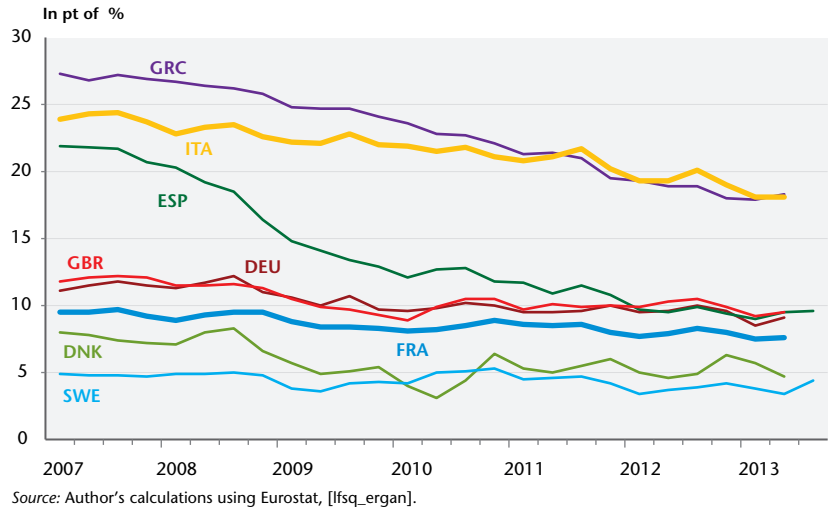
In Germany and to a lesser extent in France, the employment adjustment has been weaker than expected. Spain seems to have completed its reaction to the recession. In other countries, the fall in employment is far below the theoretical impact of the crisis, that is to say when the level of productivity and the evolution of labour force are taken into account. In the UK, employment losses associated with the drop in GDP have been quite small, compared to the recession of the early 1990s (Grimshaw and Rafferty, 2011; Cochard, Cornilleau and Heyer, 2010).

These different reactions of employment to the crisis can be partly explained by the differences in public policies that have been implemented to fight unemployment (Cochard *et al.* 2010). Job losses have been particularly limited in Germany, thanks to a sharp decline in working hours: arrangements for reducing working time and the use of internal flexibility were negotiated in the early 2000. In Italy, the adjustment was a result of a combination of a decline in working hours and a compression of wage costs. In the other countries, the adjustment of the labour market has basically taken place through job destructions, and internal flexibility has been little used as a response to containing unemployment growth.

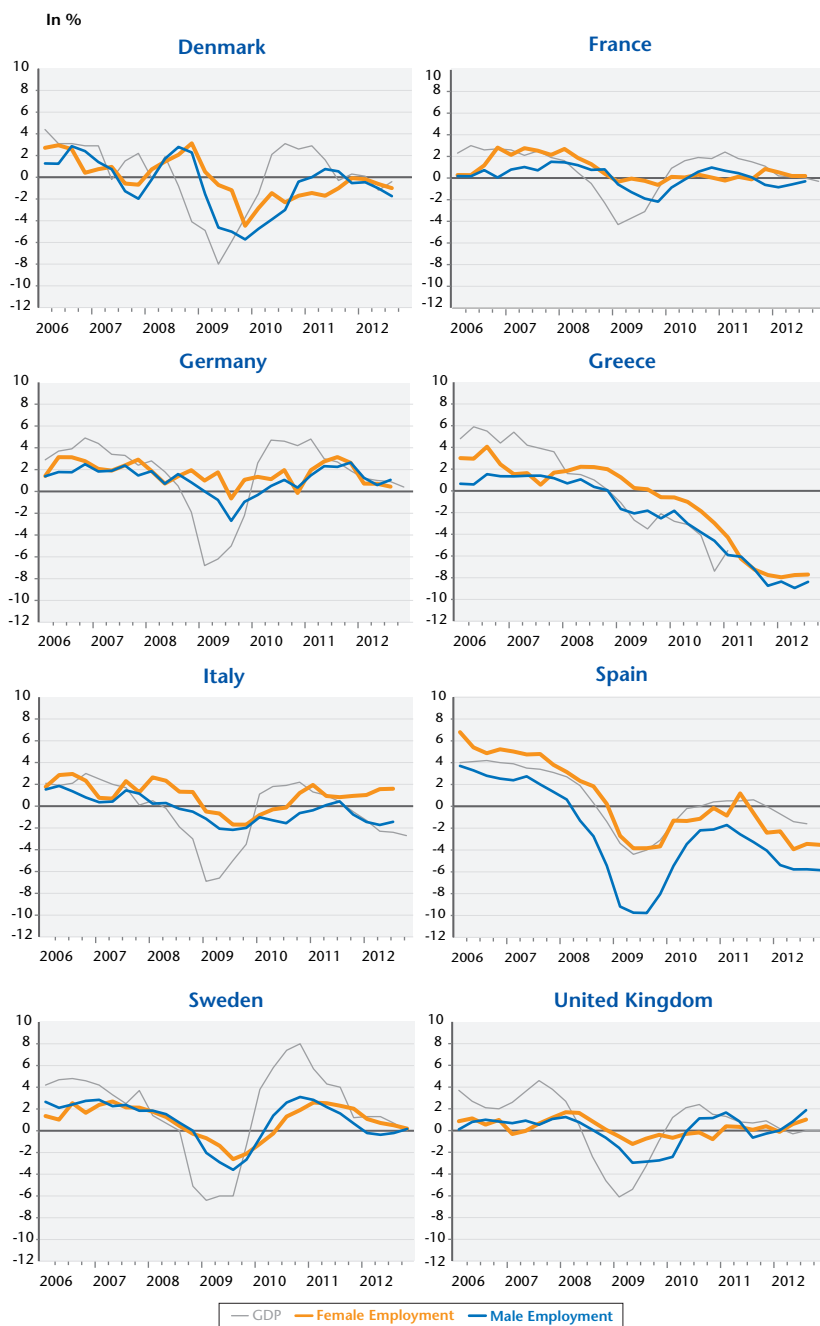
Leschke and Jepsen (2011) propose a statistical analysis of the crisis from a gender perspective. They concentrate their research on three countries Denmark, Germany and the United Kingdom. Their results show that despite the fact that men were in general more affected by the shocks, women have been less sheltered than in the past crises. Their analysis of the stimulus packages and of the responses to the crisis indicates that in the UK and in Germany, women are less likely to have access to unemployment insurance. They conclude that in long term, the austerity measures have usually targeted the social services sector and education, as well as cut-backs in social security system. All of these are likely to have negative consequences on the economic position of women relative to men.

During the first stage of the crisis, the gender employment gap decreased, even if significant gender differences still remained. In all countries, the lower participation of women induced lower employment rates for women than for men (ranging from 5 percentage points lower in Sweden to nearly 25 points in Italy). The Lisbon Strategy thus set a target of 60% female participation by 2010. During the crisis, the observed reductions of the gender employment gap did not occur due to a higher employment rate of women, but mainly through the decline of the male employment rates.

Figure 3. Evolution of the gender gap in employment rates



Figures 4. to 11. Evolution of GDP and employment by sex 15-64 years old



GDP and employment: percentage change compared to corresponding period of the previous year.

Gross domestic product at market prices: seasonally adjusted and adjusted data by working days.

Source: Eurostat.

The following figures (4 to 11) show the quarterly evolution of employment by sex, for workers aged 15 to 64 years old, for men and women during the crisis, and for GDP trend.

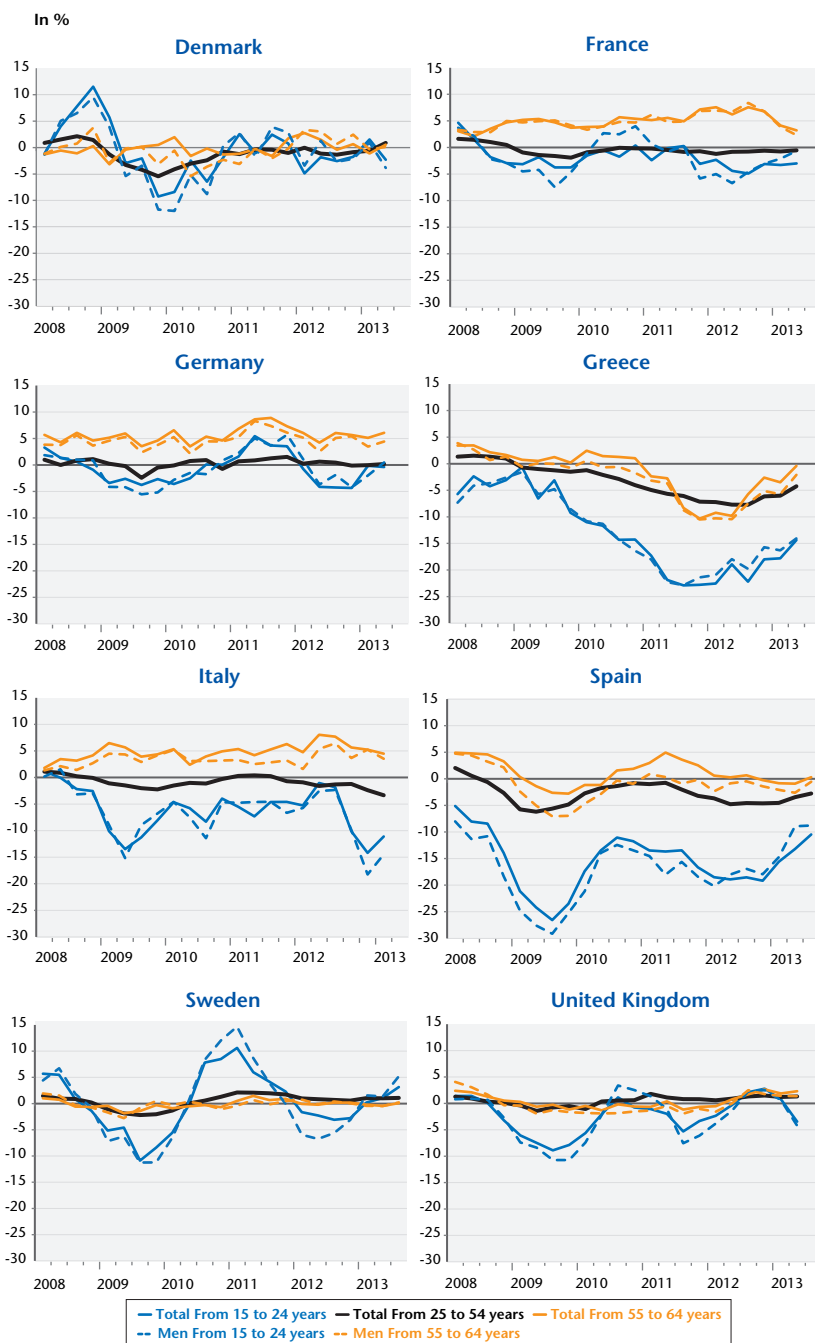
In most countries, it is possible to observe the following pattern (with more less magnitude and time lags depending on the evolution of GDP): during the collapse stage, the gender gap in terms of employment narrowed; or the second phase, the opposite is to be observed; while the third stage has been characterised by a drop either in the level of employment, or in the growth rate of employment for both women and men. In countries where employment has “under-reacted” to the economic downturn – Germany and France – the advantage of women relative to men in terms of the employment trends is smaller.

Three countries do not fit this pattern: Italy, Greece and Spain. In these countries, the trend in women’s employment has been more favourable than for men, during the whole period. In Spain, the gender gap has been particularly large, whereas it has been small in Italy. This tendency in southern European countries might be explained by the long term dynamics of women’s participation to labour market as a catch-up phenomenon. This is particularly true in Spain. Spanish male workers experienced a dramatic drop in employment: an over-reaction of employment to falling GDP, concentrated on men. The gender gap is larger in countries where employment has over-reacted. In Greece, no recovery stage is yet to be seen, and employment for men and women has kept decreasing, though more rapidly for men than for women.

### **1.1.3. The vulnerability of young and unskilled workers**

In this section, I analyse the difference across countries of employment trends for youth and unskilled workers with a gender outlook. Young and uneducated workers are more likely to be hit by layoffs, job destructions, etc. In general, youth employment is more sensitive to the business cycle than jobs among the older population (OECD, 2008). During severe recession, young people, as new entrants on the labour market, face huge difficulties in acquiring a job, particularly as a consequence of hiring freezes. They also struggle to keep their jobs, since they are more likely to be laid off than senior workers, because it is often cheaper for employers to fire young workers than older ones.

Figures 12 à 19. Evolution of employment by age



Percentage change compared to corresponding period of the previous year.

Source: Eurostat, [lfsq\_egan].

Young people are further more likely to have a temporary job or a short term contract, which are not renewed during recession. Veric (2009) has shown that the young men working in construction were the most affected by the crisis and unemployment in most countries. We find the same trend in the present paper: in all countries under review, young workers have been the most affected by the collapse stage of the crisis, as regards employment trends. Meanwhile, older workers seem to have been protected during the recession.

In Germany, France and Italy, employment of older workers has kept increasing during the whole period. In Sweden and the UK, the employment of older workers has been quite stable during the period under review. There is no or little gender gap, the trend is slightly more favourable for women than for men in Italy and Germany, and in the UK. In Denmark and Spain, the evolution of employment for 55 to 64 year-old workers has been more sensitive to the business cycle, and men have been more affected than women. These trends have been stronger in Spain than in Denmark: older Spanish female workers have seen their employment grow during the period under review, even if the pace of increase was reduced during the collapse and austerity stages. Greece is the only country where, from the first quarter of 2011 – that is to say the third, austerity stage of the crisis – older workers have started to experience a collapse in employment.

In all countries under review, young workers have been hit more by the contraction of employment than the other categories of workers. In Germany and Italy, no or only a small gender gap is to be observed for unskilled workers. In Italy, youth employment has hardly recovered for both sexes. In Germany, the evolution of youth employment has been smoother than in other countries (with a fall of around 5% during the first stage of the crisis). In the UK, France, Sweden, and to a lesser extent in Denmark, the gender gap has followed the business cycle: young men experienced a more important drop in employment than their female counterparts during the first stage of the crisis. But they also benefited from a larger improvement during the second stage. During the third stage, the gender gap reversed and young French women have experienced more loss of employment than young men. In France, the gender gap in employment trends is clearly concen-

trated on young workers. In Denmark, employment of 15-24 years old workers dropped from the last quarter of 2008 to the first quarter of 2010, after which it has recovered slowly. During 2009, some specific measures have been implemented in order to tackle unemployment of young persons, who were particularly affected by the economic downturn, including: subsidised employment, apprenticeships or training. These may have helped improve the trend in youth employment (Jorgensen, 2011). In these countries, the gender gap has the same pattern for unskilled workers.

In Spain, and even more so in Greece, youth employment has kept decreasing. In Spain, the unemployment of young workers has reached 50%, and young men are specifically affected: during the previous economic boom, opportunities in the construction sector might have encouraged young men to drop out of education, so that they became more vulnerable to the crisis than young women (Gonzales Cago *et al.*, 2014). The gender gap has been large and always in favour of women, during the three stages of the crisis. The same trend is observed for unskilled workers. Nevertheless, young and unskilled female workers have experienced a drop in employment but to a lesser extent than men. In Greece, they have been affected with more or less the same magnitude, in all age brackets. The effect of the crisis on men and women is different according to their level of education: among the less educated workers, men have been more hit than women, whereas among the more educated workers, women have been especially affected by the collapse of employment (Karamessini, 2014).

In most countries under review, older workers (aged between 55 and 64 years old) have seen their employment increase. Workers under 24 years old have been the most affected by employment losses during the recession: mainly young men (Veric, 2009). In contrast, the employment rate of older workers has been maintained for women as for men. During the previous economic crisis, the shock to employment was absorbed by young and also senior workers (through early retirement, invalidity schemes and specific treatment of seniors' unemployment). The decrease in seniors' employment has made it possible to contain, at least in the short term, the decrease in employment of young workers. But the current crisis is characterised by the fact that seniors' employment has held up (as shown in the figures 12 to 19), in all countries

under review. For a decade, the European Union has promoted seniors' participation in the labour market ("active ageing"), and most of the schemes encouraging senior workers to withdraw from the labour market have been suppressed. The lack of substitution possibilities in employment between young and old workers might have played a role, at least in the short term, in the very sharp fall of youth employment (Lerais and Math, 2011). Then, the adjustments of labour markets to the economic downturn have mainly occurred in the category of young workers.

## 1.2. Decomposition of participation trends

### 1.2.1. *A shift-share analysis*

During the crisis, especially during the stage of collapse, it was possible to observe a discouraged-worker effect, leading to a decrease in the labour force. This change in trend has been due to the withdrawal of workers from the labour market because of the massive increase in unemployment. The change of behaviour can be different for men and women. As the male labour force has experienced a larger destruction of jobs than the female one, the negative participation effect may be more important for men than women. In addition to the discouraged-worker effect, other gendered types of behaviour may arise: the labour supply may still be driven by the some intra-household decisions, leading for instance an inactive wife to participate in the labour market (or to increase her working time), in response to the loss of her husband's job (the added-worker effect).

In using the Labour force surveys, this research analyses the evolution of the labour force during the crisis, by distinguishing two different effects:

- A demographic effect: the whole population may increase or decrease according to general demographic trends: migration movements (emigration or immigration) or demographic behaviours (like the fertility rate changes).

- A participation effect: this second effect is related to labour supply. For instance, young people may postpone their entrance into the labour market by lengthening their education, or married women can increase or decrease their labour force participation, as the labour of married women is more elastic than for others



workers. Some workers might decide to withdraw from the labour market because of the increase in unemployment. During the current crisis, given to the increase of unemployment for some categories of workers (young Spanish men for example) it is highly likely that this discouraged-worker effect has led people to exit the labour market. It thus implies a decrease in the labour force.

In order to measure the magnitude of these two different effects on the labour force participation, a shift-share analysis has been applied to the evolution of the labour force during the crisis, for different brackets of population age. I conducted this analysis for men and women separately.

$L_{qt}$  is the labour force in the quarter  $q$  of the year  $t$ ,

$P_{iqt}$  is the population of age  $i$  (the population is regrouped according to brackets of ages every 5 years, from 15 years old to 64 years old) in quarter  $q$  (1 to 4) of year  $t$ ,

$\alpha_{iqt}$  is the participation rate of the population of age  $i$  in quarter  $q$  of year  $t$

$$L_{qt} = \sum_i \alpha_{iqt} P_{iqt}$$

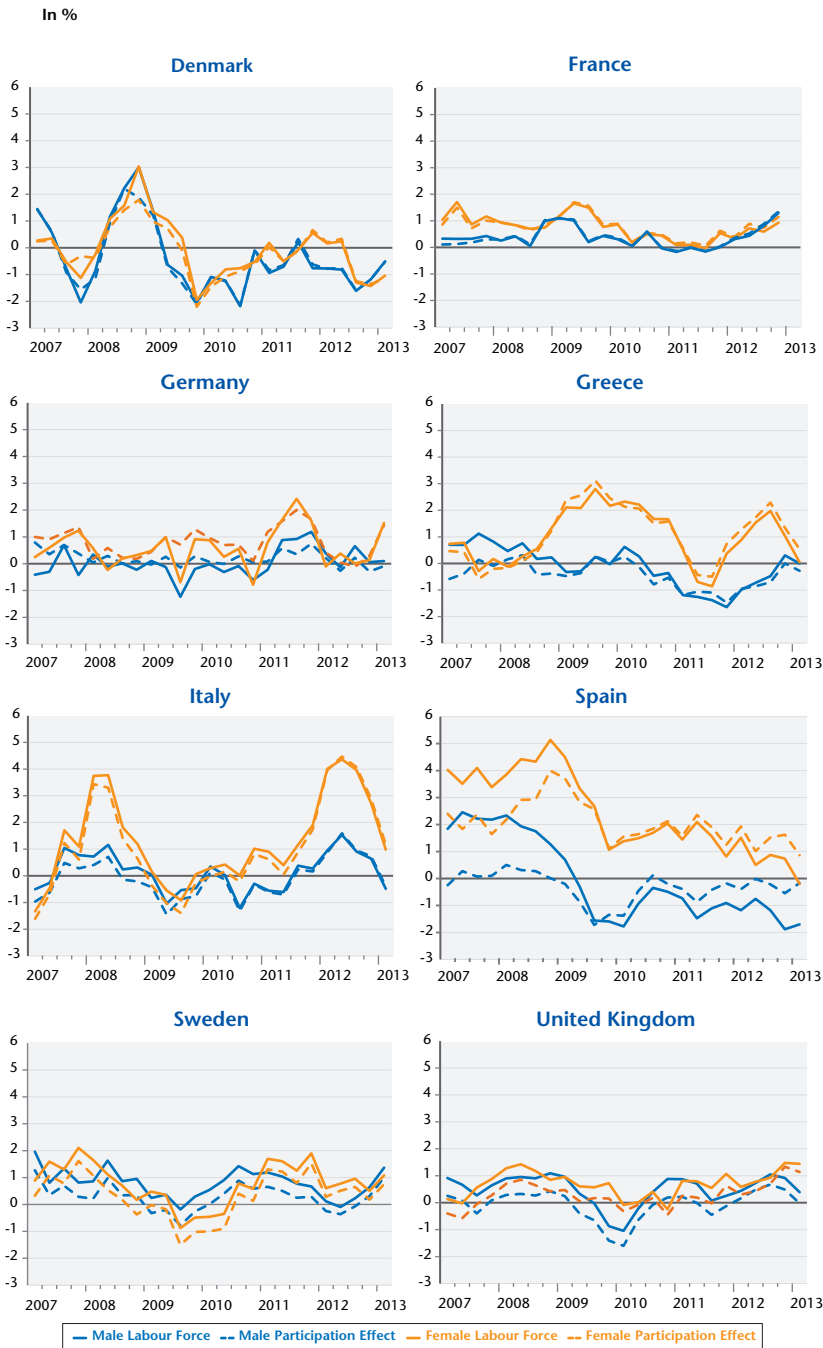
Then:

$$\Delta L = L_{qt} - L_{qt-1} = [\sum_i \alpha_{iqt-1} (P_{iqt} - P_{iqt-1})] + [\sum_i P_{iqt-1} (\alpha_{iqt} - \alpha_{iqt-1})] + [\sum_i (P_{iqt} - P_{iqt-1}) (\alpha_{iqt} - \alpha_{iqt-1})]$$

[demographic effect] + [participation effect] + [interaction effect]

The effects are presented in percentages of the active population of the quarter of the previous year. They are calculated for men and women from the first quarter 2007 (Q1 2007) to the first quarter of 2013 (Q1 2013). For each country, the following graphs show the evolution of the labour force and the evolution of the participation effect for both sexes: the participation effect gives the change in labour force participation that would have been observed if the total population had not changed. The demographic effect is the difference between both curves. The demographic effect is interpreted as the change in labour force participation that would have been observed if the participation rate had remained the same during the period.

Figures 20 at 27. Decomposition of the evolution of the labour force



Percentage change compared to corresponding period of the previous year.  
Source: Author's calculations using Eurostat, [lfsq\_egan2].

### **1.2.2. Demographic versus participation effects**

In France, Italy, Denmark and Greece, demographic changes have played a small role in the evolution of the labour force: thus, the evolution of the labour force is mainly explained by the evolution of the behaviour of participation in the labour market.

In Spain, up to Q3 2009, the demographic effect was positive for both men and women. This effect enhanced the labour force, meaning that the growth of the population induced an increase in the labour force. This positive demographic effect is explained by the immigration flow of workers to Spain during 2000s: between 2000 and 2008, immigration in Spain rose from 4% to 13% of the population. During the expansionary period from 2001 to 2007, the immigration flow had no impact on native employment level, but induced a reallocation of occupations for the native workers from manual-content occupations to more interactive occupations (De la Rica and Polonyankina, 2014). But when the economic outlook worsened, the demographic effect became negative for both sexes, but this negative demographic trend was concentrated among men under 35 years old. This might be due to an emigration of male Spanish workers to foreign countries, where the labour market is more dynamic and/or to the fact that some male immigrants that came to Spain during the economic boom subsequently returned to their home countries. These trends have been much lower for Spanish women.

In the UK and in Sweden, the demographic effect has been positive, meaning that the dynamism of the population reinforced the labour force during the period studied.

In Germany, the demographic effect has been slightly negative (as the curve of the participation effect is above that of the labour force), during almost the whole period. This might be due to the low fertility rate that Germany has experienced for many decades; this long run trend is a factor that affects the labor force (Cornilleau, 2012).

In Germany and in France, there has been no discouraged-worker effect: the contraction of employment has not lead to a lesser participation in the labour market of neither women nor men: even if in 2011 there was a slight decrease in male labour force. In Spain and in the UK, the discouraged-worker effect

concerns only male workers. This is consistent with the fact that most job destructions have concerned male workers. In the UK, the positive demographic effect has partially compensated this negative participation effect for men. In contrast, in Spain, the negative demographic effect has reinforced the negative participation effect observed for men, so that the male labor force has decreased.

In Sweden and Denmark, the discouraged-worker effect was larger for women than for men. This means that during the recession phase, women withdrew from the labour market to a greater extent than men. In Sweden, the positive demographic effect has compensated the negative male participation effect, so that the male labour force has remained stable. For Swedish women, the positive demographic effect was not large enough to balance the discouraged-worker effect, so that the female labour force decreased from the Q3 2008 to the Q2 2009.

In Spain, in Greece (with the exception of the middle of 2011) and in Italy, the female labour force participation increased during the period studied. This increase in female participation in the labour market might be explained by an added-worker effect: as when men lose their jobs, their partners have a strong incentive to participate in the labour market. Such behaviour may occur in an intensive way (female workers living in couples might try to work longer hours in order to compensate the loss of income due to their partner's unemployment), or/and in an extensive way (inactive women might decide to participate in the labour market because their partner has lost his job). In countries where long term female participation is low (as in Italy or in Greece), this effect may be large.

In Spain, highly educated workers have kept participating in the labour market: education has protected them from the recession, as this trend concerns both men and women. Concerning less-educated workers, as men have withdrawn from labour market, women have increased their participation. This might reflect a household's compensating strategy. The negative impact of children on the participation of less-educated mothers has decreased during the crisis (Gonzales Cago *et al.*, 2014).

In Italy, another effect might explain the increase in female participation in the labour market: the dramatic increase of employment in the sector of “household care activities as employers”, which has almost doubled during the period (from 360,000 jobs in Q1 2008 to 723,000 in Q1 2013, of which around 90% are female workers). The progressive implementation of the laws voted in 2008 on the regularisation of illegal workers, specifically in the care sector (workers who care for elderly and invalid persons, cleaners, or COLF: *collaboratore familiare e badanti*), explains this evolution which has benefited mainly women in absolute terms, as their share in this sector has remained stable.<sup>3</sup> This evolution does not represent an increase either in employment nor in female participation *per se*, but a regularisation of illegal jobs which existed before. The regularisation of female workers has increased “artificially” the participation of Italian women in the labour market.

The main conclusion of this first section is the gendered impact of crisis, with more or less magnitude according to countries, but in all of them, women have been less affected by the collapse of labour market. Female employment seems to be less sensitive to economic downturns but structurally marked by under-employment: part-time jobs and under-employment concern mainly female workers in all countries. I do not integrate working time in the analysis, so I cannot illustrate this specific point in this paper. The literature on the quality of jobs during the crisis shows that some socio-economic groups that are more affected by decreasing trends in job quality. According to Erhel *et al.* (2012), young and older workers and less-educated workers were particularly concerned by a degradation of job quality between 2007 and 2009. They also show that women seem less affected than men by these negative trends, other things being equal.

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3. <http://www.parlamento.it/parlam/leggi/decreti/08185d.htm>  
<http://www.parlamento.it/parlam/leggi/09102l.htm>

## 2. Gendered analysis of employment during the crisis

### 2.1. Why a gendered impact of the crisis?

#### 2.1.1. Different hypotheses

The previous section has shed light on the gendered impact of the crisis on employment. This effect changed during the different stages of the crisis, and its magnitude differs from country to country. The present section aims to explain this phenomenon, that is to say the fact that, during the different phases of the crisis (recession, rebound and austerity), female and male employment trends were affected differently at the same time and/or magnitude. As Rubery has shown (1988), there are three main hypotheses that can theoretically explain the fact that employment of men and women is not affected in the same way by recessions, and also by economic booms.

The first hypothesis is the *substitution hypothesis*. During economic recession, employers want to minimize their production costs and in the sense that they are looking for a cheaper labour force. As women are paid less than men, they might substitute male workers for female ones. In this analysis, female employment evolves counter-cyclically. This hypothesis relies on the fact that female employment is seen as secondary, and the historical facts denied this vision of women as substitute workers. The substitution effect might occur at the micro level: in the couple, if the man has lost his job, the woman might be encouraged to work to compensate the loss of income due to her unemployment partner. This hypothesis implies that female employment is counter-cyclical. Testing these added worker effects at the micro level requires microdata.

The second hypothesis is the *buffer hypothesis*; it may be linked to the theory of internal labour markets (Doeringer and Piore, 1971). Some workers are trapped in a second labour market, with low quality jobs, low social and labour protections, and weak bargaining power. This second labour market is characterised by high flexibility, and a high degree of competition between workers. These workers are in the front line of unemployment during an economic downturn. Women, but also youths and migrants, are over represented in the secondary labour market

(Piore, 1978), and this would explain a gendered effect of the crisis. A *gendered buffer effect* can be the result of the concentration of women in specific sectors: with lower pay than in male sectors. As women are over-concentrated in a reduced part of the labour market, their wages are lowered by this highly competitive environment. Their bargaining power is lower than male workers. This could explain a gendered vision of the dual labour market. Another gender interpretation of this buffer hypothesis is that women are more sensitive to the discouraged effect because of the lesser importance that has been historically attributed to their employment, and the social norms supported by the male breadwinner model. The female labour force would therefore constitute a flexible reserve that can be expelled from labour market during recessions and be encouraged to participate during economic upturns. Under the buffer hypothesis, female employment should be pro-cyclical. The evolution of female employment during the current economic crisis shows the opposite pattern, in countries under review (with the exception of Greece).

The third hypothesis is the *sex segregation hypothesis*. As labour markets are characterised by a rigid sex-typing of occupations and sectoral segregation, according to the sectoral nature of the crisis, women can be more or less hit by the recession than men. For instance if the decrease in economic activity is concentrated in female-dominated sectors, then demand of employment in these sectors tumbles, and female employment is more affected by the recession. According to the nature of the crisis (the types of sectors which are the more hit by the collapse of economic activity), the trend in female employment might be pro- or counter-cyclical.

These three hypothesis can be simultaneously valid and can help to understand the gendered impact of the crisis in sub-sectors of the economy (Humphries, 1988), or in a specific part of labour market (unskilled workers for instance). In the first section of this paper, it has been shown that during the collapse stage of the crisis, in general, female employment was less affected than male employment. This “counter-cyclical” effect on female employment excludes the buffer effect as the main explanation of the gendered impact of the economic crisis. The labour force participation analysis in the previous section did not exhibit a specific withdrawal of women from the labour market, the opposite is mainly to be

observed, as some countries experienced a male discouraged-worker effect but no female one. In some countries (Italy and Greece), the participation of women in the labour market has increased during the crisis. The added worker effect might play a role in these countries, where female participation was low before the crisis. The observed gendered effect of the crisis might be due to the specific effects of different stages of the crisis, or due to a business cycle that does not affect the employment of men and women with the same timing: a delay in employment adjustment (due to the specific characteristics of female employment relative to male employment) might induce the gender gap. The sex segregation of labour markets combined with a sectoral recession is the more widespread explanation to the gendered impact of the crisis. The following section focuses on this factor, using a statistical analysis to investigate to what extent the sex sectoral segregation explains the gendered dimension of the crisis.

### ***2.1.2. Segregated labour markets and sectoral recession***

Sex segregation is a common feature of European labour markets. Two types of segregation might explain the gendered impact of the crisis on employment. Sex sectoral segregation implies that women are overrepresented in specific sectors (education, social services, etc.) of the economy and under-represented in others (manufacturing, construction, etc.). If the recession has a sectoral dimension, then its effects on female and male employment will differ. Sex occupational segregation implies that women are over-represented in specific occupations (child-minders, cleaners, etc.) and under-represented in others (electricians, enginemen, etc.). This phenomenon is linked to the previous one, but it is not the same.

In all countries under review, we can observe both the sectoral and occupational segregation of employment. Women and men are concentrated in specific sectors. Women represent around 80% of the workers in the health and social services sector, compared to only 10% or less in the construction sector. The commodification of some family tasks was a factor that favoured female participation to the labour market, but it has also helped to reproduce the work they were doing before in the private sphere. Among the female-dominated occupations, one finds “shop sales persons and



demonstrators” or “domestic and related helpers, cleaners and launderers” or “other office clerks”. In contrast, among the male-dominated occupations, one finds “motor vehicle drivers”, or “building frame and related workers”, “machinery mechanics and fitters” (Bettio and Verashchagina, 2009). Using the standardised or Karmel and MacLachlan indicator (IP), the following figure shows the sex sectoral and occupational segregation index in each country under review before the crisis (in 2007).<sup>4</sup>

Figure 28. Sex sectoral and occupational segregation IP index, 2007



LFS, sex occupational segregation (ISCO three-digit), sex sectoral segregation (NACE two-digit).

Source: Bettio and Verashchagina, 2009.

The 2008-2009 recession had a clear sectoral dimension. As shown in Table 1, sectors where men are over-represented have been hit more than those where women are over-represented, in terms of job destruction. The sex sectoral segregation might have acted as a protection for women to the recession. In sectors affected by the recession, some specific occupations might be in the first line of downsizing when a collapse in economic activities occurs. These are sectors where women are over-represented – basically “education” and “human health and social services” –

4. Let  $F$  be total female employment,  $T$  total employment, while the index  $i$  represents the sector  $i$ , then:

$I_{km} = (F/N) * \sum_i \left| T_i/T - F_i/F \right|$  where  $N$  is number of workers (male and female) and  $F$  are female workers, while  $i$  represents the sector  $i$ .

have been spared by the collapse in economic activity, whereas sectors where men are over-represented, like construction and manufacturing have been deeply affected by the crisis. Besides, sectors like construction are more likely to hire temporary jobs, which constitute a strong and quick means to adjust employment to the business cycle. Between Q1 2008 and Q1 2010 in Spain, the manufacturing and construction sectors, in which women represent respectively less than one third or around one third of the workforce, suffered the destruction of 709,000 and 1 million jobs (respectively). Whereas, in the education sector and the human health and social work activities sector, in which women represent respectively 60% and 82% of the workforce, 54,000 and 133,000 jobs were created during the same period (Table 1). The picture is more or less the same in each country under review. Nevertheless we can observe some specific cases. In France, the education sector has lost 44,000: this is the result of a reduction non-teaching workers in education, implemented during the Sarkozy Presidency, with the rule of not replacing one retiree out of two. We may observe that in Italy the education sector has also lost 129,000 jobs: since 2008, some specific measures have been implemented in Italy, in order reform the educational system and cut public education spending, the “Riforma Gelmini” (2008-2009).<sup>5</sup> As a result, the number of teachers and educational workers diminished during this period. In Sweden, the human health and social work sectors also lost many jobs during the period (37,000, and this represents around 2% of job destruction in all NACE activities). It can be noted that the UK kept creating many public jobs even during the beginning of the crisis, with 324,000 jobs created in the education sector and 248,000 jobs created in the human health and social work activities sector.

During the second stage of the crisis, it is possible observe that the pace of male employment destruction decelerated: in most countries male employment kept decreasing during this stage, but at a lower pace than during the collapse phase, and more rapidly than female employment. Two main factors can explain this gendered characteristic of the rebound phase. The first one is linked to the fact that the business cycle is gendered: male

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5. Law 81/2009 ; Law 169/2008

dominated sectors are more exposed to economic downturns and upturns than female dominated sectors. The second factor has to do with the stimulus packages that have been targeted across the industries the most hit by the recession, chiefly the manufacturing sector. The public policies implemented in order to fight the recession of the collapse stage have benefited male workers more than female ones. In Germany, the collapse of employment was contained through internal adjustment: the use of short-time work (see the previous section) has mainly concerned male workers (the share of men in short time work was 78%). In contrast, the majority of part-time workers in Germany are women, but they are not compensated for this type of under-employment (Annesley and Scheel, 2011). The austerity policies that have been implemented in European countries in order to reduce the public debts and public deficits are more likely to affect female employment for the same reason. In most countries the austerity stage has implied cuts in public spending, and reductions of public services.

Female employment and male employment are differently allocated across sectors and occupations. These characteristics explain at least partially the gendered impact of the different stages of the crisis. The variation of employment by gender and industry does not allow identification of the “pure” effect of job segregation in explaining the gendered impact of the crisis. During 2008 and 2013, the share of women in each sector might have changed, this might have hidden specific gendered effects of employment changes during the crisis. It might be due to the sex occupational segregation: for instance, in sectors where women are under-represented, job destructions might have been concentrated on female occupations, and the share of women in these sectors might have fallen as a consequence.

Table. Employment evolution in different sectors during the recession phase  
between Q1 2008 and Q1 2010

In thousands

	DK	GER	SPAIN	FR	IT	SW	UK	GRE
<b>Total - All NACE activities</b>	<b>-121,5</b>	<b>334,5</b>	<b>-2 007,9</b>	<b>-223,6</b>	<b>-414,4</b>	<b>-101,6</b>	<b>-769,9</b>	<b>-82,9</b>
<b>Manufacturing</b>	-55,9	-148,7	-709,1	-336,1	-331,5	-82,3	-632	-57,2
<i>% of Women in 2008</i>	32	27	26	29	29	24	25	27
<b>Construction</b>	-41,4	-20	-1005,9	-33,4	19,9	-7,3	-396,6	-56,5
<i>% of Women in 2008</i>	9	12	7	10	6	7	13	2 2
<b>Wholesale and retail trade; repair of motor vehicles and motorcycles</b>	-34,3	41,7	-297,7	74,5	-169,5	-11,6	-317,1	-31,8
<i>% of Women in 2008</i>	45	52	49	47	40	44	50	43
<b>Public administration and defence; compulsory social security</b>	-6,3	81,6	159,2	-117	-42,9	14,9	-140,3	-2,9
<i>% of Women in 2008</i>	53	46	41	52	34	54	49	36
<b>Education</b>	20,8	95,5	53,9	-43,8	-128,6	-0,2	323,8	10
<i>% of Women in 2008</i>	59	68	65	69	74	75	73	64
<b>Human health and social work activities</b>	21,4	242,2	132,7	183,9	59,2	-37,3	248,4	5
<i>% of Women in 2008</i>	82	78	77	79	69	83	79	66

Between Q1 2008 and Q1 2010, The Danish economy has experienced a loss of 121,5 thousands of employments: the “manufacturing” sector (in which the proportion of women was of 32% in the 2008) has lost 55,9 thousands of employments whereas the sector of “human health and social work activities” (in which the proportion of women was of 82% in the 2008) has increased by 21,4 thousands.

Source: Eurostat; [lfsq\_egan2].

## 2.2. A sectoral analysis of the crisis on labour markets

### 2.2.1. Sectoral decomposition of employment

This section proposes a shift-share analysis of the variation of employment by industry and by sex. This analysis provides a measure of the role played by the sex segregation of the labour market in the evolution of women's employment during the period under review. Female workers might have been less protected by the sex sectoral segregation than they apparently seem to have been. In the evolution of female employment, two different effects must be distinguished. The first one is due to the change in employment inside each sector, and the second one is due to the evolution in the share of women in each sector. We decompose the variation of employment as follows (Rubery, 1988):

$F_q$  is female employment in the quarter  $q$  of the year  $t$ ,

$E_{iqt}$  is the total employment in sector  $i$  in quarter  $q$  of year  $t$ ,

$\alpha_{iqt}$  is the share of women in sector  $i$  in quarter  $q$  of year  $t$ ; and

$$F_{qt} = \sum_i \alpha_{iqt} E_{iqt}$$

Then:

$$\Delta F = F_{qt} - F_{qt-1} = [\sum_i \alpha_{iqt-1} (E_{iqt} - E_{iqt-1})] + [\sum_i E_{iqt-1} (\alpha_{iqt} - \alpha_{iqt-1})] + [\sum_i (E_{iqt} - E_{iqt-1}) (\alpha_{iqt} - \alpha_{iqt-1})]$$

[employment effect] + [share effect] + [interaction effect]

The effects are presented in percentages of female employment in  $t-1$ :  $F_{qt-1}$ .

The sectoral analysis was constrained by the data, as there is a break in the statistical series between Q4 2007 and Q1 2008. Moreover, the quarterly sectoral data given by Eurostat are not seasonally adjusted, so the percentage change compared to the corresponding period of the previous year is used here. A shift-share analysis is conducted from Q1 2009 to Q1 2013, and the trends of two types of effects are distinguished:

— The employment effect indicates what would have been the female employment trend, if the share of women in each industry had remained the same. It can be interpreted as the sex sectoral segregation hypothesis of the gendered effect of the crisis on employment.

— The share effect indicates how the variation of the share of women in each industry has evolved during the period.

The share effect must be interpreted carefully, as the applied methodology compares the evolution of employment according to the gendered distribution among economic sectors that prevailed before the recession. The interpretation of the evolution of employment during the crisis is conducted in the light of this benchmark, which is not necessarily the right one.

When the share effect is close to zero, it means that the sex sectoral segregation explains much of the gendered impact of the crisis. When it differs from zero – negatively or positively – three interpretations are possible:

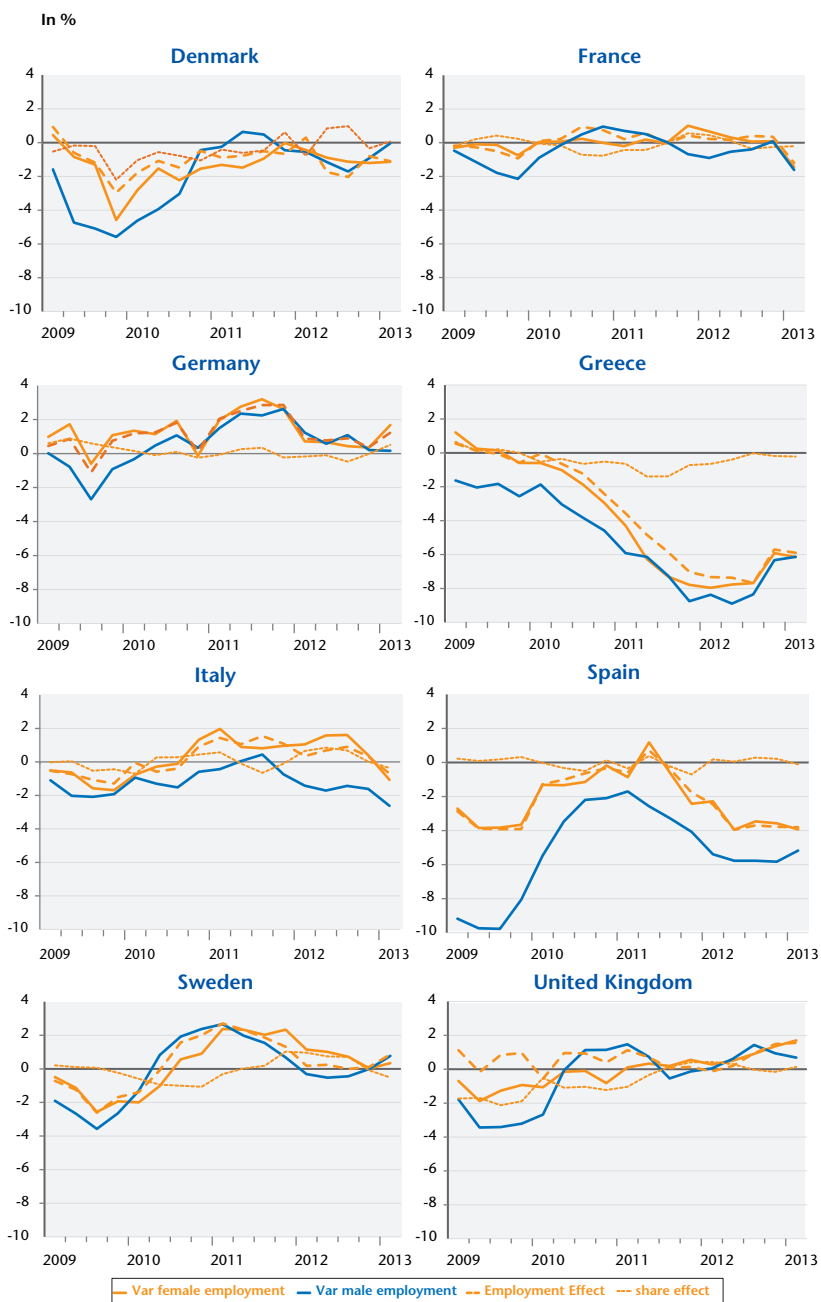
— The sex sectoral segregation observed through the NACE 2 digit database is not precise enough to measure the impact of sex sectoral segregation. For instance, the relevant level of sex sectoral segregation might not be between manufacturing and education, but between subsectors in manufacturing itself. Women might be over represented in specific manufacturing subsectors as workers, (for instance in textile industry) and that these subsectors might have been hit more by the recession. In this case, the share of women in manufacturing could decrease, and the evolution of this share effect might then be interpreted as follows: the sex sectoral segregation has not shielded women employment as it has often been said.

— Besides sex sectoral segregation, sex occupational segregation might also play a role in the gendered impact of the crisis. This could arise in specific subsectors: for example, men as workmen and women as secretaries. A negative share effect might be interpreted as the fact that the secretarial positions have been more concerned by job destruction than the workmen's positions.

— Inside each sector, the sex segregation of jobs may be low, and women and men might be allocated evenly across the subsectors. Then a negative share effect might be interpreted as the fact that women have been more laid off than men for similar jobs, or that job creations have been more often attributed to men than they used to be.

The statistical analysis of the share effect provides a different picture according to the country in question. The same methodology is applied across five different industries: manufacturing

**Figures 29 to 36. Decomposition of the evolution of female employment and evolution of male employment**



Percentage change compared to corresponding period of the previous year.

Source: Author's calculations using Eurostat, [lfsq\_egan2].

and construction (in which men are over-represented), and in education, as well as human health and social work activities (in which women are over-represented). Lastly, there are also several sectors including the wholesale and retail trade, as well as the repair of motor vehicles and motorcycles, in which both sexes are represented almost equally. These sectors are main sectors in terms of employment (each of these five sectors represents between 7% and 20% of total employment in an economy).

Spain is a typical case in terms of the gender effect of the crisis. The sex sectoral segregation explains the gendered effect of the business cycle on employment, throughout the period under review. The share effect is close to zero, meaning that the share of women remained stable. Spanish women have been less affected by the crisis in terms of employment trends than men, and this is mainly explained by the fact they are over-represented in sectors that were less hit by the recession. But women also experienced decreases in employment during the recession stage, and during the austerity stage of the crisis, though the speed of the decrease has been lower than for men. Male employment collapsed by 24% between Q1 2008 and Q1 2013. This decrease represents a destruction of 2,870,000 jobs. Half of this drop occurred in the construction sector, and one quarter in manufacturing. Female employment decreased by 10%. In the main sectors, Spanish female employment has been less affected by the crisis than the male employment, both in absolute terms and in relative terms. In Spain, sex occupational segregation explains the gendered effect of the crisis, in all its stages. But the increase in female employment during the crisis has gone hand-in-hand with an increase in precariousness, low income and bad jobs for women, in a context of low income and economic pressure (Gonzales Cago *et al.*, 2014).

In Greece, in 2009, the gendered effect of the crisis on employment was also mainly due to sex sectoral segregation. But from Q4 2009 up to Q3 2012, there was a negative share effect. The speed of the decrease of female employment was higher than it should have been, if their share in each sector had remained the same. This means that female employment should have decreased less than it effectively has. The female employment curve reached the male one in Q3 2011, has been the same as the male one since Q3 2011. The third stage has not longer been gendered anymore: since



Q3 2012, the share effect has been close to zero. The general and impressive collapse of employment in Greece has affected both sexes. Between Q1 2008 and Q1 2013, male employment decreased by 22%, whereas female employment fell by 17%. Men faced a dramatic decrease of employment in the construction sector (with a 37% fall in jobs). In both cases, job destruction has also been concentrated in the manufacturing sector (27% of male job destructions, and 20% for female job losses).

In Greece and Spain, during the whole period under review (from Q1 2008 to Q1 2013), men experienced more job losses than women in the five main economic sectors, both in absolute and relative terms (i.e. the share effect is close to zero).

In Italy, the story is more complicated and not linear. From Q2 2009 to Q2 2010, the share effect was slightly negative, close to -1%. During the collapse stage, female employment was less affected than male employment, but the gender gap should have been lower than it was, if the allocation of women in the different economic sectors had remained the same. So women were more affected than men in relative terms. From Q1 2011 to Q1 2013, women benefited from a positive share effect, meaning the evolution of female employment was more favourable than it should have been. The gendered impact of the crisis on employment was partially explained by sex occupational segregation. During the whole period under review (from Q1 2008 to Q1 2013), men lost more jobs than women in the manufacturing sector (respectively 433,000 and 180,000 jobs), but female workers experienced a disproportional loss of jobs according to their share of work in this sector in 2008. If their share had remained stable, female workers in manufacturing would have experienced a loss of 125,000 jobs, instead of the 180,000 observed. In contrast, they were less affected in the retail sector, but this sector is more heterogeneous in its sub-sectors. And in the education sector, women have been hit less in relative terms by the destruction of jobs than men.

In Sweden, the share effect had little or no impact during the collapse stage of the crisis. During the recovery stage, (from Q4 2009 to Q1 2011), the share effect was negative but small. The evolution in employment should have been more favourable for women, if their share in each economic sector had remained stable. The measures taken by the Swedish government at the end

of 2008 and during the first half of 2009 included an extensive investment and maintenance plan in the country's road and rail networks (Anxo, 2011). The Swedish stimulus packages might have benefited men more than women, so that the share of women decreased in the sectors that were aided. During the second stage, women benefited from a positive share effect, and the rate of increase of female employment has been higher than it should have been, if the share of women in each sector had remained stable. To sum up, in Sweden women were relatively more affected than men, in relative terms, in the first part of the crisis. But they have benefited relatively more from the last stage of the crisis, in terms of employment. A focus on the main economic sectors indicates that during the whole period under review, employment in the "human health and social work activities" sector has decreased by around 13,000 jobs. At the municipality and county levels, which are responsible for these activities (social services, education and health), public employment declined due to severe budget cuts, despite the additional allocations by Sweden's national government to local authorities (Anxo, 2011). The decrease in "human health and social work activities" has disproportionately affected women: they have experienced a decrease of 25,000 jobs, whereas men have benefited from an increase of 13,000 jobs in this sector. In education, men have benefited from 70% of the jobs created. In both sectors, the share of women decreased between Q1 2008 and Q1 2013.

In France, the share effect has evolved in a pendulum swing, as in Italy: but in the opposite direction. During the collapse stage, there was a positive share effect that compensated partially the decrease of female employment: the speed of the fall in female employment should have been higher than was actually observed. Men were disproportionately affected by job losses, so that the share of women in employment increased. During the second phase, the share effect became strongly negative, meaning that women were less concerned by the recovery phase than they should have been. This might have been linked to the first stage, as a form of catching-up by men during the stimulus phases of the crisis. 2011 was characterized by a positive share effect that benefited women's employment: it increased at a faster pace than it should

have. However, by the end of 2012 it seems that the share effect became negative.

In Germany, a positive share effect at the beginning of the period studied (Q1 2009 to Q2 2012) may be observed: female employment increased more it should have done if the share of women in each sector had remained stable. During the remaining period, there was little or no share effect: the sex sectoral segregation of employment explains the gendered impact of the crisis in Germany.

The most interesting cases are the UK and Denmark. In both countries, from Q1 2009 to Q3 2011, the share effect was negative and large: women should have benefited more of the employment evolution than they actually did. In Denmark, female employment should have decreased more slowly than it did. In the UK, women should have experienced a positive trend in employment, but according to the evolution in their share in sectors, female employment actually decreased. Then, in absolute terms women were less affected by the recession than men, in terms of job trends, but in relative terms they were more hit by the economic shock. From Q3 2011 (the third stage of the crisis), the share effect has had little or no impact in the UK, whereas in Denmark this effect has been positive, but close to 1%. In both countries, women experienced more job losses than they should have according to the gender composition that prevailed before the recession in manufacturing, construction, wholesale and retail trade, repair of motor vehicles and motorcycles, for the period Q1 2008 to Q1 2013. In the UK, the wholesale and retail trade, as well as the repair of motor vehicles and the motor sector suffered cuts of 266,000 jobs, more than 80% of these job losses falling on women. Women experienced a decrease of 220,000 jobs in this sector, instead of 132,000, had their share remained stable. The creation of jobs in the education sector benefited women less than it should have, whereas in Denmark, 80% of the jobs created in education concerned women (instead of 60% if their share in education had remained stable).

In summary, the sex sectoral segregation explains most of gendered impact of the crisis in Spain, Greece, Germany, and to a lesser extent in France, Sweden and Italy. In the UK and Denmark, female workers have been relatively more affected than they should have been, according to the sex sectoral segregation. In

these countries, the gendered effect of the crisis on jobs cannot be explained only by the fact the men and women do not work in the same sectors, since the share of women in industries has changed unfavourably for them.

### **2.2.2. Gender employment and austerity policies**

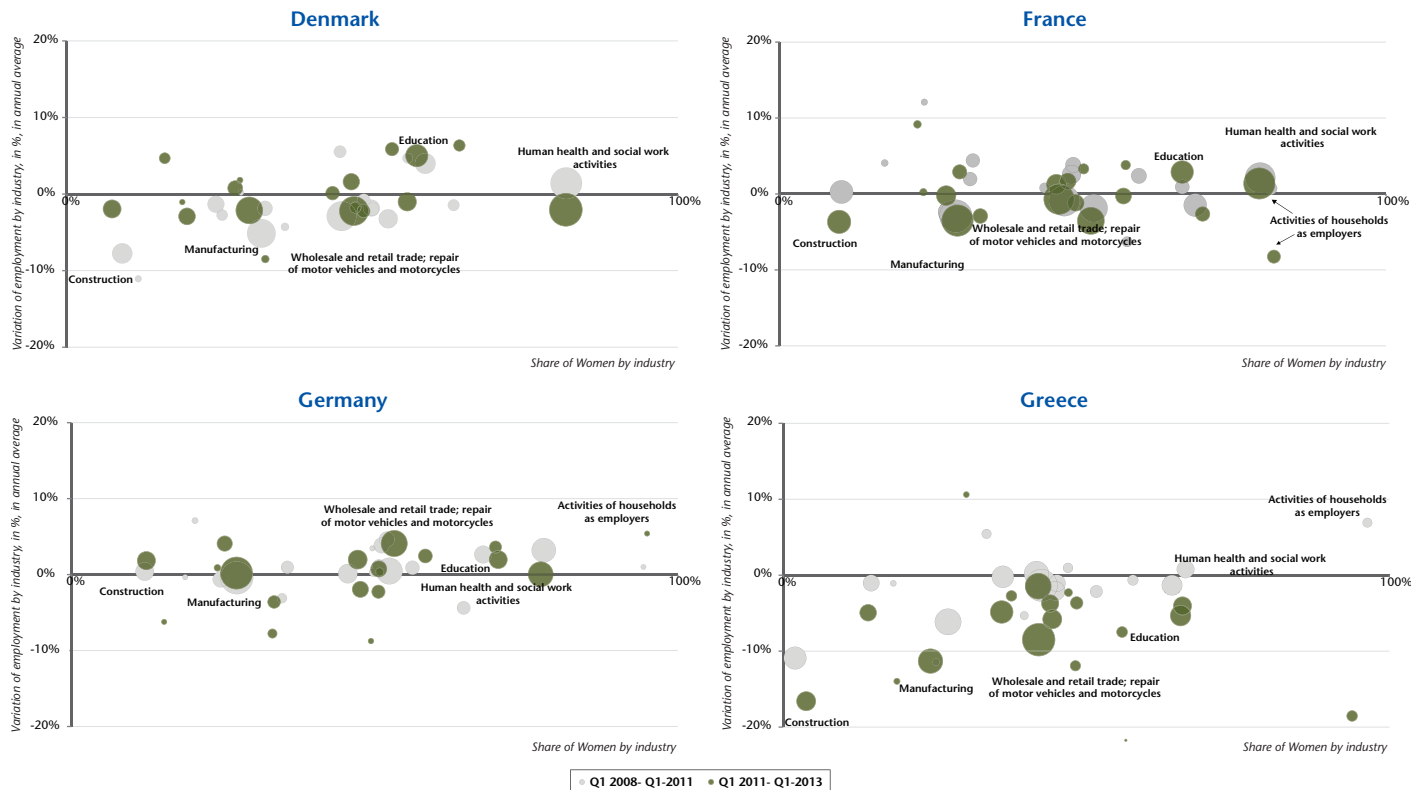
The recession that occurred in 2008 and 2009 (first stage here) has widened output gaps and increased public deficits. This increase was a consequence of both automatic stabilisers, as the recession decreased tax revenues and pushed up social and public expenditures, and of reflationary fiscal policies implemented in 2008 and 2009, in order to dampen the economic consequences of the crisis. The UK and Sweden may also have benefited from a depreciation of their real effective exchange rates. The implementation of expansionary fiscal policies at first managed to contain the economic consequences of the financial crisis, and then contributed to renewed growth (iAGS, 2013). The stimulus packages were targeted at sectors which had been the most affected by the recession, basically construction and manufacturing, and in which men are over-represented. This phase corresponds to the second stage of the crisis in this paper. The third phase occurred when European governments started to focus on fiscal consolidation. Some governments were preoccupied by rising public debt, and worried about the risk of a surge in interest rates and the constraints of the EU's Stability and Growth Pact rule, according to which public deficits should be brought back to 3% of GDP. They engaged in austerity early on, starting in 2010, and believing that exceptional circumstances could no longer be invoked. By the second half of 2010, the majority of European countries had put austerity measures in place. Thus, in spite of a fragile economic situation, most countries started to tighten fiscal policies in 2010 or in 2011 (iAGS, 2014). This phase corresponds to the third stage of the crisis. The austerity plans have induced spending cuts in public sectors and social sectors, with job cuts and freezes in public sectors ((Theodoropoulous and Watt, 2011; Leschke and Jepsen, 2011; Smith, 2009).

In most countries, austerity policies have been implemented with a gender blind manner. However, the situation of women and men on the labour market is unequal and different (in terms of

participation, horizontal and vertical segregation, etc.). The consequences of these measures are expected to be gendered. The austerity phase is expected to be less favourable to women, acting through two different channels. Firstly, as these sectors are dominated by female employment, cuts in public spending should mechanically lead to job destruction in these sectors, and working conditions of employees might be deteriorated through greater pressure at work and increases in working time to compensate the decreases in employment. Secondly as the social and public sectors pay a central role in work-life reconciliation policies (in terms of parental leave, childcare, social services, elderly care, etc.) women are likely to be more affected, as they are the main users of these services. Women might struggle to participate in the labour market, or they might be affected in their daily lives through tougher constraints in their work-life balances.

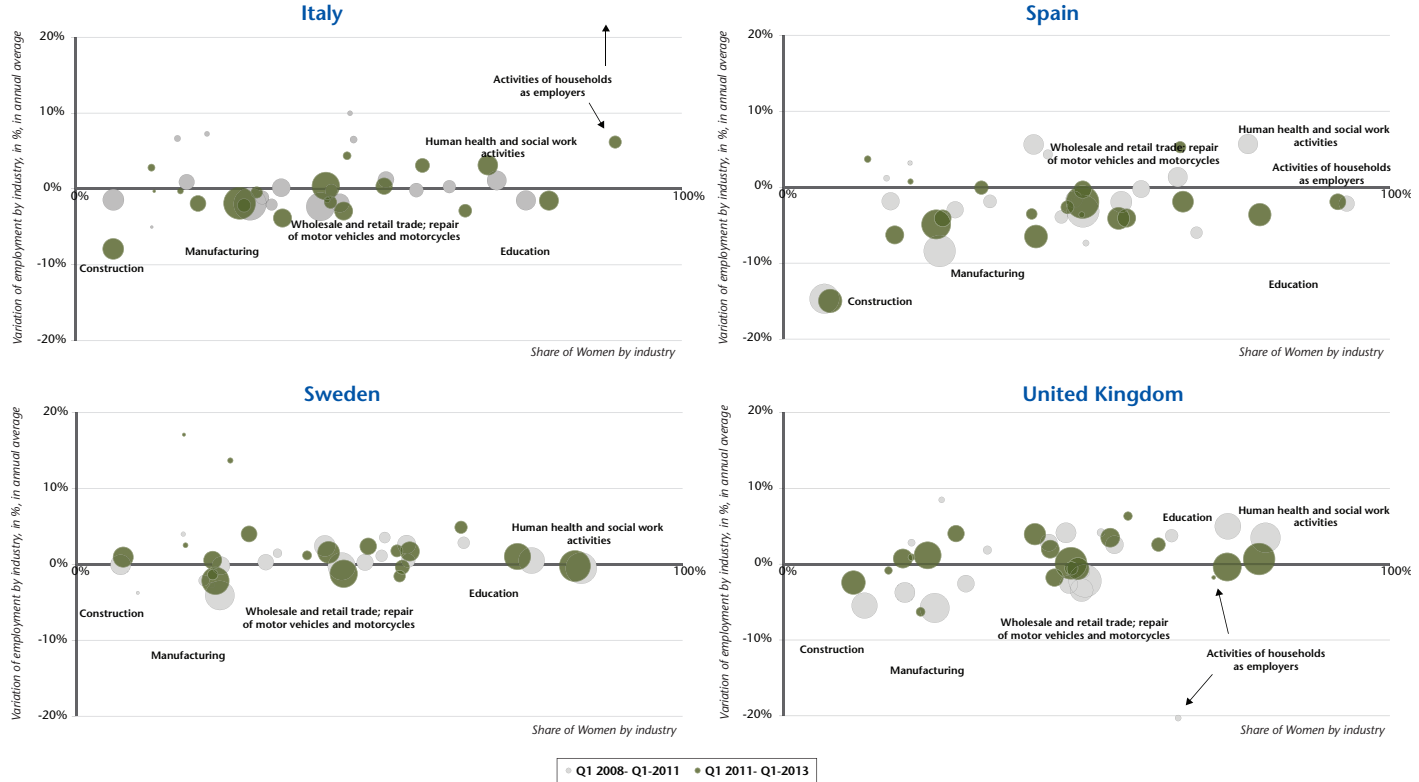
Figures 37 to 44 show the possible “seesaw effect” in terms of evolution of employment in the countries examined. The period under review has been cut in two sub-periods (instead of three). The first one runs from Q1 2008 to Q1 2011. The second period stretches from Q1 2011 to Q1 2013 (that is to say, the austerity phase). The x-axis shows the proportion of women in each sector, at the beginning of each period (Q1 2008 for the first period and Q1 2011 for the second one). The y-axis shows the evolution in percentage of employment (for all workers) for each sector, in averages per year. The size of the circles gives the size of each sector in terms of employment (the share of each sector in the total employment), at the beginning of each period. The lighter circles represent the evolution of employment between Q1 2008 and Q1 2011 in averages per year, and the darker circles represent the evolution of employment between Q1 2011 and Q1 2013, in average rates per year.

Figures 37 to 44. Variation of employment by industry according to the share of women



Source: Author's calculations using Eurostat,[lfsq\_egan2].

(suite) Figures 37 to 44. Variation of employment by industry according to the share of women



Source: Author's calculations using Eurostat, [lfsq\_egan2].

A “seesaw effect” may be observed in Spain, in the UK, in Denmark and to a lesser extent in Italy. In these countries, the austerity phase has led to a degradation in employment in female dominated sectors, whereas a relative “recovery” (or a smaller decline) in male dominated sectors is observed. Some sectors have started to lose employment as a response to the demand shock, this is the case of “activities with households as employers” in Greece, Spain, France, Italy. In Germany, this sector kept growing during the period under review. The sector is emblematic of gender norms and of the sexual division of labour, not only in the family (hiring a housekeeper reduces the sexual division of labour between partners), but also on the labour market as women are over-represented in this sector.

In Spain, construction and manufacturing are still destroying jobs. This decrease is impressive for the construction sector (-15% per year during both periods, and the reduction of the circle shows the dramatic contraction of this sector). But the female sectors have started to be affected too during the last stage of the crisis, as shown by the way the increase of employment in education during the first stage (1% per year on average) has turned into a decrease (-2% per year on average) during the following stage. In the public administration sector, employment increased by 6% per year on average during the first part of the period, and then decreased by 6% per year on average during the second phase. From Q1 2008 to Q1 2011, women benefited from the creation of jobs in the human health and social work activities sector: this sector experienced an increase in employment by 200,000, and more than 90% of these extra jobs benefited women. They were also clearly less exposed than men to job destructions in the sectors most affected (manufacturing and construction). But women were hit nonetheless. The manufacturing sector lost 995,000 jobs between Q1 2008 and Q1 2013, and 25% of jobs were lost by women. Gonzales Cago *et al.* (2014) identify two phases in the implementation of austerity policies. The first one ran from May 2010 to November 2011 and was characterized by the withdrawal of gender equality measures (such as increased paternity leave for instance) that were no longer seen as a priority during the crisis. The second phase of austerity started in December 2011 and involved a hardening of austerity, with increases in taxation and cuts in public spending, through a new Organic Law on Budget Stability (Ley Organica de Estabilidad



Presupuestaria). Eurostat data show that female employment started worsening as of the Q1 2011. An important reform of the public health system has been implemented in order to reduce the public spending. The public plan to extend education, “Educa3” has been stopped, and the number of teachers has been reduced through an increase in the weekly working hours. The number of students per classroom has increased by 20%. The austerity policies have also concerned the long term care sector, involving a drastic reduction in public funding for this sector (Gonzales Cago *et al.*, 2014). As a result of these policies, the human health and social work activities, as well the education sector (which had seen spending increase by respectively 6% and 1% on average per year between Q1 2008 and Q1 2011), experienced respective decreases of 4% and 2% in spending per year during the second period (Q1 2011 and Q1 2013). Women faced job destruction in sectors where they are over-represented. From Q1 2011 to Q1 2013, 100,000 jobs were destroyed in the human health and social work activities sector, and 88% of this reduction of employment concerned women. During both phases, employment in the sector of “activities with households as employers” (characterised by a feminisation rate of more than 90%) fell by 2% per year on average. In response to the decrease in their net income, households reduced their consumption of private services (child or elderly care or housekeeping); they can no longer afford to use these private services.

In the UK, the spending cuts were initially forecast to lead to a loss of around 490,000 jobs in the public sector by 2015. But this figure has been revised upwards to 900,000 job loss between 2011 and 2018 (Rubery and Rafferty, 2014). The protection offered by public sector to mainly female workers (during the first phase of the crisis) has been eroded by the austerity plan, which started in 2010. Gendered effects of austerity are complicated, since the distribution of women among the different sectors changed during the period under review (see the previous section). In the human health and social work activities sector, employment increased by 3% during the first period, and by less than 1% during the second one. However, women still benefited from job creation in this sector, between Q1 2011 and Q1 2013 (+76,000), whereas men were affected by job destruction (-26,000). In education and in public administration, women faced a loss of respectively 40,000 and

20,000 jobs, whereas men experienced an increase of 16,000 jobs in education and a small decrease (-2,500) in public administration.

In Denmark, the fiscal consolidation plan (*Genopretningspakken*) was announced in May 2010. It contained cuts in spending amounting to 2% of GDP, between 2010 and 2015. This austerity plan consisted in cuts and savings to be made in the public sector (education, healthcare and local authorities: see Lekschen and Jepsen, 2011). Despite this, we may observe that employment in the education sector increased during the period under review, and women benefited most from these job creations. In the human health and social work activities sector, the situation has been totally different: between Q1 2011 and Q1 2013, employment decreased by 4%, and 3/4 of this reduction affected women. The public administration sector lost more than 20,000 jobs during the whole period, and 2/3 of this reduction concerned women. The manufacturing sector has kept losing jobs, but at a slower rate of -2% on average per year (instead of -5% on average per year between 2008 and 2011).

In Sweden, the circles have gone up for all sectors. In the manufacturing, employment is still being destroyed, but the pace is far slower (-7% on average per year for the first period, to -1% for the second one). Female dominated sectors have also started to recover: for instance the education sector and the human health and social work activities respectively saw employment decrease by -1% and -3%, during the first period, but then jobs grew by 2% and 1% in the second one. During the first part of the crisis (2008-2009), the Swedish government opted for an expansionary fiscal policy (in contrast to the reaction to 1990s crisis: see Anxo, 2011).<sup>6</sup>

In Italy, no real seesaw effect can be observed. But the situation is unclear because of the interaction of different types of effects: the reform in the education system induced a huge decrease of employment in this sector between 2008 and 2011, and the regularisation of immigrant employees in the care sector has boosted employment in the human health and social work activities sector. The first austerity plan was announced in the middle of 2011. In the fiscal consolidation plan, 2/3 of the adjustment was

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6. Public sector consumption increased by 1.5 per cent in 2008, and continued to increase during the first half of 2009, Monetary Policy Report, October 2009, Riskbank, [http://www.riksbank.se/Upload/Dokument\\_riksbank/Kat\\_publicerat/Rapporter/2009/mpr\\_3\\_09oct.pdf](http://www.riksbank.se/Upload/Dokument_riksbank/Kat_publicerat/Rapporter/2009/mpr_3_09oct.pdf)

supposed to come from the reduction in public expenditures (frozen wages of civil servants, cuts in public services, etc.). In July 2012, a second wave of austerity was announced, consisting of a reduction by 10% in the number of public sector employees and by 20% in the number of executives. The downsizing is targeted towards the health sector and local administrations, but also justice and universities (Verashchagina and Capparucci, 2014). These measures will imply a reduction of female employment, so their effects are still to be expected in the next quarters.

In Germany, it seems that there has not specifically been a seesaw effect, but Germany does not face a crisis as do other European countries. In any case, employment in the human health and social work activities has decreased by 100,000, and 84% of this loss has been experienced by women.

Greece is a specific case. In contrast to all the other countries under review, the circles keep going down in all sectors, whatever the proportion of women in each sector. The austerity phase has been characterized by a general collapse of employment affecting both men and women, and now all sectors. Household demand has been affected by the wages and pension cuts and also the tax increases that were implemented in 2010 and 2011. The decrease of jobs in the “services to households as employers” sector, that were mainly occupied by migrant women, is the result of the fall in demand due to the dramatic losses of income suffered by the middle-class households (Karamessini, 2014).

In France, where employment has been more stable, it is difficult to identify the beginning of a seesaw effect that would be unfavourable to female employment. Employment in education has decreased by 1% per year during the crisis, and employment in public administration fell by 1% during the first stage, and then by 2% between 2010 and 2011. During the second stage, the education sector created jobs (+3%). These trends could be the result of the end of the “no replacement of one retired non-teaching worker out of two” rule, and the beginning of the *Education Plan*, announced by the Presidency of François Hollande, as of May 2012<sup>7</sup>. The share of women in education decreased between both

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7. In 2012, 4 326 full time equivalent jobs have been created in the Education Nationale, [http://multimedia.education.gouv.fr/2013\\_PLF2014/#/4/](http://multimedia.education.gouv.fr/2013_PLF2014/#/4/)

periods, meaning that women have benefited less from the creation of jobs in education than they otherwise would have done.

### 3. Conclusions

The economic crisis which hit European countries in 2008 has deeply affected labour markets. Three stages of the crisis have been identified here: the collapse stage, the rebound stage and the austerity stage. The countries under review have gone through these stages differently. Gendered consequences of the crisis are observed in all countries. The sex segregation of the labour markets is a relevant explanation of the gendered impact of the business cycle. Women are protected by their concentration in sectors that are not directly affected by the recession, whereas male employment is in the front line of job destruction. However, a sectoral decomposition of employment reveals a more nuanced picture of these explanations. In Spain, sex sectoral segregation explains the evolution of differences in female and male employment. Spanish women have suffered from the crisis, but less than men. This trend is mainly explained by the fact that male-dominated sectors have been disproportionately more affected by the collapse of employment than female sectors. But in some countries, the share of women in sectors has changed, so that the evolution of female employment has been less favourable than it would have been, if their distribution across each sector had remained unchanged. The results show that despite the sex occupational and sectoral segregation of labour markets, the reallocation of jobs during the crisis has a clear gendered dimension in some countries, especially in the UK and Denmark and to a lesser extent in France. The austerity phase that is expected to be less favourable to female employment seems to have started in some countries (Spain, the UK, Denmark). But other countries have not experienced such trends (Sweden, Italy and Germany). In Greece, both female and male employment has kept decreasing, and the third stage of the crisis has affect women and men with equal magnitude. This paper proposes a statistical analysis of the evolution of employment during the crisis, by gender and by sectors. It does not take into account the evolution of part-time jobs and the changing quality of employment during the crisis, which would require further analysis.

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# THE LONG TAIL OF THE GREAT RECESSION

## FOREGONE EMPLOYMENT AND FOREGONE POLICIES

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The Great Recession furnishes a significant field of research for the analysis of trends in employment and national policies from a gender perspective. We argue that it is necessary to take a holistic view of the consequences of the recession both on the labour market and on labour market policies. In the context of widespread rises in female employment rates prior to the crisis, we highlight foregone employment growth, as well as the differing responses of women's and men's activity patterns. Furthermore, our review of European Union and national policies shows how advances based upon previous policy gains were also foregone. The position of gender equality in policy-making was challenged as governments responded to the crisis by "reverting to type" and weakening gender equality commitments.

*Keywords:* Recession, Gender, Employment, Labour market policy.

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The crisis that officially began in Europe in 2008 is still ongoing at the time of writing.<sup>1</sup> It is the deepest, most synchronous downturn across countries, and the most widespread since the Great Depression of the 1930s. Because of this unprecedented collapse in world economic activity, many have dubbed this the "Great Recession".

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1. Most Member States entered the recession in the second quarter of 2008 (Leschke and Jepsen, 2012: 290).

The European Union (EU) recorded the sharpest contraction of real GDP (-4% in 2009) in its history. The EU's response to the downturn was the launch, in December 2008, of the European Economic Recovery Plan (EERP), a massive and coordinated policy action based on financial rescue policies, fiscal stimulus measures and structural reforms. Rescue packages for national banking sectors were set up in several Member States, though with considerable differences in terms of the size of the financial support programmes among countries.<sup>2</sup> Aside from interventions in the banking sector, the EU urged Member States to restore confidence and sustain demand to reduce the impact of the downturn. The overall fiscal stimulus amounted to 2% of GDP over 2009-2010 (EC, 2009a: 67), produced by an unprecedented array of anti-crisis measures implemented at the national level (Smith and Villa, 2013). The financial rescue of banks, the fall in tax revenues, the rise in expenditure on unemployment benefits and the implementation of fiscal stimulus plans resulted in substantial overall support to the economy (in 2009 and 2010), as measured by the deterioration in government balances that amounted to five percentage points of GDP in the EU (EC 2009a: 64-65). By 2010, the public finances in many Member States were destabilised and the policy responses quickly changed course: austerity measures were adopted to reduce debt and deficits. Thus, a second dip was experienced by the majority of European countries.

For women, the 2008-09 recession exhibits a pattern somewhat different from that observed in previous downturns. Empirical results from both sides of the Atlantic show that female employment was hit earlier and more severely than in previous recessions (Karamessini and Rubery eds., 2013). Moreover, in the EU the crisis was preceded by strong growth in female employment and a decade during which women had been called upon to play a key role in the success of the so-called European Employment Strategy (EES) (Villa and Smith 2013). In this context, policy responses were adopted by national governments first to bail out their ailing banks and to support demand (i.e. to counter the adverse effects of the crisis), and then to restore public finances. Thus, the period

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2. Ireland committed by far the most resources to bank rescues, followed by the UK, and the Benelux countries (see tab. III.21 in EC 2009a, p. 63).



provides an important research field for the analysis of both trends in employment and national policies from a gender perspective.

We propose a holistic analysis that considers the interaction between the impact of the recession on men and women's labour market patterns and the gendered impact of the policy responses adopted. As pointed out in the literature, labour market indicators do not necessarily behave in the same way for women and men in response to a recession (Bettio and Verashchagina, 2013). Furthermore, given the previous trajectory of women's employment, foregone increases resulting from the crisis are likely to differ between women and men. Consideration of the policies implemented as a result of the crisis completes the picture. Anti-crisis "gender-blind" measures were implemented to address the dramatic fall in demand. The low visibility of gender in these policies in fact reveals a trend observable in policies over the years prior to the crisis. Subsequent budget cuts in public-sector spending threatened services and employment, as well as previous progress in policy to support women and men working more equally (Karamessini and Rubery eds., 2013; Rubery, 2013b; Leschke and Jepsen, 2012; EWL, 2012). Both foregone employment and foregone policies highlight the need to take a medium-term perspective when considering the full gendered impact of a downturn.

We suggest that the full gender impact of the economic downturn is only visible with a comprehensive, broad-based analysis and consideration of both changes in employment levels and changes in employment policies. Our paper is structured around four sections. In Section 1 we underline the importance of context in interpreting labour market and policy responses to the crisis. Section 2 explores the impact of the recession on the employment patterns of women and men. In particular, we consider the foregone employment lost on the labour market due to the recession. In Section 3 we investigate the gendered nature of policy responses, at the level of the EU and among its Member States. The final section reflects on the risks of policy changes at a time of crisis and the potential benefits of a more coherent, gender-sensitive response to the economic situation.

## 1. Employment and policy in recession from a gender equality perspective

Various hypotheses have been put forward to explain the differential impacts of an economic downturn on women and men in the labour market. Three main approaches can be identified: the *job segregation hypothesis*, the *buffer hypothesis*, and the *substitution hypothesis* (Rubery, 1988; Miller, 1990).

According to the *job segregation hypothesis*, the rigid sex-typing of jobs in industries and occupations makes demand for female labour dependent on demand in female-dominated sectors; hence, employment trends are related more to secular trends in sectoral and occupational structures than to cyclical fluctuations. The *buffer hypothesis* assumes that women occupy a weaker position in the labour market, where they act as a flexible reserve – a buffer – to be drawn into the market in upturns and expelled in downturns (Galli and Kucera, 2008). The *substitution hypothesis* also emphasises women's weaker position, but it suggests that during recessions there is a greater demand by employers for cheap labour; hence female workers may be preferred to male workers, leading to a substitution effect. Although these explanations appear to be at odds with each other, there is evidence in the literature analysing previous recessions to suggest that they can occur simultaneously among different groups of women, across sub-sectors of the economy, as well as across countries (Rubery ed., 1988: 4; Humphries, 1988: 14).

In previous recessions, the apparent “silver lining” of a segmented labour market seems to have offered some protection to women's employment. A number of studies demonstrate the continued expansion of female employment in previous downturns, including the USA (Humphries, 1988; Goodman, Antczak and Freeman, 1993) and Europe (Bouillaguet-Bernard and Gauvin, 1988; Rubery and Tarling, 1988; Rubery *et al.*, 1999).<sup>3</sup>

The position of women as relatively protected workers is, however, not immutable and not necessarily homogeneous across groups of women within the same institutional space. Humphries

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3. In fact, some of this apparent advantage may have been based on the continuation of women's disadvantage, so that they were attractive labour supply vis-à-vis men, even if direct substitution was less evident (Rubery and Tarling, 1988).

(1988: 15-17) showed the diversity of experiences of women workers across subsectors and employment categories during the same recession. This suggests that these differences stem from the gender segregation of work. Furthermore, there is evidence that the differential impact of recessions on the employment of men and women may have diminished over time. Goodman *et al.* (1993) showed that, in each of the five recessionary periods in the USA during 1969-92, the discrepancy between men and women in terms of net job loss decreased. Similarly, Mishel *et al.*'s (2003) analysis of six US recessions also showed that the impact of each recession on women's employment rate increased progressively. In 1990-92 and 2000-02, the gender difference in percentage point terms was less than 2 compared with 6.1 (1979-82), 3.5 (1973-75) and 2.5 (1969-71). Analysis of the US data for 2008-09 shows that the female employment rate declined to a greater extent than in any of the previous recessions analysed by Mishel *et al.*<sup>4</sup> For Italy, Bettio (1988b: 192) highlighted changes over time in the gendered impact of recessions; in particular, she argued that the changes in female participation reflected the interplay of segregation, the economy of the family (which sets the priorities for married women), and the welfare state (because it acts as a mediating agent by coordinating the reproduction of labour and its participation in production).

The older literature on women and economic recessions (Rubery ed., 1988), as well as the more recent literature on women and austerity (Karamessini and Rubery, eds., 2013) both highlight that the various theoretical perspectives on the impact of recessions on women's labour market participation interact with the different ways in which male and female employment has developed in different national contexts. This implies that the way in which workers and employers respond to recessionary conditions will vary with the socio-economic context – including the productive system, the family model, the welfare regime, the system of

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4. An update of Mishel *et al.*'s analysis with recent BLS data confirms the pattern of male employment rates falling more sharply than those of women, but also a pattern of the increasingly severe impact of each successive recession on women's employment: between March 2007 and February 2009 the female employment rate in the US declined by 1.5 percentage points, more than in any of the previous recessions analysed by Mishel *et al.* (BLS 2007; BLS 2009).

industrial relations, and public policy (Humphries and Rubery, 1984; Rubery, 2013a). Thus, the influences of recessionary/austerity conditions are shaped by the segregation of male and female employment, as well as the policy and welfare environment. The extent to which women are regarded as either legitimate economic actors or a potential buffer varies among policy regimes. Furthermore, different groups of women within the same economic space may be regarded as more or less secure participants in the labour market. Milkman (1976) argued that the distribution of employment opportunities meant that it is not always possible to enforce the *reserve army* approach, or the buffer hypothesis, of women's employment and encourage them to leave the labour market in times of recession. As argued by Humphries and Rubery (1984), neither the family (social reproduction) nor the economy (production) can be seen as autonomous spheres of society, because they are historically and dialectically related. This implies that the impact of the recession on women and men should be analysed by considering the institutional context, because employers' and workers' responses to recessionary conditions vary with the prevailing institutional configuration.

Consideration of the context of a recession and stakeholder responses requires a perspective that takes account of the extended impact on the labour market and also changes in policy-making across the cycle. Analysis of the response by women's employment to an economic crisis cannot be limited to the initial impact of the downturn, since it would fail to capture the medium-to-long term effects on participation patterns long after aggregate unemployment rates have entered a downward trend. Moreover, the segmented nature of the labour market means that a broad-based analysis is required to capture the gender effects on employment of policy responses to the recession.

During the Great Recession, efforts to support the economy amid the financial and economic crisis involved changes in government spending which were not gender neutral. Subsequently, the debt crisis led to downward pressure on some public policy areas with negative implications for women. Given the segregation of women into public sector jobs – in public administration, education and health – this may have provided initial protection, but it then exposed women to the impact of cuts in

public spending (Rubery, 2013b). Such cuts may have not only direct negative results on the quantity and quality of jobs in female-dominated public sector jobs, but also indirect effects on gender inequalities in the household. Because austerity measures reduce the availability and affordability of services, they have inevitable repercussions on unpaid work.

Finally, changes in policy direction also have potential employment-related effects for women and men: these outcomes are inevitably gendered. The de-prioritisation of policies to support working women – for example, childcare policies – implicitly treats women as a *reserve army* on the labour market, and it may result in reduced female participation in the context of low demand. Analysis of the impact of the early 1990s recession on women's labour market behaviour in Finland demonstrated that enhanced leave schemes had the effect of reducing the female labour supply (Haatja, 2005). In Section 3 we highlight more recent examples of this type of policy response. A longer-term perspective of trends in policy-making permits both the identification of gendered policy shifts and the multiple gendered “aftershocks”. In the context of the apparent decline in protection from the “silver lining” of segmentation, these recessionary policy aftershocks may represent an additional loss of earlier policy advances.

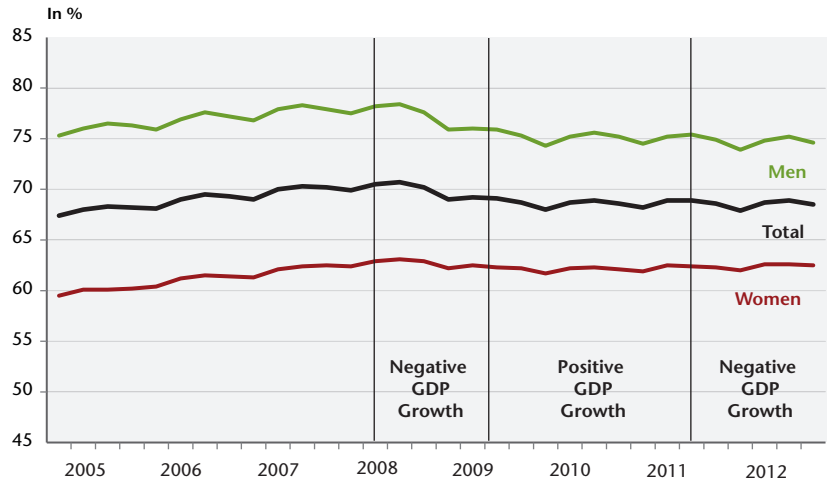
## 2. Women and men during recession and austerity 2008-12

The impact of the economic downturn on the EU labour market is most evident in falling employment rates and rising unemployment rates. This is true for the EU, but with significant differences between countries. Since the inception of the economic crisis, labour markets have shown increasing divergence between the Southern and peripheral European countries, that recorded the largest falls in the employment rates and the largest increases in unemployment rates, while most of Northern and Central Europe have shown greater resilience (EC 2013: 17-22). This growing divergence is driven by how the economies have performed overall and how labour markets and social systems reacted to the Great Recession. Looking at trends in the employment and unemployment rates in EU countries from 2008 and 2012 (annual averages) the effect of the downturn was very pronounced: the employment

rate (for 15-64 yrs.) fell in all but seven countries (Germany, Malta, Luxemburg, Austria, Hungary, Poland and Romania), while the unemployment rate rose in all, with the only exception of Germany. The situation has worsened significantly in Spain, Greece, Portugal and Ireland, for both men and women, and remains worrying in the Baltic States (Lithuania, Latvia and Estonia), despite recent improvements.

Figure 1 shows how employment rates in the EU followed a downward trajectory after Europe entered recession, lagged by two quarters from the first recorded negative GDP growth. This pattern was repeated in the competitor economies of the USA and Japan, with the exception of Japanese women.<sup>5</sup> Between the second quarter of 2008 and the end of 2012, the EU27 employment rate lost two percentage points on average: 3.6 for men and 0.4 for women.

Figure 1. Employment rates (20-64) by sex in the European Union (EU27), 2005q1-2012q4



Source: Eurostat database, EU-LFS (online data code: lfsi\_emp\_q) and National accounts (online data code: namq\_gdp\_k, extracted on September 2013).

These quarterly data show that the turning points were somewhat different between the sexes. The male employment rate

5. In Japan the impact on men started to be felt in 2008, although overall it has been milder, while for women the crisis has slowed progress in employment rates (Suzuki, 2010), rather than reversing previous gains, as has happened in the EU and the US.

lost 4.3 percentage points between the third quarter of 2008 and the first quarter of 2012, when it recorded the lowest rate for the period (73.9%). By contrast, the female rate lost 1.2 percentage points between the fourth quarter of 2008 and first quarter of 2011 (from 63.1% to 61.9%). Both male and female employment rates showed a slight rise in 2011 before slipping back again in 2012, when a politically induced second recessionary dip was experienced in the EU, mainly due to the negative growth of the Euro area (Karamessini, 2013: 9-13).

The segregation of male and female employment into different sectors of the economy is particularly important in explaining the nature and timing of these employment effects (Bettio and Verashchagina, 2013: 65-69). The differential employment impact on women and men varies across countries. In the developed countries – the US and the majority of EU Member States – men are employed mostly in construction and manufacturing (particularly in durable goods industries); these are the subsectors of the economy that have been hardest hit by the dramatic fall in demand, with net job losses hurting men more than women (OECD, 2012: 217, fig. 19.2). Thus, the greater loss of male employment during the early phases of the recession is consistent with the job segregation hypothesis.

These falls in male employment were widely recognised, and they overshadowed significant falls in female employment rates (Rake 2009). To place these job losses in context, it is useful to consider job loss against the previous trends in employment. These trends provide the benchmarks against which to judge the impact of the downturn – foregone employment rate gains (EC, 2010: 54-58; OECD, 1974). Here we follow Engemann and Wall (2009) who analyse the gap between the simulated employment level in 2009, based on extrapolated growth rates, and its actual value in 2009 (EC, 2010a: 54). The difference between the actual and the simulated employment is used to describe the effect of the crisis. The difference between the employment loss due to the crisis and what would have been observed had the past trends remained unchanged is called “foregone employment”.<sup>6</sup> In the European

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6. This approach was initially inspired by discussion, in 2009, between the authors of this article and Jill Rubery on the “opportunity cost” of the recession for women.

context, this approach is particularly important, given the long-term goals established by the EES and translated in 2000 into the so-called *Lisbon targets* which set goals for the overall employment rate and the female employment rate to be reached in 2010 (70% and 60% for the 15-64 age group, respectively).<sup>7</sup>

Figure 2 shows the impact of the recession on EU employment rates for women and men using the quarterly data from the labour force survey. The solid black line simulates the employment rate had the crisis not occurred, on the basis of the trend increase.<sup>8</sup> The difference between the actual and the simulated employment rate describes the effect of the crisis, which we interpret as foregone employment rate gains. The data show that the fall against the simulated employment rate is much greater than that in the actual employment rate for the EU27, but with notable differences between men and women. In the case of men, the actual employment rate declined between 2008q3 and the low point 2012q1 by 4.5 percentage points (from 78.4% to 73.9%), while the fall against trend has been estimated at 7.3 percentage points. Similarly, in the case of women, the actual employment rate declined by 1.2 percentage points, while the fall against trend is estimated at 4.7 percentage points (calculated at the low point for the female employment rate).

It is important to point out that the gender differential in the loss in employment rates is significantly reduced when measured against the foregone employment gains resulting from the crisis. That is, at the EU level, when we compare the actual decline in employment rates during the crisis, women record a loss of less than a third of the male loss in percentage point terms; this rises to over half when we factor in the foregone employment against previous trends in employment rates. The foregone employment continues to rise for women during the debt crisis, and the second

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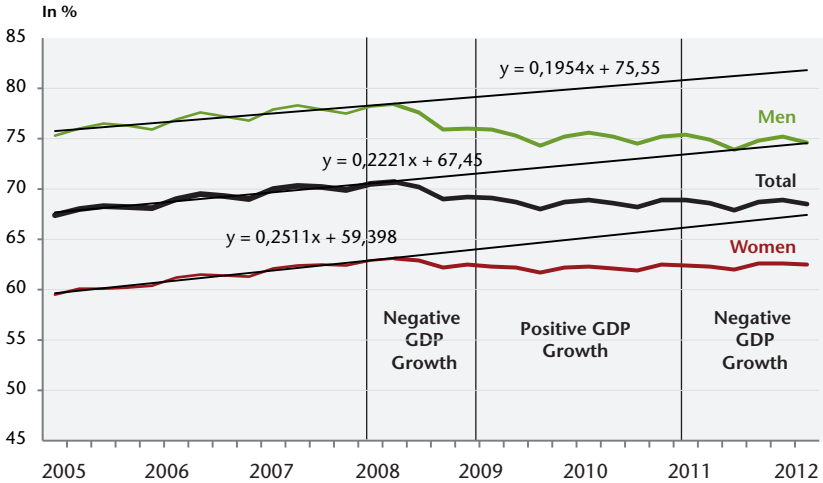
7. Prior to the recession, employment rates for women in the EU27 were making significant progress towards the Lisbon target of 60%. However, the long-term patterns of women's integration into paid employment show significant variation among countries. In 2008, the female employment rate was already above 70% in most of the Nordic countries (Denmark, Sweden and the Netherlands), but below 50% in the Southern countries (Malta, Italy and Greece).

8. Engemann and Wall (2010) use employment growth between 2000 and 2008 as the basis for their extrapolation, whereas here the period 2005-08 has been chosen since it was a sufficiently long time span for calculation of trends in employment rates, while avoiding unreliable employment rate data for some of the newer Member States in the early part of the decade.



period of negative growth, so that the female employment rate had foregone 4.9 percentage points by the end of 2012. For men the foregone employment loss had fallen back to 7.2 percentage points as a result of later gains in employment and reflecting the lower overall rate of predicted growth.

**Figure 2. Actual and simulated employment rates (15-64) by sex in the European Union (EU27), 2005q1-2012q4**



Source: Eurostat database, EU-LFS (online datacode: lfsi\_emp\_q, extracted on September 2013); authors' own calculations.

The changes in quarterly employment rates presented in Figure 2 for the EU27, although dramatic, are averaged from a common starting point (for all Member States), of the third quarter of 2008. This is done to facilitate the comparison between men and women over time. However, there are gender and country-specific differences in starting points for the recessionary effects on employment. For example, in Ireland employment rates began falling from the fourth quarter of 2007 for both women and men. Similarly in Latvia, male employment rates fell by two percentage points between the fourth quarter of 2007 and first quarter of 2008, while for women there was a 0.7 percentage point fall. At the same time in other countries, female employment rates continued to rise, though more slowly, until the first quarter of 2009 in the Netherlands and until the last quarter of 2011 in Germany.

Table 1 presents a more nuanced analysis of male and female employment rates with respect to gender and country-specific maxima and minima. These data illustrate the variety of experiences for women and men across countries. Indeed, in some cases where the downturn has been prolonged, the country-specific minima are at the end of the period for which we have data (2012q4): Greece, Spain, and Portugal for women and men; Latvia, Slovakia and Slovenia for women; Cyprus and Italy for men.

Using these gender and country-specific maxima and minima we find that male losses exceed female losses in the initial phase of the recession, with the exception of Romania. However, across countries we see quite stark differences. Male losses in Estonia, Ireland, Latvia, Lithuania, Spain and Greece dwarf losses elsewhere for both women and men. On the other hand, female losses in a number of countries – namely Bulgaria, Estonia, Greece, Latvia, and Lithuania – exceed those for men at the EU27 level and in half of Member States.

Table 1 also presents an analysis of the foregone employment of the recession for the 27 Member States – the loss compared to trend for men and women based on the gender/country-specific employment trends.<sup>9</sup> The foregone employment analysis shows that employment rate falls compared to trend tend to be much greater than the actual recorded falls, particularly for women (see Tab. 1, sections *a* and *b*). At the EU level (EU27 average), this approach doubles the loss for women and increases by a third the loss for men. Across Member States we find that in Belgium, Spain, Italy, Cyprus, Latvia, Poland and Slovakia the effect of measuring the foregone employment is more than double the negative impact of the recession on women's employment. For men, a similar impact is limited to two countries – Poland and Germany – where the employment rate growth was strong prior to the recession, raising the cost of the recession in terms of employment. Across Member States, as at the EU level, the differential by gender in the loss in employment rates is significantly reduced when measured by this foregone employment approach.

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9. Here the long period 2001-08 was chosen to calculate trends in employment rates where reliable data were available. The analysis for the newer Member States and Germany is still based on trends from 2005 and for Luxembourg and France from 2003.

**Table 1. Actual and foregone loss in employment rates (15-64), by sex in the member states of the EU27 during the great recession, based on country- and gender-specific maxima and minima**

Percentage points

	a) Actual loss to country/gender specific (CGS) minima		b) Foregone loss at CGS minima		c) Actual loss to 2012q4 from CGS maxima		d) Foregone loss at 2012q4 from CGS maxima	
	Women	Men	Women	Men	Women	Men	Women	Men
EU27	-1.4	-4.5	-2.9	-7.0	-0.6	-3.8	-4.8	-6.9
Belgium	-1.0	-3.2	-2.1	-3.2	+0.8	-3.2	-2.5	-3.2
Bulgaria	-7.9	-13.6	-14.8	-24.0	-6.1	-10.5	-17.9	-23.2
Czech Republic	0.0	-3.8	-0.5	-4.7	+0.2	-1.8	-1.5	-4.6
Denmark	-4.2	-7.2	-4.2	-6.1	-4.5	-6.1	-5.1	-5.7
Germany	+4.6	-2.0	-0.8	-4.1	+4.6	+1.1	+3.1	-5.4
Estonia	-8.9	-20.3	-10.3	-24.4	-5.3	-6.7	-8.9	-16.7
Ireland	-5.9	-15.9	-8.7	-15.2	-5.3	-14.6	-9.3	-13.9
Greece	-8.7	-17.3	-13.1	-18.6	-8.7	-17.3	-13.1	-18.6
Spain	-5.3	-17.6	-14.9	-19.0	-5.3	-17.6	-14.9	-19.0
France	-1.4	-2.9	-1.7	-1.3	-0.7	-2.2	-1.8	-0.5
Italy	-1.8	-5.1	-3.9	-6.4	-0.4	-5.1	-5.3	-6.4
Cyprus	-5.0	-11.5	-10.9	-10.5	-4.8	-11.5	-11.0	-10.5
Latvia	-9.4	-21.3	-19.8	-23.5	-5.3	-11.4	-15.7	-19.1
Lithuania	-6.0	-17.1	-6.8	-15.9	-3.1	-7.7	-5.9	-7.5
Luxembourg	-1.4	-3.5	-3.8	-0.2	+2.0	-2.0	-2.2	1.6
Hungary	-1.6	-6.1	-0.4	-5.1	+1.0	-2.0	+2.6	-1.1
Malta	-2.1	-4.0	-2.1	-3.3	+7.7	-1.9	+0.9	-0.5
Netherlands	-2.8	-3.6	-3.5	-1.9	-1.0	-3.6	-2.6	-2.0
Austria	-0.5	-4.4	-0.8	-3.2	+0.2	-1.8	-0.8	-1.4
Poland	-1.1	-3.6	-3.8	-7.2	-0.3	-1.6	-8.5	-12.8
Portugal	-5.8	-11.2	-5.5	-7.7	-5.8	-11.2	-5.5	-7.7
Romania	-5.6	-3.4	-4.0	-3.0	-4.1	-0.8	-2.6	-1.3
Slovenia	-5.2	-7.5	-6.4	-9.3	-5.2	-5.7	-6.4	-7.9
Slovakia	-4.4	-7.0	-8.9	-8.9	-4.4	-5.7	-8.9	-12.0
Finland	-2.9	-7.0	-3.2	-5.7	-2.0	-4.5	-3.2	-4.4
Sweden	-4.3	-4.8	-2.8	-4.1	-1.7	-2.4	-0.5	-3.0
UK	-1.0	-4.0	-1.5	-3.9	+0.3	-1.9	-0.7	-2.0

Notes: a) percentage point loss in employment rates for women and men between gender/country-specific maxima and minima; b) foregone loss is the percentage point loss in employment rates against trend for men and women based on the gender/country-specific employment trends and between gender/country-specific maxima and minima to define start and end points; c) percentage point loss in employment rates for women and men between gender/country-specific maxima and 2012q4; and d) foregone loss is the percentage point loss in employment rates against trend for men and women based on the gender/country-specific employment trends and between gender/country-specific maxima and 2012q4. See text for more details of analyses.

Source: Eurostat database, EU-LFS (online data code: lfsi\_emp\_q; extracted on September 2013). Authors' own calculations.

In order to capture the on-going effects of the crisis after the initial downturn, Table 1 (section *c*) also presents the loss in employment to the end of the period for which we have data from each country/gender specific maxima. In some cases these results capture a return to long-term structural increases in female participation, for example Belgium, Hungary, Luxembourg and Malta. In the case of Germany, the crisis had little noticeable impact upon the aggregate female employment rate although the structure of employment did change.<sup>10</sup> However, in the majority of countries the initial losses of the early phase of the crisis are far from regained in the subsequent phases. Furthermore, the particularly dramatic effects of the on-going debt crisis and austerity measures on male employment in Greece, Ireland and Spain stand out. Cyprus, Bulgaria, Latvia and Portugal also experienced double digit losses in male employment rates over the period from each male country-specific maximum. For women the losses are not so marked, but Bulgaria, Estonia, Greece, Ireland, Latvia, Spain and Portugal experience falls of at least five percentage points against the female country-specific maxima.

The foregone loss in employment for this extended period (to the end of 2012) complements the analysis and shows a further increase in the percentage point loss in male and female employment rates, when measured against trend (see Tab. 1, section *d*). Here we observe a greater convergence of women's and men's experiences, illustrating the long-term cost of the recession when set in the context of previously strong female labour market performance. In four countries – France, Romania, Netherlands and Cyprus – foregone losses for women exceed those for men: in a further eight countries foregone female employment growth is 80-90% that of men. On the other hand, the limited underlying increase in employment prior to the crisis in a few countries – notably Sweden, Malta and Hungary – produced flat predicted

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10. In the case of Germany, long-term employment growth has been mainly due to a redistribution of working time, based largely on the expansion of female part-timers. Full-time positions have been replaced by a rising number of part-time jobs, which include an increasing share of the so-called “mini jobs” (with monthly earnings below ?400, and thus excluded from the social insurance system). While the number of employees has increased substantially (by 2 million since 2000), the volume of hours worked in 2012 was almost the same as in 2000 (Weinkopf 2013).

trajectories for employment rates and thus small predicted foregone losses or slight positive results at the end of the data period.

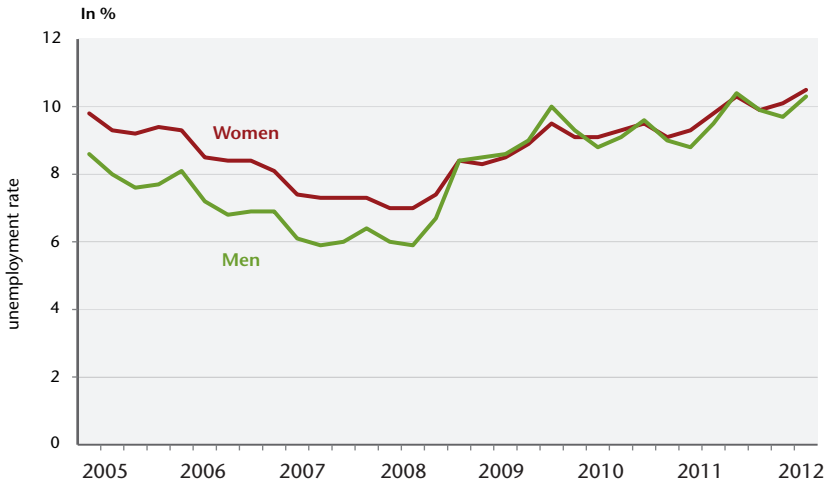
The prolonged effect of the downturn in some countries is clear if we look at the number of quarters with negative change in the employment rate. For men, six countries experienced negative employment rate growth in at least two thirds of the 20 quarters between the initial downturn and the end of 2012: Greece, Spain, Portugal, Italy, Ireland and Cyprus. These countries – with the exception of Cyprus – also had the same experience for women.

Changes in employment rates are only part of the story of the crisis. Changes in the unemployment rates of women and men provide another part of the picture. The buffer hypothesis suggests that women would be more likely to lose their jobs in a downturn because seniority rules and a weaker labour market position mean that they experience greater precariousness. A sharper rise in unemployment would be concordant with such a trend. However, we find, at least in terms of unemployment rates, that the initial impact of the crisis had a greater impact on men across the EU (as also in the US and Japan). In line with the historical experience of post-war recessions, the unemployment situation deteriorated much less for women than for men in the Great Recession. This was to be expected, given previous studies on the impact of recessions on men and women in developed countries: in other parts of the world, however, the opposite has tended to be the case (ILO, 2009; Seguino, 2009).

Across the EU, rapidly rising male unemployment rates were a common feature of the Great Recession, and often made headlines in the press. However, once again a broader analysis sheds some additional light on these trends. While male unemployment rates did rise more sharply than female ones, the result was actually a convergence of the male unemployment rate to the female one at the EU27 level (Figure 3). The male unemployment rate for the EU overtook that of women in the first quarter of 2010 (10% compared to 9.5%). Across countries, female unemployment rates were already higher than male ones in 22 of the 27 Member States before the crisis, and in those countries where male rates rose more quickly, men have often simply been catching up. Since this convergence at the EU level, the two rates remained remarkably similar for the following two years. Across the 21 quarters to

the first quarter of 2010, the average gap between male and female unemployment rates was 1.3 percentage points, and for the 11 subsequent quarters the gap was just 0.3 of a percentage point.<sup>11</sup>

Figure 3. Unemployment rate by sex in the EU-27, 2005q1-2012q4



Source: Eurostat, LFS (online data code: une-rt\_q).

Table 2 analyses the impact of the crisis on the gender gaps in unemployment rates in EU countries (plus the US for comparison). It shows how during the course of the crisis the within-country gender gaps have been reversed in many cases. Here we use the country-specific gender gap at low point before unemployment rates started rising as a measure for the start of the crisis effects and the high point as the turning point for labour market effects. The results show that women's disadvantage with higher levels of unemployment persisted in seven EU countries, while 11 of the countries that had higher rates for women at the start of the crisis moved to a situation in which male rates overtook female rates (Cyprus and Finland) or of more equal rates (Belgium, Denmark, France, Slovenia, Hungary, Portugal, Netherlands, Slovakia and Austria plus the EU27 average). On the other hand, Latvia, Estonia,

11. This pattern of convergence and then the common trend of the male and female unemployment rates has been repeated in many countries, although a number of notable exceptions stand out: Bulgaria, Germany, Ireland, Latvia, Sweden, Finland, and the UK. These countries have traditionally had a higher unemployment rate for men than for women (also, Latvia and Lithuanian have witnessed a particularly large impact of the recession on men).

Lithuania and Bulgaria (together with the US) all moved from a situation of having relatively equal unemployment rates to one in which men were at a greater disadvantage. There were no Member States where there was a reversal in favour of men. Finally, for three countries (the UK, Ireland and Romania) men have had their disadvantage in measured unemployment confirmed, with their higher unemployment rates before the crisis remaining so at the national-specific high point.

**Table 2. Trends in gender gaps in monthly unemployment rates by country, crisis to 2012**

	<i>Crisis Max</i>	Male unemployment rates higher than female unemployment rates: Country-Specific Maxima	Equal Country-Specific Maxima (within 0.5 pp)	Male unemployment rates lower than female unemployment rates: Country-Specific Maxima
<b>Pre Crisis</b>	Male unemployment rates higher than female unemployment rates: Country-Specific Minima	UK, IE, RO		
	Equal Country-Specific Minima (within 0.5 ppt)	LV, EE, LT BG, (US)	DE, SE	
	Male unemployment rates lower than female unemployment rates: Country-Specific Minima	CY, FI,	BE, DK, FR, SI, HU, PT, NL, SK, AT (EU27)	PL, LU, CZ, IT, ES, GR, MT

*Note:* The table compares gender gaps in unemployment rates at the country-specific maxima and minima for total unemployment rate. See text for more details.

*Source:* Eurostat database, EU-LFS (online datacode: une\_rt\_m, extracted on September 2013); authors' own calculations.

The picture is further complicated by evidence that the relationship between unemployment and employment for women differs from that of men: unemployment does not always capture the full extent of the female labour supply because women who lose their jobs or want work may not always appear in the measure (Berthoud, 2009). The unemployment rate is an imperfect measure of the impact of recession, because employment and unemployment may be simultaneously changing in the same direction, but also because unemployment does not capture the full extent of the unused supply of female labour. In certain socio-economic contexts, women may declare themselves inactive rather than unemployed, thus causing underestimation of the female labour supply, as is evident in the high proportion of transitions from inactivity directly into employment, and vice-versa, for women

(Rubery, Smith and Fagan, 1999). But the opposite is also possible: with some groups of women entering paid work in recessions (this has been observed in three Member States: Greece, Spain and Cyprus), and some groups of men entering inactivity as a result of falling employment opportunities (this is the case of the growing number of young men not in employment, education or training – NEET – in Italy: Villa and Smith, 2010). However imperfect, trends in male and female unemployment rates show that to assess the gendered outcome of the recession it is important to consider the differential timing of recessionary effects upon women and men. Men entered unemployment in greater numbers and more rapidly compared with women; male unemployment stabilised earlier, while female unemployment continued on a slight upward trajectory. The critical point, to be assessed in future research, concerns the transition from unemployment back to employment: the risk for women is that a large number may become trapped in long-term unemployment or inactivity.

### 3. Gendered policy responses

At the European Union level, the response to the financial and economic crisis of 2008-09 led to the close coordination of EU Member States in the development of the *European Economic Recovery Plan* – an unprecedented level of coordination among the 27 countries that led to a € 200 billion agreement (around 1.5% of EU GDP). The main EU response to the specific labour market challenges of the crisis came in the conclusions of a summit held in Prague in May 2009 (EC, 2009b: 13-15) and a Communication entitled *A Shared Commitment for Employment* (EC, 2009c). The focus of these developments was on measures to address the collapse in labour demand. However, in spite of European guidance on the gender mainstreaming of policy, anti-crisis measures were planned and implemented with the absence of an integrated gender dimension. It is worth noting that the European Commission had spent much of the previous decade promoting gender mainstreaming in employment policy machinery (Villa and Smith 2013).

At the Fourth World Conference on Women in Beijing 1995 a Global Platform for Action was adopted that required governments



to mainstream a gender perspective into all policies and programmes, so that, before decisions are taken, an analysis is made of the effects on women and men respectively. European institutions were active in adopting these tools, and in February 1996 the European Commission adopted a Communication on gender mainstreaming. As a result of this wave of action, gender mainstreaming had a prominent place in the early formulation of the European Employment Strategy (EES). The 1997 Treaty of Amsterdam formalised this commitment by explicitly mentioning the elimination of inequalities and the promotion of equality between women and men among the tasks and objectives of the Community.

Gender mainstreaming is the integration of the gender perspective into every stage of policy processes – design, implementation, monitoring and evaluation – with a view to promoting equality between women and men. It means assessing how policies impact on the lives and positions of both women and men – and taking responsibility to re-address them if necessary. This is the way to make gender equality a concrete reality in the lives of women and men by creating space for everyone within organisations as well as in communities – to contribute to the process of articulating a shared vision of sustainable human development and translating it into reality.

Unfortunately, the commitment to, and the implementation of, mainstreaming waned over the period 2000 to 2010 – a point clearly revealed in policies developed and implemented in response to the recession (Smith and Villa, 2010). One feature shared by the EU initiatives during the first wave of the crisis was the low visibility of gender in the analysis and policy proposals for labour markets – even to the extent of recognising that men were hit hard. Across the ten key points of the 2009 Communication in response to the crisis (EC 2009c), the position of gender in the concrete measures was very limited. In terms of a gender-sensitive analysis, the EU level approach did recognise the role of gender in the segmentation of precarious contracts. But there was no mention of how men had been disproportionately affected or the likely gendered effects of constrained public finances.

In the spring of 2010, the Greek sovereign debt crisis erupted, followed by a debt crisis in much of the eurozone. In the absence of

any coordination, all Member States drastically changed their policy response: from mid-2010, austerity measures were adopted to reduce debt and deficits (Lehndorff, ed., 2012). By the end of 2010, most countries had reversed their stimulus packages and replaced them with spending cuts, increased taxation and structural reforms (Leschke and Jepsen, 2012). In the second wave of the crisis, EU institutions (Commission and Council) focused on devising a reinforced system of economic governance that ensured eurozone Members honoured their debt and deficit commitments. In this scenario, gender mainstreaming was set aside at both the EU and the national level.

The increased policy activity at the Member State level, in both the first and the second waves of the crisis, produced policies that were even less likely to be gender mainstreamed than policies developed in preceding years of the EES. Here we draw upon a series of detailed analyses of the national reporting mechanisms conducted by a European Expert Group on Gender and Employment and their gender-sensitive analyses of Member States' labour market policies during the crisis.<sup>12</sup> These national-level analyses were based on a common methodology for analysing employment policies in terms of gender impact assessment and the extent of gender mainstreaming (Villa and Smith, 2010; 2011; 2012).

In Table 3 we present a synthetic analysis of these policy evaluations covering the period 2008 to 2011, based on a sample of one thousand four hundred policy measures. The period considered covers the first wave of the crisis (when stimulus packages were adopted) and the early part of the second wave of the crisis (when austerity measures started to be announced or implemented). The table includes all employment policies identified at the national level while highlighting as "crisis-specific policies" those

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12. The following experts produced national reports: Ingrid Mairhuber (Austria); Olga Rastrigina (Latvia); Danièle Meulders (Belgium); Ruta Brazienė (Lithuania); Iskra Beleva (Bulgaria); Robert Plasman (Luxembourg); Alena Křížková (Czech Republic); Frances Camilleri Cassar (Malta); Chrystalla Ellina (Cyprus); Janneke Plantenga & Chantal Remery (the Netherlands); Ruth Emerek (Denmark); Ania Plomien (Poland); Marre Karu (Estonia); Virginia Ferreira (Portugal); Hanna Sutela (Finland); Lucian-Liviu Albu (Romania); Rachel Silvera (France); Anita Nyberg (Sweden); Friederike Maier & Andrea-Hilla Carl (Germany); Aleksandra Kanjuo Mrcela (Slovenia); Maria Karamessini (Greece); Magdalena Piscova & Miloslav Bahna (Slovakia); Maria Frey (Hungary); Elvira González Gago (Spain); Ursula Barry (Ireland); Colette Fagan & Helen Norman (UK); Paola Villa (Italy)

measures introduced by governments either to reduce the impact of the crisis in the first wave or to restore public finances in the second wave of the crisis. All measures considered have some effects on the position of women and men in the labour market. Therefore, they should have been gender mainstreamed according to previous EC commitments.

We find that very few crisis-specific policies were regarded as being adequately gender mainstreamed. Moreover, they were even less likely to be adequately gender mainstreamed than all employment policies. Even though the number of policies declined as the crisis progressed, there is considerable consistency in the relatively poor assessment in terms of gender mainstreaming.

**Table 3. Gender mainstreaming and gender impact assessment of employment policies and crisis-specific measures in 2008-2011 in EU-27**

% distribution

	Total policies (%)			Crisis specific (%)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
<b>Adequate</b>	22	23	16	8	3	9
<b>Partly adequate</b>	17	22	22	12	15	9
<b>None</b>	60	55	63	80	82	77
<b>Total</b>	100	100	100	100	100	100
<b>Number policies/ measures</b>	n=505	n=480	n=414	n=180	n=118	n=106

Source: Villa and Smith (2010; 2011; 2012). See text for methodology.

Our analyses of policy measures produce evidence of segmentation- buffer and substitution-based policies responding to the impact of the recession and in the policy approaches adopted at the national level by Member States. Furthermore, in the context of the previous decade of policy measures to promote gender equality, the policy responses to the crisis represent a lost opportunity for further progress towards a more gender-equal labour market.

Sex segregation by industry has provided some protection against the impact of this economic crisis on female employment, though to a lesser extent than in previous downturns. The sectors more heavily hit were manufacturing (in particular, the automobile industry) and construction, both of which are male dominated. Thus, anti-crisis measures were to a large extent planned to counteract the impact of the economic crisis on those same male-

dominated sectors. Our analysis of crisis-related policy responses shows that segregation has led to the exclusion of women from the benefits of various policy measures. We might call this effect the “dark cloud” of segregation juxtaposed with the so-called “silver lining”. This dark cloud can also be seen in the gendered impacts of cuts to the public sector, particularly in services but also pensions and pay, which have a disproportionate impact upon women.

### **Box 1. Evidence of segregation excluding women from the benefits of crisis-related policies**

#### *Demand promotion and tax breaks for male-dominated sectors*

In **Denmark** a renovation pool for investment in private houses was aimed at preventing or easing the effects of crisis in the building and construction sector.

In **Spain** the State Fund for Local Development financed new public works to absorb idle labour in the construction sector.

In **Estonia** financial support to companies was aimed at relieving the problems for exporting companies in manufacturing, construction, transport and communication.

In **Finland** public investments were brought forward in construction and renovation to help the construction sector.

In **Portugal** financial support was introduced for enterprises in exporting sectors, including the cork sector where the gender pay gap has remained persistent.

In **Sweden** tax-reductions for repairs, maintenance, rebuilding and extensions were introduced to support construction as were public investments in infrastructure.

#### *Working time measures focused on male-dominated sectors*

In **Luxembourg** few of the 16 thousand workers affected by short-time working were women, since it was mainly used in the manufacturing sector.

In the **Netherlands** the part-time unemployment compensation scheme was geared towards full-time employees in industry and construction; only one in six employees on part-time unemployment was female.

In **Germany** just less than a fifth of short-time employed workers were women and most companies applying such measures were in male-dominated sectors and less likely to employ part-timers.

In **Spain** the social security benefits to maintain employment for workers affected by adjustment plans primarily benefited men: between January to June 2009 men accounted for four fifths of participants.

*Source:* Villa and Smith (2010; 2011; 2012). See text for methodology.

Much of the policy effort to promote consumer demand and protect jobs in the recession was focused on a narrow range of sectors, particularly construction and automobiles. Around half of Member States introduced car scrappage schemes to bolster demand in a hard-hit, male-dominated sector – often under the banner of the efficiency gains associated with reduced emissions by new cars. Similarly, the financial support for exporting companies tended to benefit male-dominated export-related sectors (ILO, 2009). Moreover, the widespread use of capital works programmes to promote demand in the construction sector tended to favour the first-affected male-dominated sectors. Examples of policies of this type are presented in Box 1.

On the other hand, assistance to service sectors – such as tax relief on restaurants – was less widespread. Yet it was an example of policy aimed at a more mixed gender sector. In a few Member States, support for the construction sector did help build capacity for what we might call “social infrastructure” (Box 1). However, the extent to which these policies have “win-win” outcomes for both sexes depends on the availability of public funding to support such services.

The promotion of short-time working arrangements has been a key part of the European strategy to limit rises in unemployment and maintain contact between workers and jobs (EC 2009c). However, the segregation of employment opportunities has an important impact on the proportions of women and men benefiting from short-time working models (see Box 1). Such schemes create a group of part-timers who are effectively compensated for working part-time by virtue of their employer or sector applying such a scheme while others are not: compensated involuntary part-timers (mostly men in sectors affected by the crisis) and uncompensated involuntary part-timers who could not find full-time work (mostly women).<sup>13</sup>

These anti-crisis measures were by and large concerned with the direct impact of the economic crisis on employment. Since the fall in employment and the increase in unemployment were initially larger for men than for women, most of the measures were focused on support for either male employment or income. However, such

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13. See Fagan and O'Reilly (1998) for a parallel in partial retirement schemes in the 1990s.

an approach ignores the impact on the household and misses the opportunity to adopt a “win-win” strategy – supporting male employment, in the short run, but also taking the opportunity to re-address some structural weaknesses (social infrastructure).

Policies implicitly treating the female labour supply as a buffer might be expected to promote a reduction in female participation or reduce terms and conditions because the employment of women is regarded as secondary to that of male breadwinners. Examples of policies of this type are presented in Box 2. As seen in the case of Finland in the 1990s (Haatja, 2005), evidence of a buffer approach is provided by policies to encourage women to spend more time out of the labour market. While expanded leave schemes may help parents, particularly mothers, balance work and family life, where these take place in the absence of measures to promote women’s return to the labour market, the result is greater detachment from the latter. The promotion of leave schemes, in the absence of measures intended to increase the take-up rate among fathers, also runs the risk of reinforcing the gender division of labour in the home and further reducing mothers’ attachment to the labour market. In addition, for women in low-paid segments of the labour market, paid leave schemes may create additional incentives to leave the labour market (see Box 2).

### **Box 2. Evidence of women’s employment being treated as a buffer in crisis-related policies**

#### *Changes to Leave Arrangements*

In **Austria** home care payments were increased for family carers working in private households reinforcing gender divisions and “privatisation” of long-term care.

In **Poland** maternity leave was extended to encourage higher fertility rates rather than the improvement of the labour market position of women.

In **Slovakia** benefits for paid parental leave were increased to the level of minimum wage which may have a positive effect on men’s participation, but negatively affected women’s participation since many of them work at the minimum wage.

In **Latvia** working parents, employees or self-employed, had their eligibility for parental benefit removed, decreasing women’s incentive to enter the labour market after child birth.

In **Estonia** paid paternity leave was abolished undermining the previous significant increase in the take-up of by fathers with negative consequences for gender equality in the division of care.

In **Cyprus** amendments to parental leave included an extension of the period from 6 to 8 years and increased transferability of leave allocations from men to women, reinforcing women's separation from the labour market and their responsibility for care.

#### *Cuts to women's employment*

In **Estonia** state budgets have been heavily cut with no gender impact analysis of the effect or gender budgeting. The largest cuts were in the area of Ministry of Social Affairs which will have a stronger impact on women than men.

In **Ireland** reductions in public sector pay have been an important component of macroeconomic policy and have included severe pay and pension cuts, even for the low paid. The cuts included -5% on the first €30,000, -7.5% on the next €40,000 and -10% on the next €55,000. In addition, changes to pensions will have negative consequences for women who have taken time out for children.

In **Hungary** restructuring of the public sector budgets has included a wage freeze disproportionately impacting upon women as the majority of employees in the public sector.

In **Latvia**, as a result of the public cuts and the crisis, there were significant reforms in education and health sectors, both female-dominated sectors. The reforms included wage cuts for teachers and the closure of schools.

In **Spain** the 2010 plan for reducing the fiscal deficit included cuts to the wages of public servants. This measure affected around 2.5 million of workers, 53% of which were women.

In the **Czech Republic** crisis-specific employment and social policies have focused on cuts in public spending and tightening of the support for families with small children. Policies have not been gender mainstreamed and reduce support for the most vulnerable groups of the population.

#### *The promotion of flexible employment for women*

In the **Czech Republic** the plan for a new Labour Code focused on greater flexibility of the employment relations and towards higher motivation of the employers to create new jobs. The introduction changes to temporary contracts had a negative impact on gender equality since women are employed more often than men on this basis.

In **Slovenia** new regulation on non-standard employment was not gender mainstreamed and, based on experiences elsewhere in Europe, risks the feminization of non-standard employment and resulting negative effects on gender equality.

In **Italy** the further expansion in the array of non-standard contracts include the re-introduction of the job-on call, relaxation of some rules on fixed-term contracts and the introduction of prepaid vouchers for many types of temporary work. Women are over-represented in these precarious positions, with lower earnings and no income protection.

*Source:* Villa and Smith (2010; 2011; 2012). See text for methodology.

For some crisis-specific measures (i.e. stimulus packages), the gender implications may be hard to unravel. However, with changes in public expenditures, it is somewhat easier to anticipate or even view the effects on women and men of cuts in jobs and/or services (EWL 2012; Karamessini and Rubery eds., 2013). The segregation of women into the public sector means that changes in conditions there can affect women's overall employment opportunities directly and often negatively in the context of cuts to services (see Box 2). There are four reasons why the radical changes in public-sector spending impact negatively upon women (WBG 2010). Firstly, the majority of public-sector workers are women and thus subject to pay freezes, job cuts and reduced pension entitlement. Secondly, women use public services more intensely than men to meet their own needs and to help manage care responsibilities. Thirdly, women are more likely than men to pick up the extra unpaid work resulting from cuts in public services. Finally, women have a higher dependency on benefits due to their higher participation in unpaid care work and their lower earnings.

In addition to reductions in public spending on services, cutbacks to policies designed to promote equality can also be viewed through the lens of women as a buffer to labour market trends. Such an approach might include cuts to equality budgets or even the political downgrading of equality goals (see Box 3). Austerity policies have had a drastic impact on national gender equality bodies and institutions: in some countries this has implied severe budget cuts, in others equality institutions have been merged with other departments or institutions, resulting also in loss of visibility and focus (EWL, 2012: 13; Karamessini and Rubery eds., 2013). There is also evidence of migrants being seen as a buffer labour supply, with many Member States having explicit and implicit policies to shift these groups out of the labour market and even out of the country – what might be regarded as “prioritising” jobs for



nationals in the context of an oversupply of labour. Schemes for the voluntary return of migrants may have negative effects on women since they have been focused on the repatriation of men (see Box 2).

In the context of the need to raise employment rates in much of Europe, reduction of the female labour supply may not necessarily be viable. Furthermore, as Milkman (1976) pointed out, it is not easy to reduce the participation of women with established attachment to the labour market. At the political level, demographic challenges, falling tax bases and shortages in female-dominated sectors mean that the female labour supply is important even for governments not prioritising equality *per se*. However, policies to promote women's employment at low cost, without addressing gender inequalities, can be regarded as a substitution approach when the security associated with male jobs is left largely untouched.

Policies based on treating the female labour supply as a substitution might be expected to promote women's participation in flexible jobs or promote an increased number of women in work at the expense of quality. In a number of countries we see the promotion of mini jobs (short-hours, part-time work) and flexible jobs aimed at women as being central to government policies to promote employment, with an implicit focus on the female labour supply (see Box 3). These policies continued during the recession and austerity phases of the crisis, while measures to maintain existing levels of employment in male-dominated sectors have been used, for example short-time working.

A wide range of labour market policies in Europe have been packaged under a "flexicurity" label promoted by the European Commission for a number of years (Lewis and Plomien, 2009).<sup>14</sup> The aim of such policies should be to increase flexibility while also promoting security, based on labour market models of Denmark and the Netherlands (Wilthagan and Tros 2004). However, most of the labour market reforms carried out in Member States over the last decade, and accelerated as a result of the crisis, have focused on further increasing the flexibility of workers, with little effort made

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14. "Flexicurity" is a portmanteau of "flexibility" and "security" used to denote policies that promote security for individuals while providing flexibility for the labour market.

to increase security. These policies have often had a detrimental impact upon women, who are identified as “beneficiaries” of flexible jobs, in order to reconcile work and family life (see Box 3).

### Box 3. Evidence of cuts to equality related measures

In **Ireland** the body with responsibility for monitoring legislation and promoting equality related to gender and eight other grounds of discrimination had its budget cut by 43%.

In **Greece** the revised national recovery plan dropped previous targets relating to women’s employment rate.

In **Latvia** the majority of the activities and measures included in the “Program for the Implementation of Gender Equality 2007-2010” were suspended.

In **Romania**, gender equality bodies were directly affected by the economic recession since financial resources made available for their day-to-day operations and wider activities were drastically reduced.

In the **Netherlands** cutbacks in the public expenditure on childcare facilities lead to higher prices for childcare facilities and negative impacts upon women, particularly those on lower incomes.

In the **Czech Republic** a new Government took office in 2010 and quickly abolished the position of the Government Commissioner for Human Rights. The dissolution of the position meant that there was no concrete policy agenda for gender equality and a risk of stalling advances in women’s rights.

In the **United Kingdom** budget cuts to the gender equality infrastructure included the body that oversees equality in various domains, including gender, the Equality and Human Rights Commission.

*Source:* Villa and Smith (2010; 2011; 2012). See text for methodology.

## 4. Concluding remarks

This paper has explored the gendered impact of the unfolding effects of the 2008-12 financial, economic and debt crises in the European Union. Our analysis has shown that taking a more comprehensive, broad-based perspective, which considers both changes in employment levels and changes in employment policies, enhances our understanding of the gendered impact of an economic downturn. In particular, the long-term perspective helps identify foregone employment gains resulting from the crisis (as trends in positive employment growth were disrupted) and fore-

gone policy opportunities (as previous policy priorities were changed, postponed or cancelled). Such an approach weakens the notion that men are more affected by recessions, and that women are somehow protected by gendered lines of segmentation.

The protection previously afforded to women by the so-called “silver lining” of segmentation appears to have been weaker, with women’s employment rates falling further than in previous downturns: both the nature of the financial and economic crisis and the greater proportion of women in the labour market are potential explanations. While the segregation of European labour markets has been rather resistant to change (Bettio and Verashchagina, 2009), the presence of women in greater numbers and in more sectors of the labour market means that they were more exposed to the impact of the recession. Furthermore, feminised employment areas subsequently faced bleak prospects because cuts in public spending impacted upon them as employees and users of public services.

The analysis of foregone employment gains demonstrates the negative impact of the crisis on previous trends in employment for both women and men. As the subsequent effects of austerity continue to bite, these prolonged effects of the crisis, particularly on women, also become clear. Finally, after a brief period when male unemployment rates were higher than women’s, at the EU level unemployment rates have returned to parity, since rises in unemployment for women are continuing, while male rates are levelling off or even falling.

Most of the responses to the crisis aimed at protecting employment (i.e. stimulus packages) were focused on the initial sharp rises in male unemployment, while subsequent austerity-led cutbacks had effects – not yet fully visible – in female-dominated employment areas in the public sector. The almost complete absence of a gender perspective in European and Member State employment policies responding to the crisis illustrates the limited progress in institutionalising gender mainstreaming structures and capabilities in policy-making architecture. Unfortunately, the low level of gender mainstreaming and all-round gender blindness mean that the opportunity to integrate gender into an array of new policies has been foregone.

The downgrading of gender equality policies extends the negative consequences of the loss in measured labour-market participation. Women are more likely to be affected by changes in standards of living that create a greater burden of unpaid work. Typically, women “pick up slack” as a result of the withdrawal of public services that previously helped women with caring responsibilities, or because of the reduced consumption of private services which induces a return to household production (i.e. cooking at home in lieu of eating out, reduced reliance on domestic services, etc.: Milkman, 1976).

Some had argued that the fallout from the crisis was an opportunity to create a fairer distribution of resources between rich and poor (Jolly, 2010; Vos, 2010) and that it was a transformative moment for more gender equal societies (Seguino, 2009). In the European context, an opportunity for major transformation would have required an explicit strategy to integrate gender equality into responses to the crisis, fiscal consolidation measures, as well as into the exit strategies, with the goal of pushing forward to a more gender-equal labour market. The reality turned out by and large to be more of a threat to gender equality priorities. The threat came from policy-makers “reverting to type” and paying little attention to gender in the urgency of their responses to the crisis. Implicit and explicit priority given to male breadwinners may induce moves towards policies that do not reflect the realities of dual earning for many households on European labour markets.

The foregone policy advances are further illustrated by the loss of focus beyond the crisis on longer-run gender equality goals. Only a minority of countries showed any evidence of considering the longer-term challenges of ageing, care deficits, and raising employment rates. The wave of new policies addressing labour market issues resulting from the crisis should have been considered a significant opportunity to address long-standing problems of inequality, segmentation and segregation of employment opportunities while also dealing with the short-term effects of the economic downturn.

Even if a downturn does offer the scope for change, numerous barriers in society reinforce gendered roles. As Legerski and Cornwall (2010) stress, the scope for “de-gendering” labour market and non-labour market work is constrained by institutions,

the household division of labour, norms in the labour market, and structural factors. Women's concentration in poor quality, lower-paid job areas means that their opportunities to become breadwinners are limited, particularly in working-class households experiencing male job loss. In this context, the need for strong policy leadership to promote change is vital. As Horrel (2000) shows with her long-term perspective on women's gains over the 20th century, advances in gender equality are not immutable. Change in women's and men's labour-market behaviour will continue, but the opportunity to promote more gender-equal change in a European context was passed by due to incoherent labour market policies and lack of policy leadership.

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# **“AN EBBING TIDE LOWERS ALL BOATS”**

## **HOW THE GREAT RECESSION OF 2008 HAS AFFECTED MEN AND WOMEN IN CENTRAL AND EASTERN EUROPE**

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In this paper we explore the impact of the economic recession of 2008 on gender inequality in the labor force in Central and Eastern European countries. We argue that job and occupational segregation protected women's employment more than men's in the CEE region as well, but unlike in more developed capitalist economies, women's level of labor force participation declined and their rates of poverty increased during the crisis years. We also explore gender differences in opinions on the impact of the recession on people's job satisfaction. For our analysis we use published data from EUROSTAT and our own calculations from EU SILC and ESS 2010.

*Keywords:* Economic crisis, CEE countries, Gender, Employment, Poverty.

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The Great Recession of 2008 was the second major economic downturn which has devastated the countries of Central and Eastern Europe (CEE) in the past quarter of a century. The first one after the fall of the communist regimes forced economic insecurity on a sizeable portion of the population. The second has exposed even more vulnerabilities, more cutbacks in social spending, a rise in joblessness and substantial deprivation. But the harsh consequences of the two crises have not been distributed equally: class and race inequalities have increased in each post-state socialist society, especially immediately after 1990 and then again since the beginning of the Great Recession.

In this paper we examine the differential impact of the economic crisis on the working lives of men and women in the post-socialist “periphery” of the European Union. Feminist observers had expected gender inequalities to rise sharply after 1990. Indeed, women’s employment chances did deteriorate, while their risk of joblessness and poverty did multiply. However, there is little documented evidence available for a systematic increase in overall gender inequalities in the labor markets of post-socialist societies. Did this change after the Great Recession of 2008? Did the economic crisis have specifically gendered consequences in Central and Eastern Europe? Researchers have found a leveling down process when examining the European Union overall: while the position of women has remained more or less stable, men have lost jobs at a higher rate, so the gender gap has narrowed (Bettio *et al.*, 2012). After a careful examination of the data we argue that a different picture emerges in CEE countries: here women also lost ground economically, if not to the same extent as men. This means that while the gender gap narrowed in Central and Eastern Europe as well, the difference between the employment and poverty rates of women in core and peripheral societies increased. The crisis has thus led to a diversification in women’s life experiences. There has been a divergence between the more and less developed parts of the continent – at least among women. This is indeed a form of inequality, namely inequality among women, even if this is less than inequality between women and men.

In addition, we test the hypotheses developed to explain the impact of economic crises on gender relations and we find support for the existence of a “silver lining” in job segregation: i.e. the fact that job segregation may provide protection for women in economic downturn. We find this to be valid in CEE countries, perhaps even more so than elsewhere. But other factors are also at play. Job segregation itself does not fully explain the variation across countries in how women have been affected. Other factors such as welfare measures, parental leave practices as well as the structure of the labor market are also important. This assumption fully coincides with Rubery’s and Rafferty’s recent statement that “... the gendered impact of a recession will not be the same across time and space as differences can be expected in women’s relative position in the labor market or welfare system linked to varying

degrees of attachment to employment and varying social norms and household arrangements.” (Rubery and Rafferty, 2013:2). Finally, we explore the gendered differences in people’s experience of the crisis and show that men have tended to suffer cutbacks and vulnerabilities more than women in both parts of the continent.

In the next section of this chapter we consider the reasons why CEE countries may exhibit different trends in gender inequality, compared to more developed regions of the European Union. Then we proceed to put forward our argument in three sections, addressing: i) the gender differences in job losses and destitution in the CEE, as compared to “Western” Europe<sup>1</sup>; ii) the impact of job segregation as well as other possible factors which may explain variations within CEE; and iii) gender and regional differences in people’s experience of the crisis. We conclude with a discussion of our findings and some suggestions for further analysis.

## 1. Why the CEE countries?

The countries of Central and Eastern Europe exhibit patterns which are different in a number of ways to those observed in historically capitalist societies. These include: i) women’s participation in paid work, ii) in mainstream ideological commitments to gender equality, and iii) the practices and consequences of mothering on women’s participation in public life. There are at least two broad reasons for these differences. On the one hand, the legacy of state socialism is still an important factor shaping certain social processes in these countries, gender relations being an important example. This legacy is not uniform: state socialist societies were quite different even before 1990. However, they did share a commitment to women’s emancipation in a rather narrow sense and started promoting this idea well before women started to enter the labor market in developed capitalist countries. The main pillar of the emancipation campaign was women’s full employment, a response to the permanent and urgent demand for cheap labor

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1. We use the term “Western” Europe, and the “West” with a capital “W”, or in quotation marks to indicate that we do not simply mean a geographical location but rather a concept, i.e. the “core” or more developed countries within the European Union. This also suggests that we are aware of the value connotations associated with the concept of the “West” and invoked in both parts of the continent when discussing geopolitical divides. For further explanations see Melegh, 2006.

in the socialist economy. In the 1960s, however, a pattern of lengthy parental leave was introduced, which is still part of legislation in many CEE countries. Full-time employment and long parental leaves made the work-life balance feasible and the social norm for most women across the region. This history is thus meaningful for at least the current generation of women.

Secondly, the post-socialist region has been partially integrated into the European Union but even countries, which are members of the EU, operate on the peripheries of the European geopolitical space. This peripheral status has a direct impact on all areas of life including the economy, the labor market, the structure of social inequalities, etc. It has important consequences for gender relations too, as studies on migration, on women's work in multinational factories, and on welfare state retrenchment have demonstrated. These two factors – the history of state socialism and life in the peripheries of an economic system – shape the experience of everyday life for the populations of these countries and impacts gender relations in meaningful ways. Below we review the legacy of state socialism briefly, and later show how the peripheral position of the CEE countries is being reinforced through subtly-changing gender inequalities brought on by the economic crisis of 2008.

## 2. State socialism and its collapse

As early as the 1940s, state socialist policy-makers introduced a vast array of social policies which were supposed to bring gender equality and women's emancipation to CEE countries in the not-so-distant future. These policies encouraged and occasionally forced women to enter the labor market and participate in public life (Haney 2002; Kligman 1992; Weiner 2007). Indeed, by the early 1980s, most women expected to spend their lives in paid work, working full time, throughout their adult lives, perhaps interspersed with short breaks for raising children. Inequalities in- and outside the labor market remained, but women's full time participation in wage-labor increased until 1989. Their contributions to family budgets soon became significant, and by the 1980s their chances of making it at least into middle level managerial positions exceeded that of women living in comparable non-

socialist countries. Mainstream official gender ideology promoted the importance of women's contributions to economic growth and political life, while simultaneously also constructing women as mothers and carers of children and the elderly (Fodor 2002). Lengthy parental leaves were introduced in the late 1960s in most of the CEE countries, and women indeed withdrew from the labor force for long periods after childbirth. This, however, was less "costly" in a state socialist economy which was characterized by a shortage of labor rather than unemployment. Even if returning after 5 years on parental leave, women with small children could easily find work before 1989.

After the fall of the Berlin Wall much of this has changed. From the point of view of the research here, a steep decline in employment levels is the most important issue (Einhorn 1993, Funk and Mueller 1993, Gal and Kligman 2000). Figure 1 below demonstrates these trends in eight post-socialist societies: a sharp drop in employment between 1990 and the mid-1990s was followed by varying degrees of growth in most countries.<sup>2</sup> The figure below also reveals profound differences among countries. Hungary performed worst with a vast drop in employment and very little improvement since, while the decline was smaller and gains came faster, for example, in the Czech Republic and Slovakia, or Slovenia.

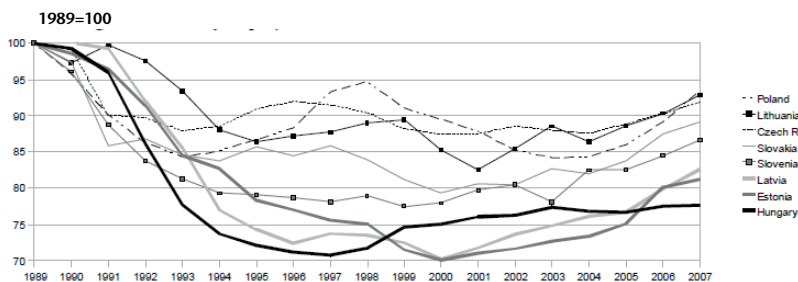
Scharle has pointed out three basic reasons for the low employment level of both men and women after 1990, in all post-socialist countries: "the compressed wage structure of the pre-transition era, the transitional shock, and the policy response to the shock" (Scharle, 2012: 180). She has also emphasised that the rapid privatization process in Estonia, Hungary and Latvia contributed to the huge and permanent loss in employment (see Figure 1 above). The process of privatization and thus the shift to a market principle was slower or timed differently in the other countries, which

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2. All through the paper we explore employment rather than unemployment rates. We made this choice as most statistics are based on self-classification and we expect women to classify themselves as "homemakers" rather than "unemployed" when this choice is possible, while men will most likely opt to do the opposite. Therefore, unemployment rates themselves reflect a gendered understanding of social expectations, which we avoid when we study employment rates only. Moreover, instead of unemployment, inactivity has always been a serious and widespread phenomenon in most post socialist countries. This has several reasons, from the high female enrollment rate in higher education to the trap of lengthy parental leave schemes, as discussed below.

may explain some of the differences in the rate of job loss. The three countries noted above could not recover before the 2008 crisis started. According to Scharle, the low employment level was maintained by the high percentage of unskilled people in all post-socialist countries.

Figure 1. Level of employment in accession countries



Sources: for 1989-1995: ILO (2011) ; for 1996-2007: Eurostat on-line database (LFS employment, population aged 15-64 ; Scharle, 2012: 184.

One of the consequences of the disappearance of jobs was the emergence of extreme destitution and deprivation. Statistics on poverty and social inequality are hard to find and notoriously unreliable for the state socialist period. However, all observers agree that the rate of poverty increased, with certain groups being particularly affected: especially those who belong to underprivileged ethnic minorities, who have low levels of education, and/or who live in rural regions (Emigh and Szelenyi, 2001). The threat of permanent hopeless poverty has had consequences not only for people's own health and life chances but also for society, the social fabric, solidarity at large.

Researchers generally assumed that women would be disproportionately disadvantaged by the economic crisis that followed the collapse of the state socialist economic and social systems (Einhorn, 1993; Funk and Mueller, 1993). Feminist authors identified a "back-to-the-kitchen" type of revival of domesticity, growing discrimination against women, a decline in the provision of social services, including childcare facilities, and an increase in the time employers expected workers to spend on the job. On the basis of these, many scholars expected an overwhelming increase



in labor market gender inequality: women were seen as the ultimate losers of the transforming economies.

Yet overall, women did not seem to have lost more ground in the paid labor force than men. For example, Fodor (1997) found that in at least some of the Central European countries gender was not a significant predictor of unemployment, net of other factors. She argued that skills which had been more typical of women protected them in these countries, including: language skills, high school education as opposed to specialized vocational training, as well as experience in service sectors jobs which had been devalued, poorly paid and thus feminized under socialism. But these skills subsequently became more useful in a service-oriented, globalizing economy. Glass (2008) reproduced these results using somewhat different indicators, and argued that not gender alone but parental status became a major disadvantage in the labor market especially for women. Lippe and Fodor (1998) reviewing a broader range of labor market indicators – such as the wage gap, job segregation, and access to authority – showed little increase in gender inequality in Central and Eastern Europe.

The labor market situation of women no doubt worsened after 1989 (Matland and Montgomery, 2003; Pascall and Kwak, 2005; Weiner, 2007). Many women were forced to leave the labor force, although, unlike men, instead of being unemployed they often went on parental leave or into early retirement at least in the countries where this option was available.<sup>3</sup> Examining this period, researchers noted the paradoxical situation where fewer and fewer children were born (in Hungary, for example) yet more and more women stayed on child-related leave, as new types of entitlements were also introduced (Frey, 1997). The rate of poverty among women and especially single mothers and female single pensioners increased. The real value of a number of social welfare payments decreased while most CEE countries experienced some forms of “re-familization” of care, exactly at the same time when the opposite tendency was taking hold in the “West” (Saxonberg-Sirovatka, 2006). Time budget surveys underline the existence of high levels of inequalities in the domestic division of labor (Bukodi; 2005,

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3. Even in the early years following change of the system the official retirement age threshold was quite low in many post-socialist countries: 55 years for women and 60 years for men.

Falussy, 2002). The already-existing trend that women with small children withdrew from the labor force for lengthy periods of time in some CEE countries, such as Hungary, Poland, Slovakia or the Czech Republic intensified and was also supported by the emergence of rather conservative gender role attitudes (Křížková *et al.*, 2010). Some authors also called attention to the backlash due to what was seen as an “unholy alliance” between women and the state (Gal and Kligman, 2000), referring to the argument that the socialist state provided more undeserved blanket support for women than for men. Yet, while women suffered great losses during the transition from state socialism, so did men and gender inequality may not have increased systematically or to the extent expected.

This should not have come as a surprise. Historical research had long pointed out that the deeply entrenched practice and ideology of job segregation may protect women from becoming the “reserve army of labor” in certain types of economic crises, for example, in the Great Depression (Milkman, 1976; Rubery, 1988). This was so, because women occupied positions in segments of the economy, such as the service sector, which were less effected by the crisis. Also, they tended to do jobs, for example in accounting, human resource management, secretarial help, teaching, etc., which were indispensable even for crisis-effected industries. This may not be the case in every economic crisis as contexts vary: for example, when women’s employment is concentrated in export-oriented production and when the crisis affects investment in this area, women are the first to lose their jobs (Seguino, 2000; Razavi, Pearson and Danloy, 2004). In addition, crises often mean austerity measures and a change in the care economy, which may impact a family’s survival strategy and could mean a heavier domestic work load for women (EWL, 2012).

But job segregation did, to some extent, protect women’s labor market position after the fall of state socialism. In 1990, although manufacturing jobs contracted this was accompanied by a veritable boom in the service industries, for example in banking, finance, hotels and tourism, etc. People with skills associated with these occupations (language skills, administrative experience, “people skills”, etc.) were in demand, while those with more technically oriented knowledge lost their attractiveness to employers.

Women were more likely than men to have gained these skills under state socialism. In addition, women had accumulated work experience in the public sector (for example, in education, health care or public administration), which gave them more protection than private enterprises. As discussed by Rubery, although a relatively higher proportion of professional positions had been available to women in health care and education in the Central and Eastern European countries than in the Western world, these jobs had also been particularly badly paid there. This means that women in public service occupations in general received very low pay in the “Eastern bloc” (Rubery, 2013). Obviously, the segmented labor market both protected and limited women in their careers and the metaphors of the “glass wall” and the “glass ceiling” have been applicable in the CEE context as well (Nagy, 2012). It should also be noted that certain groups of women, such as mothers with small children, ethnic minorities or older women did find themselves at a particular disadvantage in the 1990s, once the protection offered by socialist states was removed and discrimination became widespread (Glass, 2008).

### 3. The crisis of 2008

The first economic crisis in 1990 in the region had severe consequences for both men and women, but as most of the CEE countries started to recover from the shock of the collapse of state socialism, a new recession hit their labor markets. In the remaining part of this section we examine the impact of this second crisis while bearing in mind comparisons to the previous one.

Researchers have proposed three major hypotheses about women’s relative (dis)advantage in times of economic downturn (Milkman, 1976; Rubery, 1988; EP, 2011). Some scholars expect women to be especially badly affected: women are assumed to be the first to be dismissed and the last to be rehired in case of a shortage of employment, as women’s labor market position is very vulnerable. The phenomenon is often labeled as the “buffer” hypothesis (Rubery, 1988), or the marginality effect (EP, 2011), or women are even positioned as a “reserve army of labor” (Milkman 1976). Women are viewed as marginal in the labor market, less senior than men in most cases, their income is not considered vital

for the family budget and thus they are seen as expendable, a true “reserve army of labor”. Alternatively, other commentators suggest that women may not be especially vulnerable in times of economic crisis as they are protected by the existence of job segregation (segmentation hypothesis). This is the “silver lining” of job segregation, which nevertheless is the main reason behind the wage / pension gaps and much gender inequality observed otherwise. Yet if women occupy positions which are less severely affected in a shrinking labor market, they will do better than men and employers will keep employing women rather than switching to hiring men, especially when women are cheaper, and seen as more docile employees. This is called the “substitution hypothesis” (Rubery, 1988), or the strength-in-weakness effect (EP, 2011). Below we examine the data on CEE countries in the light of these three approaches.

Indeed, the first reports on the economic crisis of 2008 (the largest since the Great Depression of 1929) support the applicability of the segmentation hypothesis, at least within the European Union and for the USA.<sup>4</sup> Bettio *et al.* (2012) note that gender inequality in the EU has declined after 2008 (see also UN Women, 2013). They add, however, that “[t]here has been a leveling down of gender gaps in employment, unemployment, wages and poverty over the crisis. This however does not reflect progress in gender equality as it is based on lower rates of employment, higher rates of unemployment and reduced earnings for both men and women.” (Bettio *et al.*, 2012: 8). The explanation for this may again be found in job segregation: in countries where segregation is stronger, women’s disadvantage compared to men is smaller. Does this apply for CEE countries too and if so, is there any variation among them? Below we use data from EUROSTAT as well as EU SILC 2008 and 2010, and the European Social Survey 2010 to describe the gender impact of the economic crisis on employment, poverty and its perception in CEE countries.

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4. The designation of the present crisis as “mancession” was widely used in the US in 2009. See Baxter, 2009; Wall, 2009; *The Economist*, 2009. It described the situation that the recession first affected the male labor force.

#### 4. Leveling down or the stranding of all boats?

European Union statistical data show that East European men have been the main losers of the 2008 crisis: major job losses occurred in Estonia, Latvia and Lithuania, where men's employment rate dropped from around 75% to 64% (EC, 2012). In other CEE countries too, women were less likely to lose their employment than men (see the tables in the Appendix.) In this sense their experience of the economic crisis is not altogether different from women in more developed countries: gender inequality declined because men lost out more than women. But, unlike in most other EU countries, women in peripheral parts of the continent suffered greatly from the recession. Women's joblessness, poverty and material deprivation rates increased in all of the ten post-socialist EU member states.

Figure 2a above displays employment rates for women before and during the crisis years in core EU countries, in CEE countries and in the other peripheral countries of the EU (Spain, Ireland, Greece, Cyprus and Portugal).<sup>5</sup> In core countries, women's employment rate barely declined: it stood at 66.1% in 2007 and grew to 67.7% by 2012, never dropping below the 2007 level. This contrasts to men's job losses, but that was not specifically marked either. Men's employment rate (see Figure 2b) was 79.6% in 2007, but only 78% in 2012, with a 77.8% low in 2011.

The story is quite different in other regions of the EU. Women's employment rate declined steadily until 2010-11 and started to pick up a bit afterwards, but has not reached its pre-crisis levels by 2012. In 2008, women's average employment rate was about 64% in Central and Eastern Europe, which dropped to 61% by 2011.

Men's job losses were more severe: employment rates declined from over 76% in 2008 to 70% by 2010, with an increase starting in 2011, especially in the Baltic countries. No doubt, men suffered more job loss than women everywhere, but the contrast between women's experiences in "core" and "peripheral" countries is also pronounced. This is so especially if we examine the case of the "Southern" periphery of the EU separately. There the impact of the

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5. In terms of women's employment patterns and the huge employment losses, Ireland belongs more to the group of the "Southern" periphery than the core countries.

crisis has been especially heavily felt by both women and men: women’s employment rate had declined by almost 5 percentage points by 2012, while men’s dropped from over 80% to 69%: i.e., an 11 percentage point decrease.

Figure 2a. Women’s employment rates from 2007 to 2012 in three groups of countries

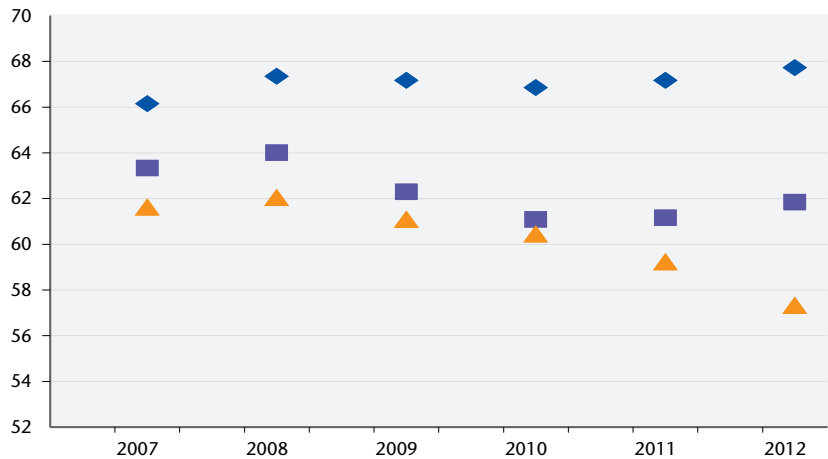
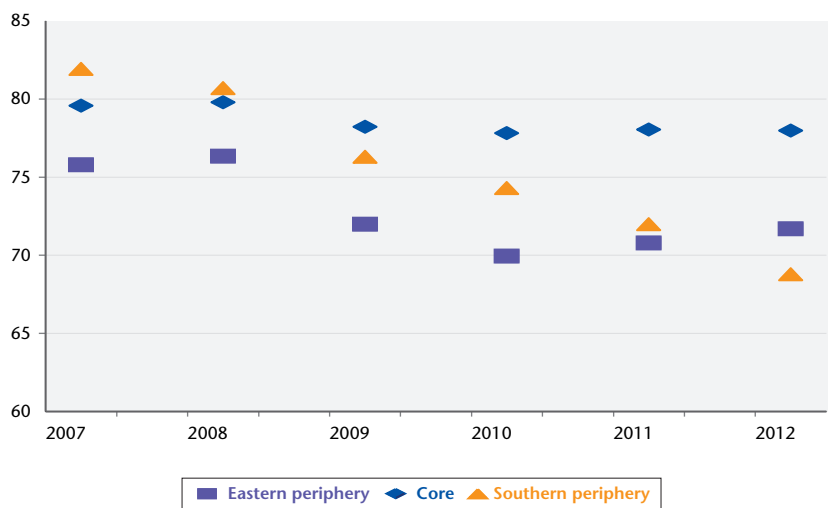


Figure 2b. Men’s employment rates from 2007 to 2012 in three groups of countries



Source: EUROSTAT.

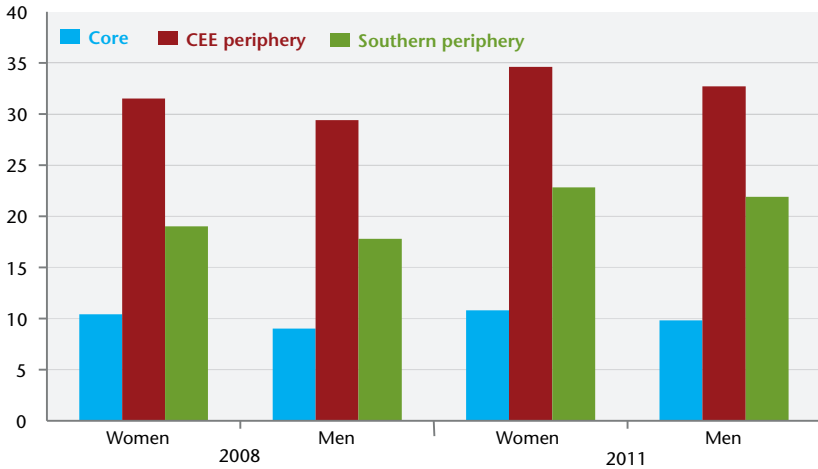
Both women and men in CEE countries suffered job loss, although men have borne more of the burden of the crisis than men in the core countries. In addition, the peripheral regions experienced more hardship than core countries, even though employment rates were already lower in the former, in 2007. Women's disadvantage in CEE countries declined somewhat compared to men, but the gap between their life chances and those of their counterparts in "Western" Europe grew wider. This is probably the most important point here: inequalities among women in core and peripheral countries are on the rise. This may have long term consequences for migration patterns, as women in poorer countries migrate to do care work in more developed regions – a phenomenon which can only exist if inequalities are large enough (Milkman, Reese and Roth, 1998; Bettio *et al.*, 2012). Indeed, recent Eurostat data on migration supports this claim.<sup>6</sup> A growing number of migrants left CEE countries for the Western part of Europe – out-migration is the lowest in Slovakia, the Czech Republic, Slovenia and Hungary. However, both the target countries and the gender ratios were different across nations. For example, as is well known about 1.8 million Polish people migrated to European countries, particularly to the UK shortly after the EU accession. Although the process has slowed down, it is significant even today. Women and men from Romania and Bulgaria targeted mainly Germany and Spain to work in agriculture, whereas mainly women are welcome to work in household and in care work in Italy. The Baltic States made use of their closeness to the Nordic countries. Overall there has been a slight female surplus leaving for Western countries (though in the case of Norway, which is not an EU member, more men than women left the CEE countries). In sum, migration serves as a buffer in the depressed labor markets of CEE countries, but there is no evidence that this affected women or men more, as there is demand for low-skilled workers of both genders in West Europe.

Similar patterns may be observed when we look at rates of poverty and especially material deprivation (see Figure 3).

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6. We are grateful for Attila Melegh, who provided the Eurostat flow and stock migration data.

Figure 3. Rates of material deprivation: differences across regions and genders



Source: Eurostat, online, accessed March 1, 2013.

People who are classified as materially deprived live in extreme poverty and lack access to basic goods and resources. Overall, this type of poverty is significantly lower in “Western” Europe than in CEE countries or in the “Southern periphery”, and this gap has increased further during the recent crisis. In 2007 a little less than 10% of people in core countries lived in material deprivation according to EU surveys, as did 32% in CEE countries and about 20% in the “South”. But while in core countries neither women nor men were much more likely to end up in extreme poverty after the crisis, in Central and Eastern Europe both men and women have faced a higher chance of experiencing severe deprivation. Women’s rate of material deprivation grew from 32% to 34.5% in CEE countries and from 20% to 22.8% in the South. Thus while in the “West” researchers characterize the experience of the crisis as one of “leveling down”: i.e. gender gaps have diminished due to a weakening of men’s position while women’s social status stagnated, in the CEE countries both men and women suffered (and keep suffering) losses, even if men do so slightly more than women. This is not simply a leveling down, where one person’s position sinks to that of a lower group, it is a situation when everyone is experiencing a harder time and the gap between the different parts of the conti-



ment, especially between the job market opportunities of women in core and peripheral countries has widened. In CEE countries, financial cuts in the public sector have affected women's economic situation especially. As Rubery has put it: "This has led to a large rise in low paid public sector workers – for example in Hungary and Romania – many of whom are women. In the Baltic States the high share of performance pay facilitated widespread reductions in nominal pay that significantly reduced the pay premium in Latvia and Lithuania." (Rubery, 2013: 34).

Since in the first economic crisis in the early 1990s the most important losers were women with children, who were the most likely to lose paid employment. We examined how this group fared in the second economic downturn in the region. Researchers have found that in CEE countries with generous parental leave policies, women withdraw from the labor market for lengthy periods and have difficulty returning. In these countries, motherhood especially of young children has had a high impact on female employment (EC, 2012). Interestingly, however, in 2008 women with children did not do worse than those without, either in the CEE countries or in "Western" Europe. Using the 2008 and 2010 waves of the EU SILC database, we calculated self-declared employment rates for these two groups of women and found that the same patterns hold in both groups: women with children were not particularly disadvantaged in this case either in the "East" or the "West".<sup>7</sup> This is notable, as it is sharply different from what we found in the 1990 crisis. On average, fewer mothers of small children are in the labor market in CEE countries than in "Western" Europe, although those who are tend to work full time. This pattern forces women in CEE countries to choose either between a life oriented more towards mothering, or to following the full-time (male) worker model, as moving between the two is difficult and costly. This is certainly one of the reasons for labor market gender inequality in CEE countries, but we observed no change in this pattern. This may be because women with young children had already been excluded and discouraged from the labor market well before the present crisis. The employment of

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7. In this case respondents were asked to classify themselves as to what their economic status is (variable PL030, EU SILC 2010).

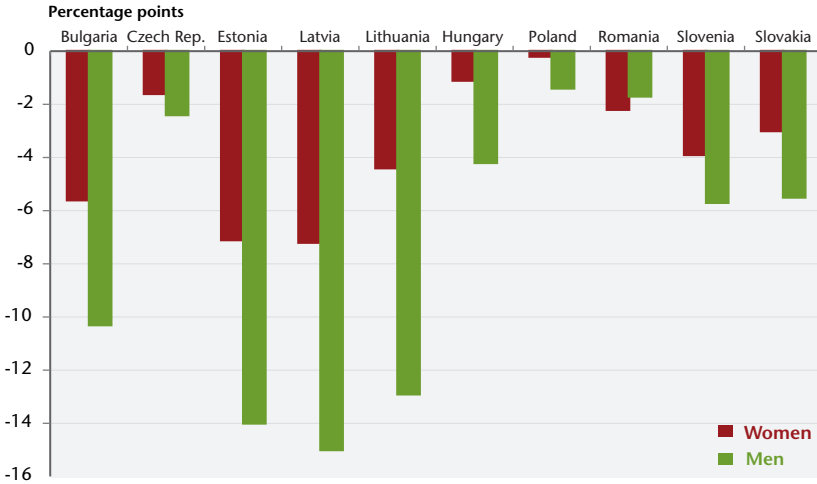
these women had already reached its lowest point earlier, due to the lack of opportunity for returning to employment, insufficient childcare facilities, a dysfunctional parental leave system, etc.

## 5. Variations in the degree and distribution of job losses across CEE countries

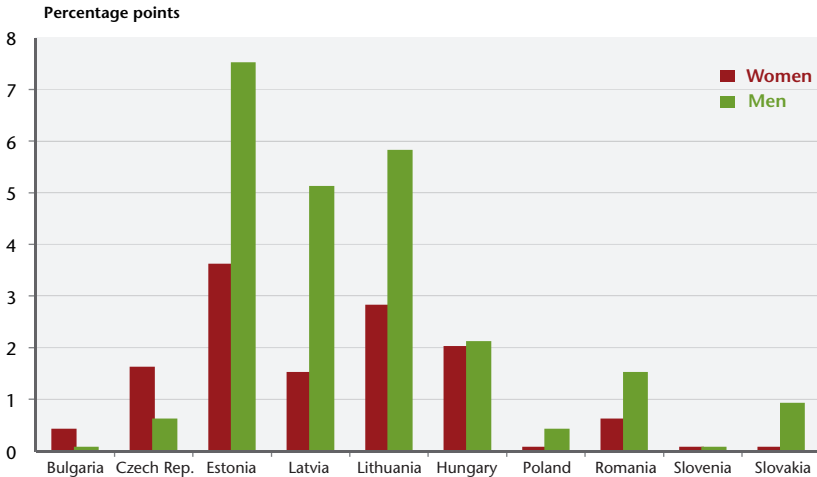
While the overall pattern is no doubt interesting, a more nuanced picture emerges from an examination of the differences across countries in employment losses. In this section we will focus more on the CEE region, and look at country-specific variations and their causes. Figure 4 describes the difference between the peak employment rate (in most cases in 2008) and the lowest rate (usually 2010) in each CEE country, separately for women and men. The average difference in the employment rate between the peak and the trough year is 3.6 percentage points for women and 7.3 percentage points for men. As noted above, men in the Baltic countries (Estonia, Latvia and Lithuania) suffered the most from job loss within the EU. In Estonia and Latvia, men's employment rates were 13-15 percentage points lower in the depth of the crisis, compared to more prosperous times just two years earlier. Bulgaria is close to the Baltic group with a roughly 10 percentage point loss for men, while there is practically no change in men's employment level in the Czech Republic, Poland and Hungary. Women's rates roughly follow men's: women in the Baltic States, where they experienced the most loss, followed by Bulgaria, then Slovakia and Slovenia. It should be noted that Romania is the only country according to Eurostat data where women's job losses were greater than men's.

Recovery has started after the trough years in most CEE countries. Figure 5 describes gains in the employment rate for men and women, compared to the lowest employment levels. On average, men's employment rate has climbed by 2.3 percentage points, and women's by 1.25 percentage points. This means that by 2012, the gender gap was still narrower than it was in 2008, but somewhat larger than in the trough year in between. This is so because men's employment losses were worse and while these are improving more rapidly than women's, by 2012 the difference had not reached its pre-recession level.

**Figure 4. The difference between the highest and lowest employment rates between 2008 and 2012, aged 15-64**



**Figure 5. Recovery and improvement in employment rates between the trough year and 2012, for women and men**



Source: EUROSTAT, accessed April 29, 2013.

It should be noted that in the Baltic countries, men's employment gains have been significantly higher than women's: men seem to be in a better position to recover from the crisis. This is in fact true for most of the countries, except the Czech Republic, where women have recovered faster. In Bulgaria, where job losses were significant, almost no improvement has started yet.

This suggests that the crisis is far from over in CEE countries. While the gender gap may have narrowed, men seem to recover faster and gain some of their jobs back. The gap between core and peripheral countries in terms of employment rates (or in the level of poverty and extreme poverty) has widened.

What might explain the cross-country variation in women’s ability to retain employment in times of economic crisis? We turn to an examination of this question in the next section.

6. Explaining cross-country differences

There are a number of reasons why women may do worse in some countries than in others. Bettio *et al.* (2012) have found that the job segregation argument (described above) is applicable to the recent Great Recession as well. Specifically, they show that there is a positive correlation between the level of job segregation and the gender gap in employment losses: gender differences were larger (i.e., women fared better relative to men) in countries where occupational and sectoral segregation were more pronounced. Bettio *et al.* (2012) calculated a correlation coefficient of 0.50 for the relationship between sectoral segregation and the gender gap in employment loss for 2009. We made the same calculations for the CEE countries alone. Table 1 below summarizes the strength of the relationship between occupational/sectoral segregation, and gender differences in employment rate changes.

Table 1. Correlation coefficients between different types of segregation and the male-female employment gap in two periods in CEE countries

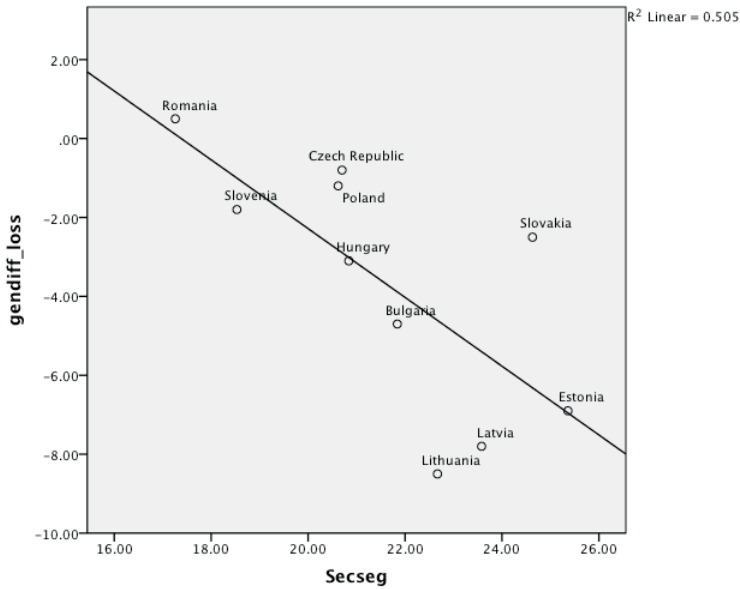
	Peak to trough period	Trough to 2012 period
Occupational segregation and employment gap	0.60	0.40
Sectoral segregation and the employment gap	0.71	0.67

Source: Fazekas and Scharle, 2012.

The correlation between sectoral segregation and the employment loss gap is 0.71 in CEE countries, much higher than what Bettio *et al.* found for the whole of the EU (0.5). This means that the relationship between sectoral segregation and men’s employment disadvantage is higher in CEE than in Western European countries. The same is true for occupational segregation where

Bettio's coefficient of 0.40 contrasts to ours of 0.60. We also calculated correlation coefficients for the relationship between sectoral segregation and gender difference in employment rate recovery (thus for the years between the trough and 2012), and found that these are somewhat weaker relationships than those in the earlier period, in the CEE countries as well.

**Figure 6. Scatter plot showing the relationship between sectoral segregation and the gender gap in job loss (peak to trough period)**



Source: Bettio *et al.* 2012.

Figure 6 describes the strong relationship between the level of sectoral segregation and the gender gap in job losses. The vertical axis describes the gender gap in job losses – the percentage point difference between men's job losses and women's. The horizontal axis is a segregation index calculated for EU countries from Bettio *et al.* (2012). We note a strong correlation between the two variables: at higher rates of segregation, men's job losses are higher relative to those of women. But this figure also indicates that a linear regression line (or correlation coefficient) does not tell the whole story. Indeed, we observe a group that is quite different from the rest, namely the small Baltic States.

In Estonia, Latvia and Lithuania, high levels of sectoral segregation go hand in hand with major job losses for all: relatively less for women, and a huge drop for men (EC, 2012: 31). These countries suffered the greatest decline in GDP during the crisis years among CEEs: more than twice as much as observed in Romania, the Czech Republic or Hungary, which were also deeply affected (IMF website).<sup>8</sup> Much of the decline was due to a sudden halt in foreign direct investment. This was experienced in other countries as well, but had a more dramatic impact in states which had relied heavily on foreign investment for their economic growth. In 2007, foreign direct investment stock amounted to over 70% of the GDP of Estonia. The flow of foreign capital into the country dropped to about half, from over 13% to about 7% of the GDP by 2009, dropping to less than 2% in 2011.<sup>9</sup> This occurred as GDP itself was in sharp decline. Foreign investment in Estonia created jobs for both men and women, albeit in different sectors. The sectors which contracted most sharply were manufacturing and construction, typically male-dominated fields, and this may explain some of the disadvantages men suffered after 2007. Similarly, as FDI investments bottomed out by 2009, Latvia and Lithuania (as well as Bulgaria, which is also heavily dependent on foreign capital) experienced severe labor market contractions, especially in sectors dominated by men. By 2012, however, the male employment rate had increased sharply in the three Baltic countries (but not in Bulgaria). Analysts celebrate the Baltic region's flexibility and "unique adjustment" in reacting to the financial shock (Purfield-Rosenberg, 2010), and emphasize that foreign investors, particularly parent banks, did not withdraw from these countries. This protected some female-dominated jobs during the crisis, and also helped the recovery. At the other end of the spectrum, women's advantage compared to men was much smaller in Romania or Slovenia. These countries have the least segregated labor markets, which did not protect women in times of an economic downturn, as evidenced by this data.

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8. A summary of the Baltic States' financial crises can be found on the IMF-blog: <http://blog-imfdirect.imf.org/2011/01/07/toughing-it-out-how-the-baltics-defied-predictions/>.

9. Eurostat, <http://epp.eurostat.ec.europa.eu/tgmrefreshTableAction.do?tab=table&plugin=1&pcode=tcc00046&language=en>, accessed April 2, 2013.

Segregation does not explain the whole story, however, and here we can only put forward to an exception to demonstrate this point. Slovakia is an interesting contrast to the Baltic States: its level of sectoral segregation is similarly high, yet women's advantage in the crisis was much smaller in this country, comparable to that of other CEE nations. Slovakia was also heavily impacted by the contraction of FDI investment flows, which dropped to zero by 2009 (from over 8% of GDP in 2006), but a different structure of investments may explain why women here were less protected. This suggests that sectoral segregation will have different consequences depending on the existing structure of the economy, which may be quite different.

## 7. Gender differences in the perceptions of the impact of the crisis

Previous analysis has pointed out men's subjective vulnerability in times of crises. "Men do report themselves as more affected by the crisis with more frequent complaints of heightened job insecurity, cuts in pay and having to accept less interesting work" (Bettio *et al.*, 2012 based on ESS 2010). This paper also presents the perceived differences not only between men and women, but also between the two parts of the European continent. We expect men in "Western" countries to complain more intensively about "softer issues", such as less interesting work. In contrast, we expect men in "Eastern" countries, where the decrease of employment started from a lower level, to stress "harder issues", such as reductions in pay and less job security.

Based on previous results, we expect men to express deeper dissatisfaction for at least two reasons. On the one hand, their employment figures decreased more considerably, which is an objective explanation for the more intensive complaints. On the other, we assume that according to the prevailing gender order, men are expected to be more attached to paid work even today than women. Thus work-related losses might cause higher rates in perceptions in general. This expectation may go back to the old sex-segregated models, which treat men's and women's commitment to employment differently, with a bias towards men. As Feldberg and Glenn emphasised in their classical work "[w]hile

analyses of men's relationship to employment concentrate on job-related features, most analyses of women's relationship to employment (which are rare by comparison) virtually ignore type of job and working conditions. When it is studied at all, women's relationship to employment is treated as derivative of personal characteristics and relationships to family situations.” (Feldberg-Glenn, 1976: 526). Despite the time which has passed since this publication, sociological investigations repeatedly show evidence of these traditional and stereotypical gender expectations. (A good overview about the mechanisms is given by Ridgeway and Connell, 2004). This is particularly challenging in the CEE countries, where re-familization took place in the post-socialist era, as noted above. Thus, we presume that men in CEE countries will perceive the highest loss concerning paid employment.

The European Social Survey (ESS) 2010 contained four basic questions for measuring the perceptions of the economic crisis. The questions referred to the previous three years, thus the respondents were asked to compare the years before (2007) and after the crisis (2010). The questions were formulated in the following way: “Please tell me whether or not each of the following has happened to you in the last three years: I have had to do less interesting work? I have had to take a reduction in pay? I have had to work shorter hours? I have had less security in my job?”

Table 2. Perceptions of the crisis

Percentage of those having...

	"East"			"West"		
	Men	Women	Total	Men	Women	Total
Less interesting work	33.7	27.8	30.7	30.8	25.1	28.1
Reduction in pay	26.1	22.6	24.3	23.4	19.8	21.7
Shorter hours	16.3	13.7	15.0	13.5	14.3	13.9
Less security	27.3	23.5	25.4	23.9	21.8	22.2

Source: ESS, 2010.

The most frequent problem interviewees noted was “less interesting work” (29% of all respondents mentioned this, see Table 2), followed by “less security” (24%), “reduction in pay” (23%), and finally “shorter working hours” (14%). Men in the “East” and “West” shared the fact that they more frequently reported a deterioration in their work-related status than women did.



The difference was about six percentage points between women and men: see, for example, the tables below on less interesting work.) Contrary to our expectations, slightly more Eastern than Western men (and women) complained of less interesting work. Every third man in the CEE countries noted that he had a less interesting job in the years of crisis.

The same tendency is observed in all the other cases: complaints about shorter working hours, reduction in pay and job security were more often emphasized by “Eastern” than “Western” men, and more often by men than women in general. Looked at from another angle, women complained less about bearing the employment-related burdens of the crisis.

The fact of (involuntary) shortened working hours was the softest issue among the above listed items, and here we can see that women in the core countries were relatively more often affected by this measure (Table 2, row 3). We also have to note that it was the least frequent complaint. We should not forget either that the CEE countries have hardly any part-time or flextime options in their employment systems. All this comparative data underlines the previous thesis regarding the economic and social losses of the crisis. Both the “objective” statistics and the “subjective” perceptions the same phenomena: first, men faced more serious labor market losses than women did in the period 2007-2010, and second, women in “Eastern” countries have been more vulnerable to the last crisis than their “Western” peers.

## 8. Conclusion

In the preceding analysis we have argued that comparing Central and East European countries to developed core industries is particularly useful to identify the gendered effects of the last economic crisis. As a starting point, we stated that many CEE countries still had not recovered from the transformation shock of the 1990s, when the present crisis started. We showed that although a levelling down process was clear in Eastern Europe as well, men’s worsening social and economic situation was paralleled by women’s deteriorating position. We thus conclude that the crisis has led to a situation in which “an ebbing tide strands all boats”.

We pointed to the increasing inequality between women in core and peripheral societies, and the somewhat decreasing inequality between East European women and East European men, in terms of employment, poverty and material deprivation, though at a lower level than previously existed. This shift was reflected in the perceived effects of the present crisis, too. Whereas “Western” women were hit more intensely by the austerity measures, and were not affected immediately by the first wave of the economic crisis, women on peripheries underwent a permanent employment crisis until 2011 (CEE countries), or even longer (“Southern” periphery). It is a special situation, which has not been elaborated in detail by previous analyses.

We have argued that the “silver lining” of job segregation has protected women in economic downturns in CEE countries, as it has in “Western” countries, and perhaps even more so. Still, job segregation does not explain all the variation among CEE countries: the Baltic States, which have a rather small population and strong gender segregation, have been particularly open to both economic boom and recession. Here, men have suffered huge losses, so it was a real “mancession”, but the recovery was faster for them, too. Slovakia, with a similarly high level of gender segregation, has had a different pattern, and less protection for women. Thus, the structure of economies and the functioning of welfare states might also explain the differences in national outcomes.

Further investigations are needed, however, to explore the effect of austerity measures on gender relations in the labor markets of core and (semi-)peripheral countries.

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## Appendix

**Table 1. Employment rates (women and men aged 20-64)  
in EU member states – 2005 and 2010**

	Women		Men		Gender gap	
	2005	2010	2005	2010	2005	2010
EU-27	60	62.1	76	75.1	-16	-13
Belgium	58.6	61.6	74.3	73.5	-15.7	-11.9
Bulgaria	57.1	61.7	66.8	69.1	-9.7	-7.4
Czech Republic	61.3	60.9	80.1	79.6	-18.8	-18.7
Denmark	73.7	73.1	82.3	79	-8.6	-5.9
Germany	63.1	69.6	75.6	80.1	-12.5	-10.5
Estonia	69	65.7	75.4	67.7	-6.4	-2
Ireland	62.4	60.4	82.8	69.4	-20.4	-9
Greece	49.6	51.7	79.8	76.2	-30.2	-24.5
Spain	54.4	55.8	79.9	69.1	-25.5	-13.3
France	63.7	64.7	75.3	73.7	-11.6	-9
Italy	48.4	49.5	74.8	72.8	-26.4	-23.3
Cyprus	63.8	68.5	85.5	82.5	-21.7	-14
Latvia	65.7	64.9	75.4	65.1	-9.7	-0.2
Lithuania	66.6	65.1	74.9	63.6	-8.3	1.5
Luxembourg	58.4	62	79.4	79.2	-21	-17.2
Hungary	55.6	55	69.2	66	-13.6	-11
Malta	35.1	41.6	80.6	77.8	-45.5	-36.2
Netherlands	67.6	70.8	82.4	82.8	-14.8	-12
Austria	64.9	69.6	78.5	80.2	-13.6	-10.6
Poland	51.7	57.7	65.1	71.6	-13.4	-13.9
Portugal	66	65.6	78.7	75.4	-12.7	-9.8
Romania	56.9	55.9	70.4	70.8	-13.5	-14.9
Slovenia	66.2	66.5	75.8	74	-9.6	-7.5
Slovakia	56.7	57.4	72.5	71.9	-15.8	-14.5
Finland	70.8	71.5	75.1	74.5	-4.3	-3
Sweden	75.5	75.7	80.7	81.7	-5.2	-6
United Kingdom	68.5	67.9	82	79.3	-13.5	-11.4

Source: EC, 2012: 31.

**Table 2. Share of part-time workers in total employment  
(persons aged 15 and over) in EU member states – 2005 and 2010**

	Women		Men	
	2005	2010	2005	2010
EU-27	30.9	31.9	7.4	8.7
Belgium	40.5	42.3	7.6	9.0
Czech Republic	8.6	9.9	2.1	2.9
Denmark	33.0	39.0	12.7	15.2
Germany	43.8	45.5	7.8	9.7
Estonia	10.6	14.5	4.9	7.1
Ireland	31.8	34.7	6.4	11.8
Greece	9.3	10.4	2.3	3.7
Spain	24.2	23.2	4.5	5.4
France	30.3	30.1	5.8	6.7
Italy	25.6	29.0	4.6	5.5
Cyprus	14.0	12.7	5.0	6.5
Latvia	10.4	11.4	6.3	7.8
Lithuania	9.1	9.3	5.1	6.7
Luxembourg	38.2	36.0	2.5	4.0
Hungary	5.8	8.0	2.7	3.9
Malta	21.1	25.0	4.5	6.0
Netherlands	75.1	76.5	22.6	25.4
Austria	39.3	43.8	6.1	9.0
Poland	14.3	11.5	8.0	5.7
Portugal	16.2	15.5	7.0	8.2
Romania	10.5	11.4	10.0	10.6
Slovenia	11.1	14.7	7.2	8.6
Slovakia	4.1	5.4	1.3	2.8
Finland	18.6	19.6	9.2	10.0
Sweden	39.6	40.4	11.5	14.0
United Kingdom	42.6	43.3	10.4	12.6

Source: EC, 2012: 35.

**Table 3. Employment rates of men and women aged 25-49, depending on whether they have children (under 12) – 2010**

	Women			Men		
	Without children	With children	Gap	Without children	With children	Gap
EU-27	76.8	64.7	-12.1	81.0	89.7	8.7
Belgium	78.5	72.4	-6.1	83.0	91.4	8.4
Bulgaria	77.5	64.8	-12.6	76.7	83.0	6.3
Czech Republic	86.0	54.4	-31.6	88.6	95.5	6.9
Germany	83.8	64.5	-19.3	85.0	91.7	6.7
Estonia	81.9	62.6	-19.2	73.5	82.4	8.9
Ireland	76.0	57.2	-18.8	71.2	80.0	8.8
Greece	66.1	58.2	-7.8	82.1	93.0	11.0
Spain	68.1	60.1	-8.0	71.9	81.5	9.5
France	81.3	72.3	-9.0	83.7	91.7	8.0
Italy	62.7	54.7	-8.0	78.7	90.8	12.1
Cyprus	81.7	73.1	-8.6	85.2	93.9	8.7
Latvia	77.9	69.6	-8.4	69.6	81.0	11.3
Lithuania	78.2	74.9	-3.2	67.1	80.2	13.1
Luxembourg	78.8	69.4	-9.4	90.6	95.6	5.0
Hungary	78.2	49.3	-28.8	77.1	84.5	7.5
Malta	59.4	42.6	-16.7	86.4	94.9	8.5
Netherlands	82.8	78.2	-4.6	88.2	94.1	5.9
Austria	85.5	72.8	-12.7	87.6	92.7	5.1
Poland	78.6	66.8	-11.8	79.5	91.8	12.3
Portugal	76.5	74.6	-1.9	79.8	91.2	11.5
Romania	70.8	66.3	-4.5	80.0	86.5	6.5
Slovenia	83.0	84.9	1.9	81.9	94.1	12.2
Slovakia	80.4	53.7	-26.7	78.4	89.4	11.0
Finland	84.1	71.4	-12.7	80.6	92.4	11.8
United Kingdom	81.9	65.6	-16.3	83.0	90.5	7.5

Source: EC, 2012: 37.



**Table 4. Gender segregation in occupations and in economic sectors  
in EU member states – 2010**

	Gender segregation in occupations	Gender segregation in economic sectors
Belgium	25.4	19.5
Bulgaria	29.0	21.2
Czech Republic	28.3	20.9
Denmark	25.8	19.6
Germany	26.0	19.3
Estonia	30.7	25.7
Ireland	26.3	21.4
Greece	21.8	16.0
Spain	26.7	20.6
France	26.0	19.1
Italy	24.7	19.7
Cyprus	28.8	19.9
Latvia	28.2	24.5
Lithuania	28.8	21.9
Luxembourg	23.4	16.0
Hungary	27.8	20.9
Malta	23.7	16.0
Netherlands	25.0	19.4
Austria	25.9	19.3
Poland	26.1	20.6
Portugal	26.5	21.4
Romania	22.5	17.1
Slovenia	25.8	19.0
Slovakia	31.1	25.2
Finland	28.6	23.7
Sweden	26.1	21.6
United Kingdom	24.3	19.4

Source: EC, 2012: 38.



# WOMEN DURING RECESSIONS IN FRANCE AND GERMANY

## THE GENDER BIASES OF PUBLIC POLICIES

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This article explores the gender biases of recessions and policy responses they have entailed in France and Germany in the 2000s. During the Great Recession, France experienced a significant rise in both female and male unemployment. Germany apparently witnessed a gendered “employment miracle” and is thus cited as a model, especially for its structural labour market reforms, often presented as the reason for its current employment performance. In both countries, economic downturns have hit male-dominated sectors and men's employment first, thereby leading to a reduction or a reversal of the unemployment gender gap and challenging the male (main) breadwinner model. If women did not withdraw from the labour market, they have not been spared economic hardship: their employment and social conditions were hit in the second stages of recessions and impaired by austerity measures and structural reforms, especially in Germany. While recovery plans and labour market policies have provided support for male-dominated sectors, structural labour market reforms and activation policies have deteriorated the quality of women's employment.

*Keywords:* France, Germany, Recession, Labour market gender segregation, Gender regimes of work and care, Employment policies, Austerity, Structural reforms.

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Comparing labour markets during the economic downturns of the 2000s from a gender perspective in France and Germany is interesting in a number of respects. First of all, these neighbouring countries have been hit very differently by the two downturns of 2001 and 2008. While in the early 2000s Germany went through a sharp economic recession, in terms of falling GDP and

employment, France only faced an economic slowdown.<sup>1</sup> By contrast, after the 2008 crisis, both countries experienced the “Great Recession”.<sup>2</sup> But employment losses have been important in France, whereas some sort of “employment miracle” seems to have occurred in Germany, especially for women. If men’s unemployment slightly and temporarily increased during the first stage of the recession, women’s unemployment apparently pursued its decline rather steadily. Second, as a consequence of this miracle (and its gender dimension), Germany is often perceived in many other European countries – and somehow perceives itself – as a model for Europe. By way of example, in a speech in Leipzig to mark the 250<sup>th</sup> anniversary of the Social Democratic party (SPD) on 23 May 2013, the French President François Hollande praised the former Chancellor Schröder for his “courageous reforms to safeguard employment and anticipate social and cultural change”. European institutions, for their part, also tend to attribute the German employment miracle to the “structural reforms of the labour market” implemented after the crisis of the early 2000.<sup>3</sup> They thus promote such reforms which consist of a mix of labour market deregulation and wage “moderation” (or labour cost reduction), as a way to stimulate employment growth in recession and to promote economic competitiveness (European Commission 2013). These interpretations of Germany’s employment miracle are however controversial (Lehndorff, 2012; Duval 2013; Knuth 2014), especially when examined from a gender perspective (Weinkopf, this special issue). Third, France and Germany are usually referred to as “continental” countries and Bismarckian welfare states, even if they differ in terms of gender patterns of work and care, which are more supportive towards mothers’ employment in France. In both countries, commitments towards gender

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1. The term “recession” is used here both in its broadest sense, referring to a general decline of economic activity, which negatively affects the levels of production, employment, income and demand, and in its widespread (but restrictive) more technical definition that a country is in recession when it experiences at least two consecutive quarters of negative economic growth. The term “crisis” refers here to an abrupt shift into recession, while “depression” refers solely to a long-term downturn in economic activity, which is more severe than recession.

2. The recession that began in 2007/2008 is often called the “Great Recession”. This term is used here to refer to the recession in the late 2000s in a broad sense, as the Great Recession if fact covers several falls in growth.

3. It is the case at least until the 13<sup>th</sup> November 2013, when the European Commission launched a procedure to review the “excessive” German trade surplus.

equality seem to be challenged in recession, as public policies often respond by “reverting to type” (see Smith and Villa, this special issue): *i.e.* in line with the continental welfare state, policies tend to reinforce the traditional “male (main) breadwinner” model.

The article explores the gender biases of the recessions of the 2000s and their policy responses in France and Germany. In both countries, economic downturns have hit male-dominated sectors and men’s employment first, thereby leading to a reduction or to a reversal of the unemployment gender gap (men becoming over-represented in unemployment) and challenging the male-breadwinner model (Eydoux 2013a). Stimulus packages and labour market policies that developed in the earlier stage of the recessions provided support more to male-dominated sectors and to the male labour force. Women have however not been spared by economic hardship: their employment and social conditions have been hit in later stages of recessions (and even post-recession), impaired by austerity, “structural” employment reforms and activation measures.

The analyses here rely primarily on the economic literature about “women and recession” (Humphries, Rubery 1984, Milkman 1976, Rubery ed. 1988) or “women and austerity” (Karamessini, Rubery, 2013; Rubery, Rafferty 2013) as well as on comparative research regarding the French and German welfare states (Betzelt *et al.* 2011, Lewis 1993; Lewis *et al.* 2008, Fagnani, Math 2010). The comparison between France and Germany is also based on Eurostat data about economic growth (National accounts), employment and unemployment (Labour force survey, LFS), childcare (Statistics on income and living conditions, Silc). Since the Labour market policy (LMP) database suffers severe limitations for our purpose (gender data are too scarce to be useful), national data from administrative sources are preferred here (*Dares-Ministère du travail et de l’emploi* for France and *Bundesagentur für Arbeit* for Germany).

The article begins by exploring the dynamics of female and male employment and unemployment in France and Germany, during the recessions of the 2000s (Section 1). It then analyses the way gender patterns of work and care that contribute to shape women’s labour supply in recession have changed over time, in each country (Section 2). Next, it examines how the labour market gender segregation shapes the demand for labour and remodels

gender inequalities in recessions (Section 3).<sup>4</sup> Finally, it scrutinises public policies, especially labour market and social policies, in the context of recession and austerity, to question their gender patterns and their impacts on gender inequalities in the French and German labour markets (Section 4).

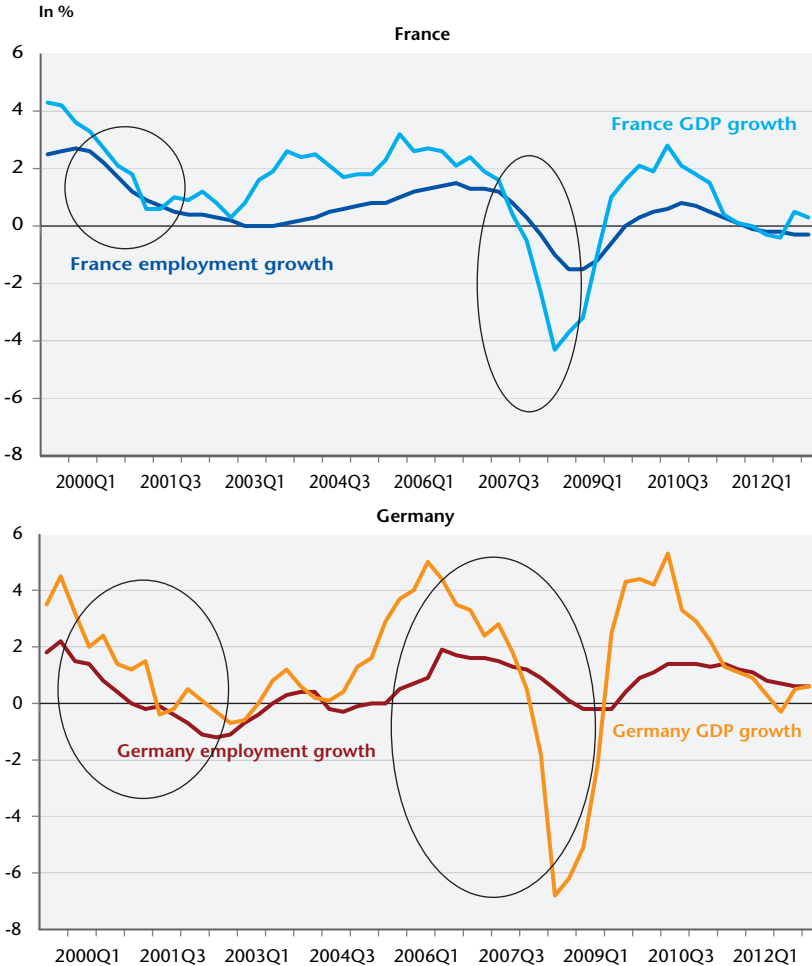
## 1. Economic downturns and the dynamics of women and men's employment in France and Germany

France and Germany went through economic downturns of different magnitudes in the 2000s. In the early 2000s, France only experienced an economic slowdown while Germany underwent a recession (negative GDP growth in 2002Q1-Q2 and 2003Q1-Q3) and a severe drop in employment (negative employment growth from 2001Q4 to 2003Q4). Conversely, in the Great Recession of the late 2000s Germany fared better than France. After the 2008 crisis, both countries experienced their greatest recession since the early 1990s: GDP growth remained negative (when compared to the same period of the previous year) from 2008Q4 to 2009Q4, with a low point in 2009Q1 (Figure 1). In Germany, the drop in GDP growth was even sharper than in France (-6.8% *versus* -4.3% in 2009Q1). The decrease in employment growth (still compared to the same period of the previous year), reached its low point in 2009Q3, and was delayed and softer (-0.2% *versus* -1.5%). After the recession of 2008-2009, Germany recovered faster: its GDP growth reached a first peak of 4.4% in 2010Q3 and a second one of 5.3% in 2011Q1 (*versus* 2.1% and 2.8% respectively for France). Then from 2011Q2 to 2013Q1 both countries went through another economic slowdown, France even experiencing a short recession in 2012Q4-2013Q1. Again, the downturn in employment was less marked in Germany where the employment growth remained positive while it became negative in France from 2012Q3 to 2013Q3. Germany thus fared better than France after the crisis of 2008: despite a sharper drop in its GDP growth, its employment growth proved more resistant.

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4. Gender segregation refers to the concentration of women's jobs in a few labour market segments of specific economic sectors (services, the public sector) or occupations (secretarial work, caring occupations, *etc.*). It also refers to the over-representation of women in atypical forms of work (part-time, temporary employment, marginal jobs, *etc.*)

Figure 1. GDP growth and employment growth in France and Germany (2001Q1-2013Q3)



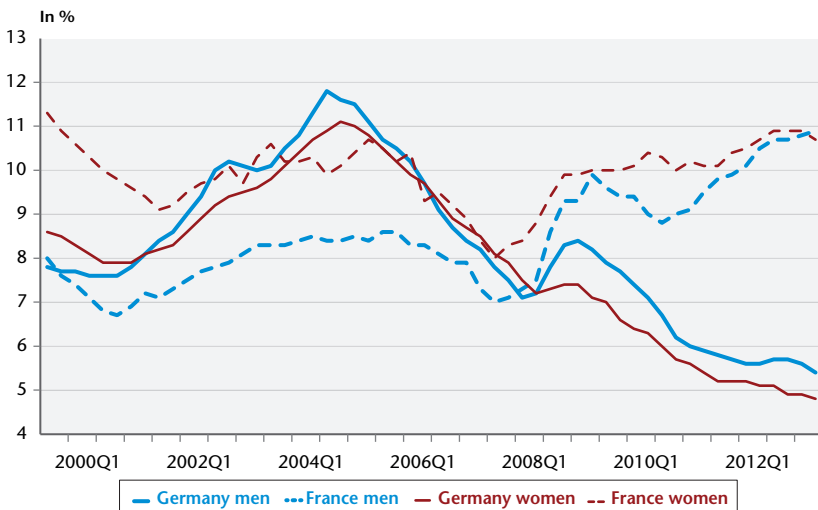
Source: Eurostat, National accounts [namq\_gdp\_k] & Labour force survey (LFS) [lfsi\_grt\_q]. Percentage changes compared to corresponding period of the previous year. GDP: volumes at market prices seasonally adjusted and adjusted data by working day.

The good German employment performance in the Great Recession also reflects in a (quasi-) continuous decline in unemployment rates. It may partly be explained by demographic factors (Knuth 2014): the growth in the active population has been limited compared to France (Cochard *et al.* 2010), restricting in particular the influx of young people entering the labour market who are liable to fuel unemployment in recession. Examined from a gender perspective, this

good German employment performance however apparently owes much to the dynamics of women's employment and unemployment.

The dynamics of employment and unemployment during recessions has been gendered in both countries. In Germany as well as in France, unemployment rates rose faster for men than for women, at least in the first stage of the recessions. This led to a reversal in the unemployment gender gap as early as 2001 (from 2001Q3 to 2006Q4 for the first time, and from 2009Q1 for the second time) in Germany; and only in 2013Q4 in France, after a slow narrowing of the gap. After 2008, unemployment rates tended to rise for both women and men in France, but increased only (and temporarily) for men and continued to decline for women in Germany, at a slower pace than before the recession (Figure 2). Meanwhile, the unemployment gender gap reversed in both countries: while women were over-exposed to unemployment in 2007, men were (more or less) over-exposed later, in 2013Q4. The unemployment rate gap between France and Germany also reversed: the German unemployment rates stood above those of France before the crisis, but soon dropped below French levels (the unemployment gap between the two countries was above 5 p.p. for both women and men in 2013Q4).

Figure 2. Women and men's (aged 15-74) unemployment rates in France and Germany (2000Q1-2013Q4)



Source: Eurostat, LFS, seasonally adjusted data [une\_rt\_q]. Gendered quarterly data for the period 2000Q1 to 2013Q4 are available only for persons aged 15-74 (instead of 15-64 years, which does not make much difference, since in France and Germany few people remain in the labour market above the age of 64).



Activity curves were quite unaffected in recessions in the 2000s. In France, they remained below those of Germany, partly reflecting higher rates of education and lower average retirement ages. Female activity rates continued to rise in both countries (but at a slower pace in France) while male activity rates stayed quite the same. The gender activity gap thus continued to decline slightly, still hovering at about 10 p.p. in both countries in 2013 (Figure 3). Similarly, the gender gap in employment rates was somewhat reduced during the Great Recession. In France, employment rates remained quite steady for women, but decreased for men. In contrast, they continued to rise at a sustained pace for both sexes in Germany, from 2005 onwards. As a consequence, the employment rate of women and men became much higher in Germany than in France.

The increase in female employment rates in Germany since 2005 has gone hand-in-hand with a sharp increase in the share of women working part-time. This is also partly the case for male employment (Figure 4). The increase in part-time employment is thus responsible for some of the increase in the German employment rates, after the crisis of 2008 as well as before. Temporary employment has adjusted more seasonally than cyclically in both countries. In France, women are significantly over-represented in these forms of contracts, but cyclical adjustments after the slowdown of 2001 and the crisis of 2008 affected men more deeply. In this country, the rebound of economic activity in 2013 essentially boosted temporary employment for both sexes.

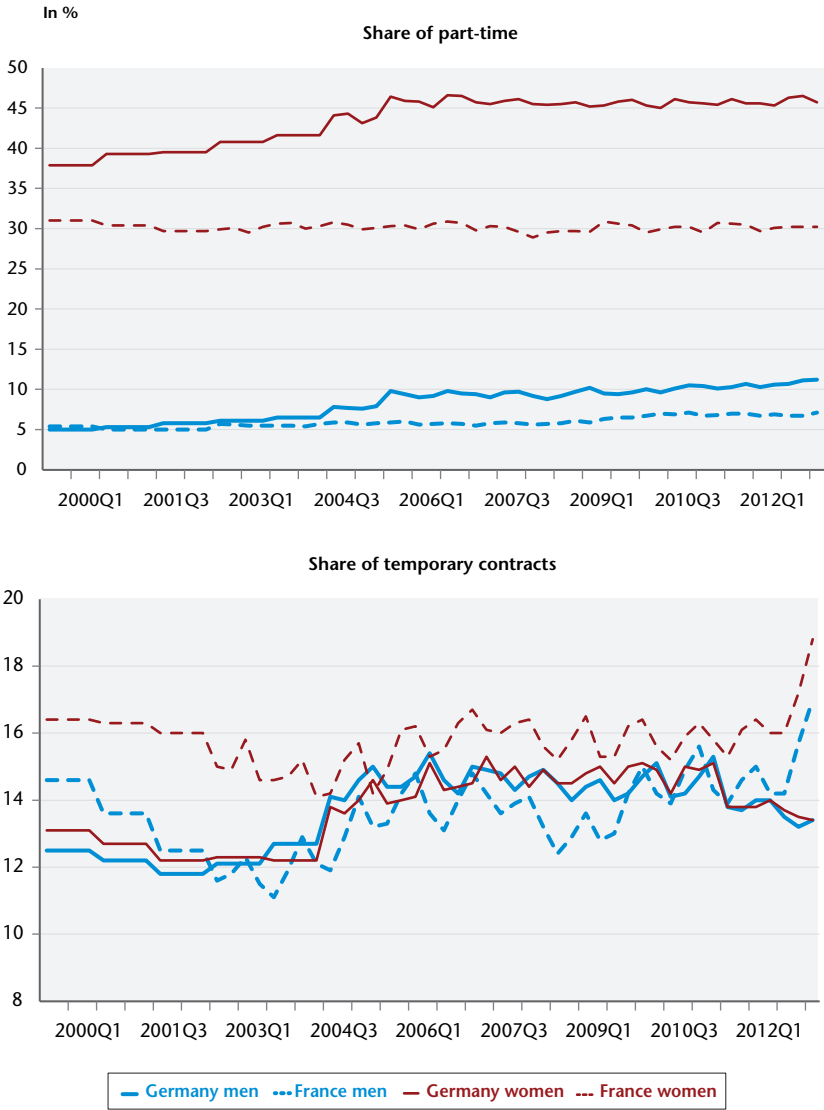
The German “employment miracle” is partly a gender one: women in Germany have been largely spared from the increase in unemployment, even between 2009Q4 and 2010Q3, at a time when the unemployment rate was growing for both men and women in European countries. In the meanwhile, women’s employment and activity rates continued to rise, at a higher pace in Germany than in France, suggesting a faster change in women’s behaviour. However, the share of women in part-time employment remained above that of France, reflecting continuing differences in the French and German gender patterns of work and care.

Figure 3. Women and men's (aged 15-64) activity and employment rates in France and Germany (2000Q1-2013Q3)



Source: Eurostat, LFS, [lfsi\_act\_q] ; [lfsi\_emp\_q].

Figure 4. Women and men in part-time jobs and temporary contracts in France and Germany (2000Q1-2013Q3)



Source: Eurostat, LFS, [lfsi\_act\_q] ; [lfsi\_emp\_q]; annual data for France in 2000-2002 and for Germany in 2000-2004.

## 2. Recessions and changing gender patterns of work and care

The feminist literature has analysed the influence of gender patterns of work and care on women's labour supply during recessions (Milkman 1976, Humphries and Rubery 1984). As women increasingly participate in employment and are supported in doing so by changes in consumption models as well as in social and family policies, they tend to consider themselves as “permanent workers” and to remain in employment in times of recession: contrary to the predictions of both Marxist and neoclassical theories.<sup>5</sup> We will here examine the “relative autonomy” and “non-reversibility” hypotheses that express this phenomenon, before comparing the dynamics of the French and German gender regimes of work and care, prior to the 2008 crisis and during the recession.

### 2.1. The “relative autonomy” and “non-reversibility” hypotheses

The feminist literature has explored the changing gender patterns of women's work in and out the labour market that shape their labour supply in recession.

In her seminal article on “Women's work and economic crisis”, Ruth Milkman (1976) analysed women's experience in the US during the Great Depression and compared it to their experience during the recession of the 1970s. She pointed to the role of women's changing economic situation with regards to their role both in the labour market and within households. During the Great Depression, it was women's contribution to unpaid household work that had to “take up the slack” more than their (still rather low) participation in the labour market. Women's responsibilities in family maintenance increased, both materially (internalising the production of goods and services was a means of preserving the family standard of living or just to survive) and psychologically (they often had to support their unemployed disqualified male-breadwinner partner). When the mid-1970s

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5. For instance, Mincer (1962) predicted that women, less equipped with human capital and more specialised in housework than their male counterpart, tend to be discouraged and to withdraw when employment becomes scarce. This (traditional) neoclassical prediction is very close to the Marxist view of women making up a flexible reserve of the labour force.

crisis occurred, women's participation in the labour market and the economic organisation of families had changed. During the post-war context (despite the revival of an ideology promoting their stay or return back home), women's activity rates had grown, while households increasingly made use of market goods and services previously provided by domestic work. By the 1970s, dual-earner households were unexceptional and more frequently received unemployment benefits or other social provisions when hit by unemployment. Re-internalising the production of market goods and services was thus of less vital importance for households and less likely to occur because of women's stronger resistance to the traditional gender role ideology. "Taking up the slack" by increasing their contribution to domestic work was therefore no longer an option for many working women.

Relying on a critical review of the economic literature, Jane Humphries and Jill Rubery (1984, p. 332) and Jill Rubery (ed. 1988) assumed a "relative autonomy" between the productive sphere and the family sphere of "social reproduction": changes in the one sphere influence changes in the other, but hardly in a predictable way, depending upon the historical context.<sup>6</sup> The authors inferred that there is a "non-reversibility" of changes in women's patterns of work in and out the labour market. In her introduction to the collective book on *Women and Recession*, Jill Rubery (ed., 1988, p. ix), questioned the changes in women's employment after the 1973 crisis, which interrupted a long period of economic expansion and opened up a period of recession or slower economic growth in the 1980s in the UK, the US, Italy and France. According to her, the increase in women's employment rates observed in these countries during the expansion period became permanent when sustained by structural changes "in both the system of production and in the social and family system". She emphasised the "non-reversibility" of changes that have occurred in the family economy during the previous period of expansion: women's increasing participation in the labour market, supported (sometimes in an ambivalent way) by the expansion of the welfare state, made their wage income more necessary. The recession and the resulting unemployment boom did not break this dynamic:

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6. The authors refer here to the social reproduction of the labour force.

as their employment rate increased, women came to consider themselves as “permanent workers” (rather than as “additional” ones), thus remaining in the labour market instead of “discouraging” themselves. Similarly, contradictions arising in several countries in the objectives of government policies concerning the economic situation of women on the one hand, as well as between public policies (still relying on a male-breadwinner model of the family) and changing family organisations on the other hand did not reverse women's higher participation rates.

## 2.2. The dynamics of French and German gender patterns of work and care

Comparative research on welfare states that developed in the 1990s after Esping-Andersen's seminal book (1990) offer in-depth analyses of gender patterns of work and care in their relationship to welfare state regimes. According to existing typologies (Lewis 1993, Orloff 1993, Sainsbury 1994), France and Germany have Bismarckian welfare state regimes, but differ in their gender regimes of work and care. Whereas women's employment was encouraged through the early development of nursery schools (*écoles maternelles*) and childcare provisions in France, Germany stands out with its long prevalence of a traditional family model, at least in the old *Länder*. In both countries however, childcare services and parental leave have developed, providing an increasing (but equivocal) support for women's employment.<sup>7</sup> This may have sustained women's participation in employment during the recession of 2008-2009.

In the French and German Bismarckian welfare states, social entitlements (primarily financed through employees' and employer's contributions) are linked to employment and based on a male (main) breadwinner model of the family which broadly protects traditional gender roles. In addition to direct individual entitlements gained from work experience and social contributions, derived rights linked to family status (social entitlements for children, dependant spouses or care-givers) and universal rights

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7. This support is equivocal because on the one hand childcare services tend rather to facilitate the work-life balance for mothers and fathers, but on the other hand parental leaves encourage parents and actually mostly mothers to withdraw temporarily from the labour market.

linked to citizenship (means-tested income support schemes) are granted to those who do not (or not fully) participate in the labour market. The Bismarckian regime thereby values both paid work, which is the main pillar of social entitlements, and traditional family solidarities based on a male (main) breadwinner and female (main) care-giver model. When compared with the Northern social-democratic welfare state (Denmark, Sweden) that refers to an individual model of social entitlements (based on citizenship) and promotes a dual-breadwinner model of the family, the Bismarckian welfare-state is less supportive for women's employment (Lewis 1993, Sainsbury 1996).

The French and German welfare states clearly differ by their gender regimes of work and care. The regime is more conservative in Germany, due to the prevailing "maternalist" conception of childcare, favouring a traditional model of the family, at least in the old *Länder*.<sup>8</sup> The picture is a bit different in the new *Länder* because women's employment was high and supported by childcare services in the former German Democratic Republic (Lewis *et al.* 2008; Fagnani, Math 2010). Family policies largely developed childcare in East Germany, while they relied more on families in West Germany where parents mostly considered that it is best for children to be cared for by their mother at home, full-time before school age and part-time when at school. In France, nursery schools are common for children aged 2/3 to 6 years. Family policies have also developed childcare services together with parental leaves and temporary childcare allowances, in the name of an ambivalent principle regarding parental "free-choice". French family policies, favouring both women's participation in employment and withdrawal from the labour market, have nevertheless contributed to bolstering fertility and, in a way, women's employment through the widespread use of subsidized childcare services.

In accordance with these variations in care regimes, women's employment patterns are different in the two countries. The employment rate of mothers of young children (0-6) is lower in Germany where working mothers mainly work part-time while the norm for their French counterparts is to work full-time (Fagnani,

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8. "Maternalism" refers to conceptions and policies encouraging women to "assume full-time their mother role" (Orloff, 2006).

Math 2010). The overall women's employment rate is higher in Germany, but smaller in its full-time equivalent, because of a higher share of women working part-time (Salles 2012). Women's fertility rate is also much lower in Germany where motherhood more often implies abandoning a career, so that many women, especially when graduates, renounce having children.

Gender regimes of work and care are however changing over time. In Germany, the reunification context has favoured the development of nursery schools (*Kindergarten*) in the old *Länder*, beginning in the 1990s (for 600,000 children aged 3-6). The European targets regarding childcare provisions contributed to encouraging further changes in the 2000s.<sup>9</sup> This was also a time when the national concerns about the low fertility rate, together with the fear of labour shortages, became a deciding argument for a political consensus on the necessity of developing formal childcare. In the early 2000s, the red-green coalition decided to extend formal childcare to children below the age of three. Parental leave was meanwhile made more flexible to allow parents (mothers) to keep a part-time job (Fagnani and Math 2010). In France, where pre-school and childcare services were more widespread, parental leaves were also made more flexible in the 2000s (to allow for shorter and part-time withdrawal) while childcare services continued to develop, though this has occurred at the expense of nursery schools.

Eurostat data (EU-Silc) show that changes in family policies have favoured an increase in the share of children in formal childcare in both countries, since 2005. Nearly all children aged between three and the compulsory school age are in formal childcare, nursery school or school (Figure 5). In Germany, the school-rate of children aged 3-6 has increased. While 14% were not in formal childcare in 2003, they were only 10% in 2011 – which is still twice as much as in France (5%). Country differences are also significant for children aged 0-3. Progress has been rather slow in Germany: 76% of these children were still not in formal childcare in 2011, *versus* 56% in France, only 14% were in informal childcare (cared for by professional childminders or by other persons except

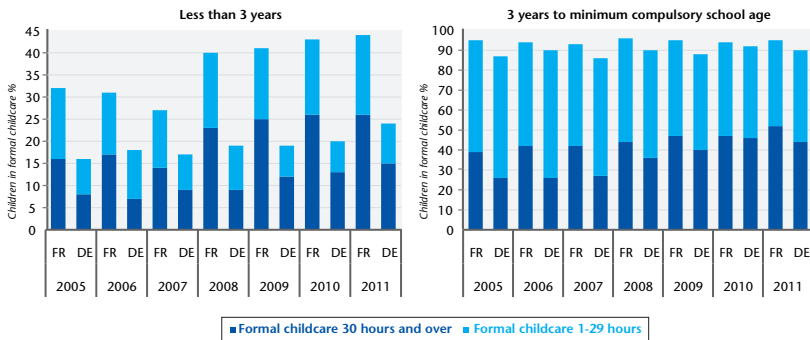
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9. The Barcelona Summit set a target of 33% of children (below the age of 3) to have formal childcare provision, in order to reduce the barriers hampering women's employment.



parents) *versus* 25% in France. It should also be noted that the EU-Silc database has some limitations as to the information it provides on childcare, especially for analysing trends.<sup>10</sup> First, samples are small, making some figures “unreliable”, and since some children combine formal and informal childcare, percentages cannot be added. Second, the organisation of childcare is not described in much detail, whether formal (school or nurseries, public or private) or informal (childminders, non-professional or relative), so that it gives little information on the quality of care and none on its cost for the parents. In France for instance, the observed reduction (by 12 p.p.) in the share of children aged 0-3 outside formal childcare should have been offset by the considerable decrease in the school-rate of children aged 2 in the 2000s: costly childcare services have increased at the expense of cost-free nursery schools.<sup>11</sup>

Figure 5. Children (0-3 and 3-6) in formal childcare



Source: Eurostat, Silc [ilc\_caindformal].

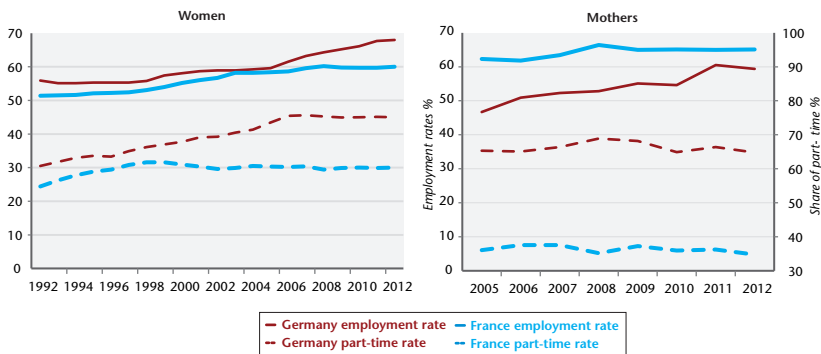
The increase in formal childcare provisions may have contributed to bolstering the employment of mothers with young children (0-6) in the most recent period. This is especially so in Germany, and the employment gap between mothers of young children in the two countries has fallen visibly: by 2012, nearly

10. As confirmed by an in-depth analysis of national surveys, such as the *Enquêtes Modes de garde* in France.

11. This trend has been reversed since the election of François Hollande in 2012: the Minister of Education Vincent Peillon has planned to increase by 75,000 the number of children aged 2-3 in nursery schools.

60% of mothers were employed in Germany *versus* 65% in France (Figure 6).<sup>12</sup> Their employment patterns have nevertheless remained different: about two thirds (65%) were working part-time in Germany *versus* one third (35%) in France. All-in-all, significant changes have affected women's patterns of employment in both countries since the early 1990s. Women's employment rate increased sharply in Germany after 2005 and in 2012 was significantly higher (68%) than in France (60%). This increase is however mainly due to a rise in part-time employment so that women display a much higher rate of part-time work in Germany than in France.

**Figure 6. Employment and part-time work rates – Women aged 15-64 and mothers with children aged 0-6**



Source: Eurostat, LFS [lfsi\_emp\_a]; [lfsa\_eppga] and [lfst\_hheredch].

The rise in women and mothers' employment rates shows that they have kept their jobs during recessions in France and Germany, corroborating the "relative autonomy" and "non-reversibility" hypotheses. A closer look however reveals that during the economic downturn of the early 2000s, women's employment stagnated in Germany while it was still increasing in France. In contrast, during the Great Recession, women's employment was static in France while it continued to rise in Germany together with the share of part-time work.

12. For mothers with children aged 3-6: data are available only from 2005 onwards.

### **3. The dynamics of women and men's employment and unemployment in recession**

The employment and unemployment of women and men have recorded contrasting evolutions since the 2008 crisis in France and Germany. One of the striking changes is the significant narrowing or even the reversal of the gender unemployment gap. The overrepresentation of women in unemployment used to be one of the main features of gender inequalities in the French and German labour markets until the end of the 1990s. But it tended to vanish during the recessions of the 2000s. The literature regarding the demand for men and women's labour in recessions underlines the role of the labour market gender segregation. The "gender segregation" hypothesis turns out to be relevant still in analysing the dynamics of female and male employment in France and Germany, during the economic downturns of the 2000s.

#### **3.1. The "gender segregation" hypothesis**

According to many feminist economists, the labour market is "segmented" and "gender segregated". It confines women to segments, sectors or occupations offering poorer employment conditions or opportunities but that are eventually less exposed to the consequences of recessions in terms of employment losses.

Ruth Milkman (1976) has shown that the labour market gender segregation helps to understand better the evolution of women and men's employment and unemployment during the Great Depression of the 1930s in the United States. She already noticed a reversal of the unemployment gender gap (men instead of women becoming overexposed to unemployment) suggesting that women had been relatively spared from the recession. Despite an ideology accusing them of taking men's jobs and exhorting them to return to the home, women remained in employment. According to Ruth Milkman, such behaviour defied economic theories that readily considered women as a flexible labour force, attracted into the labour market when needed and expelled from it in times of recession. It did however correspond to the predictions of the labour market segmentation theory: at the beginning of the 20<sup>th</sup> century, women's employment developed mainly in administrative, trade or service activities that were less (or later) affected by the Great Depression than (predominantly male) activities in manufac-

turing. Observing that in the 1970s working women stayed mainly in the same sectors and occupations that were relatively protected from the negative impacts of the recession, Ruth Milkman concluded that the labour market segmentation theory was still relevant for analysing the evolution of women's employment and unemployment in the 1970s. For her, *"it is clear that labor market segmentation provides the key to understanding a great amount of the effect of an economic contraction on sex differences in rates of employment and unemployment as much today as forty years ago, and that women will not simply be ejected from the labor market"* (Milkman, 1976, p. 92).

Jill Rubery (ed., 1988) reviewed the three main hypotheses regarding the demand for women's labour in times of recession. The "gender segregation" hypothesis links women's employment and unemployment variations during economic cycles to employment adjustments in labour market segments (or economic sectors) in which women work or look for a job. The "buffer" hypothesis considers women as a slack labour force, with procyclical variations absorbing the impact of the economic cycle on employment.<sup>13</sup> The "substitution" hypothesis for its part predicts the contra-cyclical evolution of women's employment, due to employers' preferences for low-wage workers (in the name of cost-cutting), among whom women are over-represented. According to Jill Rubery, these hypotheses are complementary rather than competing. The gender segregation hypothesis dealing with women's position in the employment structure tends to encompass the two others that have to do with labour force flows. Women work in labour market segments (or in economic sectors) that may be more or less protected from (or exposed to) the negative impact of economic downturns. When concentrated in precarious employment, women may act as a "buffer" labour-force; when working as low-wage earners, they may "benefit" from employers' search for costs-cutting and the latter's efforts to maintain women in such (low-wage) jobs.

Several studies have shown that the gendered lines of the labour market segmentation still yield a 'silver lining' which tends to

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13. In the Marxist feminist tradition, the female labour-force is part of a flexible reserve, liable to be dismissed as soon as the demand for labour becomes scarce (Benston 1969).

protect women's employment in Europe during recessions. But, such protection is weaker over time since employment losses tend to be more evenly shared between men and women (Smith and Villa, 2013 and this special issue). The gender segregation hypothesis helps to understand the dynamics of female and male employment and unemployment in France and Germany during the economic slowdowns or the recessions of the 2000s.

### **3.2. Gender segregation and employment during recessions in France and Germany**

As seen above (Section 1), the downturns of the 2000s had some similar gender implications on employment and unemployment. In France and Germany, they eventually hampered the long-term increase in women's employment but did not reverse it. Since men first suffered from employment losses and unemployment, the recessions resulted in a reduction or a reversal of the unemployment gender gap, on several occasions.

Labour market gender segregation plays a significant role in this contrasted dynamic of female and male employment in recessions. For instance, activity and employment in the industrial sector react more strongly and faster to business cycles than in the service sectors. Women and men who are unevenly distributed across these sectors are thus diversely affected by employment losses. In both downturns (2001 and 2008), the growth of employment dropped more in industry, where it has been declining in the long run, than in the service sector (Figure 9). In both countries, employment losses were much more significant in the male-dominated industrial sector, affecting more men than women. In addition, men constitute a majority of interim workers who have been particularly hit by the economic downturns in France, thereby acting as a "buffer" labour force. This does not mean that women have been spared in recessions. In the first stage of the Great Recession, those working in the industrial sector were exposed to employment losses more quickly and more deeply than their male counterparts (while men were first hit by employment losses in the service sector). But their employment recovery was also faster (Figure 7). Such contrasting evolutions suggest that – within sectors – men and women are concentrated in activities, firms or occupations that are diversely exposed to the business

cycle. They may also reflect something else than the segregation effect, such as a “buffer” or a “substitution” effect. The share of women working in the industrial sector has thus diminished while increasing in the service sector in both countries.<sup>14</sup> The same evolution is observed for men.<sup>15</sup>

**Figure 7. Employment growth in the industrial and service sector (2000Q1-2013Q3)**



Source: Eurostat, LFS [lfis\_grt\_q]. France: annual data for the period 2000-2003 (gendered quarterly data are not available) [lfis\_grt\_a].

These trends in turn have had an influence on labour market gender segregation. From 1997 to 2007, France and Germany displayed a relatively stable an intermediate level of gender segre-

14. In 2007, industry counted for 13.2% of female employment in Germany and 9.6% in France, but only 12.2% and 8.6% respectively in 2012. Women were already concentrated in the service sector in 2007 (85.7% in Germany and 88.5% in France) and even more in 2012 (86.7% and 89.6% respectively) (Eurostat, LFS [lfis\_grt\_a]).

15. In 2007, industry still counted for 36.3% and 29.4% of male employment in Germany and France respectively. These shares decreased slightly in 2012, down to 36.0% and 28.1% respectively. Meanwhile, the service sector counted for an increasing share of male employment: up from 61.6% to 62.0% in Germany and up from 66.4% to 68.1% in France.

gation by sectors and by occupations (Karmel and MacLachlan index) when compared with other European countries (Bettio, Veraschchagina, 2009). In both countries in 2007, 26% of workers should have changed their occupation and 18% their economic sector to balance the share of men and women.<sup>16</sup> In 2011, the occupational segregation index decreased slightly (24% in France and 25% in Germany), but segregation by sectors increased somewhat, up to 19% in both countries.<sup>17</sup>

These similarities in the aggregated gender employment structures however cover important differences, reflected in the differing gender pay gaps: in 2012, the gender pay gap (detrimental to women) was 22.4% in Germany, while it was “only” 14.8% in France.<sup>18</sup> This gap had in fact fallen slightly during the Great Recession, but more markedly in France than in Germany (in 2007 the pay gap had been 22.8% in Germany and 17.3% in France).

The gender segregation hypothesis may help us understand why employment losses hit men first, because male-dominated sectors or jobs are more immediately exposed to the negative impacts of economic shocks. But it does not explain why the employment resisted so well, or why the gender pay gap is so high in Germany. What lies behind the “employment miracle” of German (female) workers? Public policies in recession are part of the explanation.

#### 4. The gender biases of public policies in recession and austerity

As shown in the literature, public policies are gender biased in times of recession and austerity. While recovery plans tend more to target male-dominated industrial sectors, austerity policies mainly affect women who are more concentrated in public sector employment and are more dependent on social protection (Annesley and Scheele 2011, Bettio *et al.* 2013, Leschke and Jepsen 2011,

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16. The share of predominantly female occupations (the Hakim index) increased notably in France between 1997 and 2007, while in Germany it was the share of predominantly male occupations that increased.

17. Eurostat, LFS, Isco and Nace classifications.

18. In the industrial, construction and service sectors: excluding public administration, defence, and compulsory social security (Eurostat, Earn, [earn\_gr\_gpr2]).

Karamessini and Rubery ed. 2014 and this special issue). France and Germany have not escaped these biases. In 2009-2010, both countries implemented stimulus plans targeted at sectors that were first hit in recession. In Germany, €100 billion were aimed to promote investment by local authorities in the construction industry and to support consumption in the car industry, through a scrappage premium (Knuth 2014). In France, the €34 billion stimulus package included not only measures supporting investment in the construction sector (social housing) and consumption in the car industry (again a scrappage premium), but also measures supporting more female-dominated sectors (public facilities and public services) and providing support to firms (tax credits, social insurance contribution exemptions). Both countries, however, had implemented structural/austerity measures weakening the situation of women's employment before the Great Recession.<sup>19</sup> This was done not solely in response to the economic downturn of 2001, but also in the broader European context of the Stability Pact in the euro area (Eydoux 2013b). When it comes to public policies, recessions and counter-cyclical policies may overlap with austerity or structural measures. In France, austerity measures in the public sector, such as the decision to replace only one out of every two retiring civil servants, were implemented as early as in 2007. In Germany, austerity was mainly achieved in the 2000s through "wage moderation" (and drop in real wages in the absence of a legal minimum wage) especially in the (female-dominated) service and public sectors (Lehndorff, 2012) and through structural reforms of the labour markets aimed at boosting employment after the 2001 crisis.

We will here focus on labour market and activation policies because these policies are deemed to support employment in recession. In conservative welfare states, policies to boost employment and encourage all adults – women and men – to work may in principle constitute an opportunity to reduce gender inequalities in the

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19. The term "austerity" is used here in its broader sense, referring not only to fiscal austerity aimed at reducing budget deficits (which may lead to cuts in the public sector or to social cuts), but also to wage (or labour-cost) cuts aimed at boosting cost-competitiveness and limiting domestic demand (consumption), so as to reduce trade deficits (or increase trade surpluses). Such policies have been implemented in both France and Germany (mostly as part of the so-called "structural measures" in the latter).



labour market and in the social security system (Betzelt *et al.* 2011). However, they have turned out to reproduce and to reinforce gender inequalities in France, and even more so in Germany. In Germany, they have contributed both to deteriorating significantly the quality of women's employment and to weakening their entitlements to social protection. This constitutes the other side of the coin of the job miracle.

#### **4.1. Labour market and activation policies: bolstering gender segregation**

In Germany, the Hartz reforms (2002-2004) date back to the recession of the early 2000s. Its marked impact on employment and unemployment favoured the implementation of major labour market structural reforms in a country that considered itself at the time as the "sick man of Europe" in need for strong remedies. These reforms brought transformations that both reshaped and deteriorated the situation of women in the labour market.

Such labour market reforms have first accelerated the "de-standardisation" of employment in Germany (Betzelt, Bothfeld 2011), through a considerable increase in atypical jobs (part-time jobs, marginal employment, fixed-term jobs and temporary agency work). These reforms have had a negative impact on the job quality of both sexes, but especially for women who are over-represented in all of these atypical jobs (except interim work). Part-time jobs above 20 hours per week are for them a sort of employment standard, whereas employees working less than 20 hours a week as well as those in marginal "mini-jobs" (temporary, part-time, low paid jobs exempted from mandatory social insurance) are also mainly women. Mini-jobs in particular have developed considerably, and in 2012 they represented 7.5 million jobs, paying less than €400 per month (see Weinkopf, this special issue).<sup>20</sup> "Mini-jobs" as an institution originated in the 1960s to encourage housewives to take a small job, in the context of a labour market experiencing shortages at the time. Since mini-jobbers are excluded from the social security system and benefit from tax and social security contribution exemptions, such jobs are addressed

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20. Mini-jobs now provide incentives to keep monthly earnings below €450 (the threshold was increased in January 2013).

essentially to women as second earners (thus reinforcing the reference to the male-breadwinner model of the family), or to both women and men who already hold a main job. The boom of mini-jobs has led to a deterioration of job quality, especially for women. Women in Germany are now highly concentrated in low-wage employment: according to Eurostat data in 2010, among women employed in firms of 10 employees or more, 28% were considered low-wage earners, which is much more than their male counterparts (17%) and considerably more than women (8%) and men (5%) in France.<sup>21</sup>

Labour market reforms have also restricted women's access to active labour market programmes (ALMP's).<sup>22</sup> Germany is one of the few countries that had set equal opportunity targets in its activation programmes, as early as in 1998. These targets, often considered by frontline workers as being of minor relevance, were met less and less in the early 2000s (Betzelt *et al.* 2011). The Hartz reforms put an end to the measures targeting vulnerable groups such as women returning to work, lone parents, low-skilled or migrant women. The eligibility to labour market measures also became more selective, especially for women, due to the transformation of the income maintenance system (see Section 4.2 below). Since the eligibility to ALMPs is not determined according to needs but depends on the income maintenance status of the unemployed, different conditions apply to the insured unemployed (*Arbeitslosengeld I*, Social code SC III), and to recipients of the means-tested job-search allowance (*Arbeitslosengeld II*, Social code SC II) among whom women are over-represented. As a result, people who were excluded from unemployment benefits and considered as "not needy" – mainly women – became unlikely to be included in ALMPs or in other integration programmes. All-in-all, women have thus significantly less favourable integration perspectives in the German labour market than their male counterparts when unemployed. Far from being an effective target of ALMPs (within SC III), they usually represent a minority of the participants in these programmes and have lower chances of

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21. Eurostat Earn, [earn\_ses\_pub1s].

22. Active labour market programmes refer to programmes that aim to help the unemployed finding a job. They notably included public employment services providing job-search support, employment subsidies and training schemes.

getting a “normal” job afterwards. For many of those who are recipients of the means-tested job-search allowance (in SC II), job opportunities essentially lie in mini-jobs that hardly get them out of social assistance (Betzelt *et al.* 2011). While the most recent recession has led to a slight increase in ALMPs, men still represent a large majority of participants.

In France, where the economic slowdown of the early 2000s was comparatively weaker, wages continued to increase at a slow pace while structural reforms did not deregulate the labour market nor deteriorate the quality of women’s jobs as much as in Germany. Some sector reforms have witnessed attempts to boost atypical jobs. The 2006 Plan for developing personal services to individuals aimed at stimulating, through income tax deductions, individual private demand for personal services essentially provided by female workers (cleaning, childcare, *etc.*). It has actually promoted, with disappointing results (Devetter *et al.* 2009) the creation of market services delivered by precarious or vulnerable low-skilled women (working few hours, on short-term contracts) rather than quality services provided by skilled workers. An important feature of French labour market policies is the development of exemptions to employers’ social insurance contributions for low-wage workers (the so-called “general measures”) implemented in 1993 (after the 1992 crisis). Since 2003, these exemptions (now called the “Fillon exemptions”) apply to wages up to 160% of the minimum wage. They were expected to boost employment for low and medium wage workers without diminishing pay levels. Existing evaluations, however, show disappointing results in terms of employment creations (Heyer, Plane 2012), especially as regards the cost of these exemptions (Math 2013). These measures are also found to exert a negative impact on the wage mobility of low and medium wage workers (creating a “low-wage trap”), due to the incentives for employers to offer wage levels that guarantee the eligibility to contribution exemptions (Lhommeau, Rémy 2009). The gender impact of these measures remains undocumented, but they may contribute to further impeding women’s wage mobility because women represent a majority of low-wage workers. Social contribution exemptions were also dedicated to stimulating the creation of part-time jobs – dominated by women – from 1992 to 2002. These measures have been removed to avoid encouraging precarious

work, while a more gender-balanced policy consisting of encouraging (the so-called “Robien Law” of 1996) and subsequently imposing a collective reduction of working time of firms (the “Aubry I” and “Aubry II” laws implementing the 35-hour working week, enacted in 1998 and 2000).<sup>23</sup> Nevertheless, part-time work still constitutes a way for employers to hire a cheap flexible labour, because overtime hours cost less for part-timers than for full-time workers. A labour market reform (law n°2013-504 of 14 June 2013 regarding the “security of employment”) provides for new regulations to improve the quality of jobs for part-timers (mainly women), but in an ambivalent way. For instance, a minimum of 24 hours per week has been set as a reference for future negotiations, and an increase in the remuneration of part-timers’ overtime hours has been decided. But this remuneration remains below that of overtime hours for full-time workers and many exceptions have been set to the 24-hour rule so as to reduce considerably the scope of the reform. Meanwhile, the additional flexibility introduced in employment contracts (working time can be renegotiated several times a year) is liable to increase the attractiveness of part-time labour for employers.

ALMPs have remained gender blind in France, not targeted on women but focusing on other groups whose over-exposure to (long-term) unemployment is widely recognised (low-skilled, young or senior workers). But even though they are gender blind, such ALMPs are not gender neutral and tend to reproduce (if not to reinforce) existing gender inequalities in the labour market. Faced with the recession, an increase in subsidized contracts was observed in 2009 and 2010: it has contributed to supporting women’s employment but also to develop situations that depart from (stable, full-time) employment standards. In contrast with the German situation, women are usually over-represented among participants in subsidised jobs (“*contrats aidés*”). But their distribution across these measures is uneven: they count for a minority of new contracts in the market sector (44% in 2009 and 42% in 2010) and a majority (62% in 2009 and 63% in 2010) in the non-market sector, offering lower quality jobs in terms of duration and

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23. The implementation of the 35-hour working week laws has however had differentiated gender effects (Estrade *et al.* 2001).

working time (Bahu 2011a & b). The most widespread measure, the “Support in work” contract (*Contrat d’accompagnement dans l’emploi*, CAE), is for non-market, female-dominated employment that combines a short-term contract (9 months on average) with part-time work (24 hours a week on average). By comparison, the “Employment initiative” contract (*Contrat initiative emploi*, CIE) that also expanded in 2009 and 2010 is for market-based, male-dominated, mainly permanent jobs (71% are permanent contracts, with subsidies lasting 11 months on average), with quite standard working time (33 hours a week on average).

By 2008, women were particularly exposed to atypical forms of employment in both countries and the Great Recession did not improve their situation: they remained more exposed to external flexibility and job precariousness than their male counterparts, even with crisis ALMP’s measures. During the Great Recession men benefitted more from internal flexibility. In Germany, internal flexibility is even seen as having been one of the main reasons for the effective resistance of employment in recession (Lehndorff 2012, Knuth 2014). It was achieved through a negotiated reduction of working time, especially in the (male-dominated) export-oriented sector: many companies in this sector that were most hit during the recession developed a system of long-term working-time accounts, based on collective bargaining agreements. In 2009, after three years of economic growth, workers had hours in credit that they used to diminish their working time during the recession, while companies had financial reserves to compensate for these hours.

All-in-all, in France as well as in Germany, the labour market reforms and/or ALMP’s have remained gender-blind and have tended to reinforce gender inequalities, as well as labour market gender segregation.

#### **4.2. Income maintenance: back to the male-breadwinner**

Labour market reforms and activation strategies also reshaped income maintenance schemes supporting the income of unemployed (or short-time) workers during recession. In both countries, the social protection of women in the income maintenance system worsened, especially in Germany where the reforms have significantly eroded their entitlements to unemployment benefits. Crisis

measures have instead rather focused on supporting workers' incomes and employment through short-time working schemes that have flourished in the industrial male-dominated sectors most affected in recession. The reference to the male (main) breadwinner has thereby been reinforced in the income maintenance system of both countries.

In Germany, the deterioration of women and men's income maintenance situations began in the early 2000s, in the wake of the Hartz reforms that merged the former unemployment assistance (*Arbeitslosenhilfe*) with the income support scheme (*Sozialhilfe*) into a single means-tested job-seeker's allowance (*Arbeitslosengeld II* regulated in SC II). The access to the new insurance scheme (insurance benefits financed by social contributions *Arbeitslosengeld I* regulated in SC III) became more difficult, especially for (predominantly female) workers with discontinuous employment careers. As a result, the standard unemployment compensation scheme ceased to be the insurance benefit and became the new means-tested job-search allowance. Since the amount of this job-seeker's allowance is means-tested according to a household's income and implies reinforced mutual obligations within households, women have been penalised twice. On the one hand, they represent a majority of "atypical" workers who are the first to be expelled from unemployment insurance. On the other hand, when living in couples, women have lost their entitlement to the job-search allowance twice as much as men living in couples (Betzelt *et al.* 2011). By increasingly conditioning unemployment benefits to household resources (rather than to an individual reference wage) and by giving more room to family solidarity, the Hartz reforms have reinforced the conservative male-breadwinner character of the system. The activation strategy referring to the norm of the individual adult worker thus combines paradoxically with the reference to the male-breadwinner model. For instance, an unemployed (or inactive) woman whose partner has lost his job and qualifies for the job-seeker's allowance (*Arbeitslosengeld II* within SC II) has the obligation to look for a job because of her partner's status in the income maintenance system; otherwise, if for instance her partner gets a job, she could remain inactive.

In France, the reforms of the income maintenance system have not been of such magnitude. Since the 1980s, the system has been

split into two unemployment compensation schemes: the insurance scheme providing standard insurance benefits (*Allocation de retour à l'emploi, ARE*) and the “solidarity” scheme serving as a job-seeker’s allowance (*Allocation spécifique de solidarité, ASS*) that was already means-tested at the household level. Many women living in couples (and “saved” from poverty by their partner’s income) were already excluded from the French solidarity scheme. In 2010, women represented almost half (49.7%) of the insured unemployed, but they constituted a minority (44.9%) of the solidarity allowance recipients and a majority (54.5%) of persons without any unemployment allowance (Fontaine, Rochut 2012a&b). The main income support scheme providing poor households with a means-tested allowance (*Revenu de solidarité active, RSA*) has remained separated from these two unemployment compensation schemes. However, income support recipients are now increasingly encouraged to work through economic incentives and extended job-search support. As in Germany, the activation of income support recipients is paradoxical from a gender perspective, since women in couples tend rather to escape from the obligation to work in the labour market (Périvier 2010). Despite the fact that the RSA allowance and associated incentives to work are focussed on households, the obligation to look for a job applies in principle to all adults individually. But when an adult living in couple finds a job whose income is sufficient to bring the household’s resources above the administrative threshold, the other adult (a woman in most cases) ceases to qualify for dedicated integration measures, even when still out of work (Eydoux 2012).

In France and Germany as in many European countries (Erhel 2011), crisis measures have focused on short-time working schemes that aim at favouring internal flexibility and preventing unemployment or at supporting workers who are exposed to restructuring. Yet these schemes mainly developed in the industrial sector and have essentially concerned men. Workers in short-time work schemes considerably increased between 2008 and 2009. In Germany, short-time working (*Kurzarbeit*) that already represented a significant measure in the face of declining industrial employment became a key feature of employment policies during the recession. While in 2008 only about 90,000 workers were concerned, this rose to a peak of nearly to 1.5 million workers

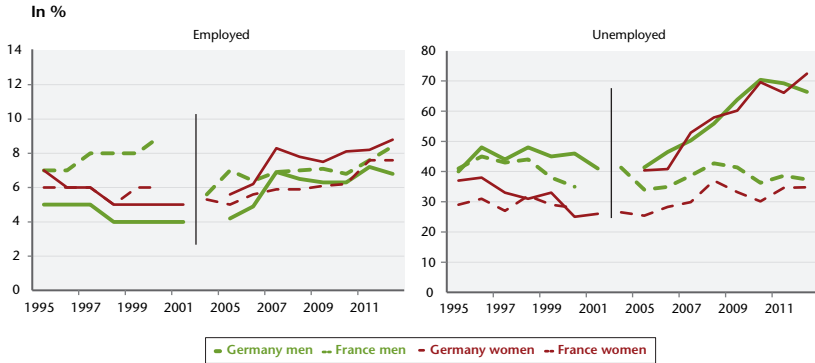
in May 2009. In France, the use of short-time working schemes (mainly the *Activité partielle de longue durée*) has been less intensive, but it also increased during recession (though not as much as in Germany). Short-term work concerned nearly 300,000 workers at its peak in June 2009, versus about 35,000 in 2008 (Fréhaut, 2012). In both countries, short-time working schemes have essentially concerned men: in Germany, 78% of participants were men in June 2009 (*Bundesagentur für Arbeit*, 2009). In France, men too have been over-represented, even more than before the crisis: they counted for 75% of the participants during the autumn of 2009 *versus* 66% in “normal” times (Calavrezo, Lodin 2012).

All-in-all, the structural reforms of the labour market implemented in Germany sharply increased the poverty rate of employed and unemployed persons of both sexes. Since poverty rates refer to the households’ income, they do not fully reflect gender inequalities in the labour market. However, according to Eurostat data (Figure 8), employed women in Germany were much more exposed to poverty in 2012 (8.8%) than in 2005 (5.6%) and over-exposed when compared to their male counterparts (6.8%). But it is for the unemployed of both sexes that the increase in poverty has been the most spectacular: the poverty rate had risen by more than 20 p.p. since 2005 and was up to 72.4% for women and 66.4% for men in 2012 (it is therefore more than 20 p.p. above that of the unemployed in France).

If the Hartz reforms played a role in the German Great Recession, it has not been by boosting female employment but rather by preparing employees to make wage concessions (or others), in order to avoid unemployment (Knuth, 2014). Labour market deregulation is not the explanation for the good performance of employment in this country. Rather, prevailing regulations and the behaviour of social partners in the export-oriented sectors most affected in recession played a major role. The time buffer system allowed by working time accounts gave an “unprecedented” level of flexibility to working hours, in the male-dominated export-oriented sector. This, combined with the development of short-time work, have contributed to support employment in recessions (Lehndorff 2012, Knuth 2014).



**Figure 8. At-risk-of-poverty rate of employed and unemployed persons aged 16-64 (cut-off point: 60% equivalised income after social transfers)**



Source: Eurostat, Silc [ilc\_li04]. 2000-2005: breaks in series.

Activation policies and labour market reforms did not reduce gender inequalities in France and Germany during the Great Recession. Instead, active measures and employment (de-)regulations tended to reproduce, if not to accentuate, gender inequalities in the labour markets. The reforms of the income maintenance system and crisis measures focusing on short-time working schemes reinforced the reference to the conservative male-breadwinner model. Despite their increasing employment rate, women in Germany have thus been particularly affected by these reforms in terms of employment quality and precariousness.

## 5. Conclusion

The contrasted effects of economic recessions on the employment and unemployment of men and women in France and Germany during the 2000s may be diversely interpreted. At first glance, the better resistance of women's employment and the vanishing of the unemployment gender gap could appear as a sign that a major feature of gender inequalities in labour markets has been eliminated, thus challenging the prevailing male (main) breadwinner model. A look back at the economic literature helps to qualify this view. Two hypotheses are particularly relevant for our purpose. The first one is about women's labour supply and assumes a "relative autonomy" between the "productive sphere" and the sphere of "social reproduction" (Humphries, Rubery 1984)

so that the change in women's patterns of work in and out the labour market would tend to become permanent. The second hypothesis deals with the demand for labour and the way it is structured by the "gender segregation" in the labour market (Rubery, ed. 1988): women are employed in economic sectors or occupations that offer poorer employment conditions or career opportunities but remain relatively spared from job destructions, at least in the first phase of a recession.

In France and Germany, the gender impact of recent crises has been shaped by the long-term change in gender regimes of work and care that influences women's labour supply, and by the persisting labour market gender segregation that structures the cyclical variations of the demand for labour. Women's employment has resisted rather well to recent recessions in the context of a long-term increase in their employment rates, supported (but in an ambivalent way) by family policies and by the development of nursery schools and formal childcare. In the meantime, women's concentration in the service sector, which is less exposed to job destructions than the declining male-dominated industrial sector, has rather protected them from unemployment when compared with men. A closer look at the German employment and unemployment curves even suggests some sort of employment "miracle" for women: women experienced a continuous increase in their employment rate and decrease in their unemployment rate.

An analysis of the German activation policies and labour market reforms during the 2000s indicates that increasing gender inequalities, women's precariousness, low-wage and in-work poverty are the flip side of the coin of this apparent miracle. Instead of reducing gender inequalities by supporting women's employment, labour market reforms have deteriorated both their employment and unemployment situations, and cemented the gender labour market segregation (Betzelt *et al.*, 2011). Meanwhile, income maintenance measures have focused on short-time working schemes and mainly concerned male workers in the industrial sector, whereas the situation of women has deteriorated in the income maintenance system. In France, activation policies displayed the same gendered bias but in a less marked way. ALMPs have remained gender blind so that they tended to reproduce gender inequalities, while the development of short-time working schemes, mainly in the industry, has

also focused on male workers. All-in-all, these activation policies have strengthened the existing labour market segmentation and the reference to the male (main) breadwinner model, thereby contradicting the long term development of women's employment. As in many other countries, policy responses to the recessions did not improve gender equality in the labour market or in society as a whole (Maier 2011). It is even possible to speak of French and especially German public policies as "reverting to type" (Smith and Villa, this special issue) *i.e.* to the male (main) breadwinner model, reproducing or bolstering existing inequalities. If German public policies and regulations to protect employment in recession may represent a model for France, it is clearly not for deregulating (mainly) female employment, but for organising internal flexibility in (predominantly) male- dominated sectors.

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# WOMEN'S EMPLOYMENT IN GERMANY

## ROBUST IN CRISIS BUT VULNERABLE IN JOB QUALITY

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The paper seeks to provide some insights into the trends and patterns of female employment in Germany and their underlying institutional framework. It is argued that the main challenge facing female employment in Germany is often the low quality of jobs. The so-called German “employment miracle” has been accompanied by a rising prevalence of low hourly pay and atypical work forms in recent years. Women's employment growth is primarily based on a steadily rising numbers of part-time and mini-jobs – a very particular German institution that provides incentives to keep the monthly earnings below €450. It is argued that real progress to more gender equality in the German labour market has been hindered by the institutional framework which still remains very ambiguous and inconsistent, as regards the role of women in the labour market.

Keywords: Female employment, Germany, Labour market institutions, Job quality, Wages.

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Employment in Germany has remained more or less stable throughout the crisis and the number of employees has even increased recently. A visible impact of the crisis on female employment cannot be detected at all. Accordingly, this paper cannot focus primarily on effects of the crisis. Instead, it seeks to provide some insights into the trends and patterns of female employment in Germany and their underlying institutional framework. It is argued that the main challenge with female employment in Germany is often the *low quality* of jobs. The so-called German “employment miracle” before, within and after the crisis has gone along with a rising prevalence of low hourly pay

and atypical work forms in recent years. Women's employment growth is primarily based on a steadily rising number of part-time and mini-jobs – a very particular German institution that provides incentives to keep the monthly earnings below €450. Moreover, the lack of a statutory minimum wage keeps hourly wages in service-occupations far below the wages in the export-oriented production sectors. The gap is particularly pronounced compared to other European countries such as France, for instance. A further particularly interesting issue is that there are still diverse patterns of female employment in West and East Germany even more than twenty years after unification.

The main argument is that real progress to more gender equality in the German labour market has been hindered by the institutional framework in Germany which still remains *very ambiguous* and *inconsistent* as regards the role of women. On the one hand, some progress has been made towards more gender equality in recent years. Income-related parental pay (*Elterngeld*) has been implemented, childcare facilities have been extended and since August 2013, a legal claim for public childcare for children more than one year old has been introduced. At the same time, in recent years the duration of financial support by the husband after divorce has been reduced and mothers are expected to take up paid work earlier than before (not legally but through court decisions). Joint taxation for married couples is under debate and the particular German institution of mini-jobs is assessed as rather outdated. For instance, their impact on female life-courses has been characterized and blamed as “disastrous” by the expert commission for the first report on gender equality in Germany (Sachverständigenkommission für den Ersten Gleichstellungsbericht der Bundesregierung 2011).

On the other hand, however, these steps into the direction of a modernized gender regime in Germany are accompanied or even foiled by other measures. For instance, in August 2013, a new payment has been introduced for families with small children (more than one year old) if they do not make use of public childcare facilities (sometimes ironically called the “stove bonus”). Moreover, in recent years there has been a new emphasis in the public debate on women's “freedom of choice” between extended labour market participation and staying at home or working part-time as a second earner.



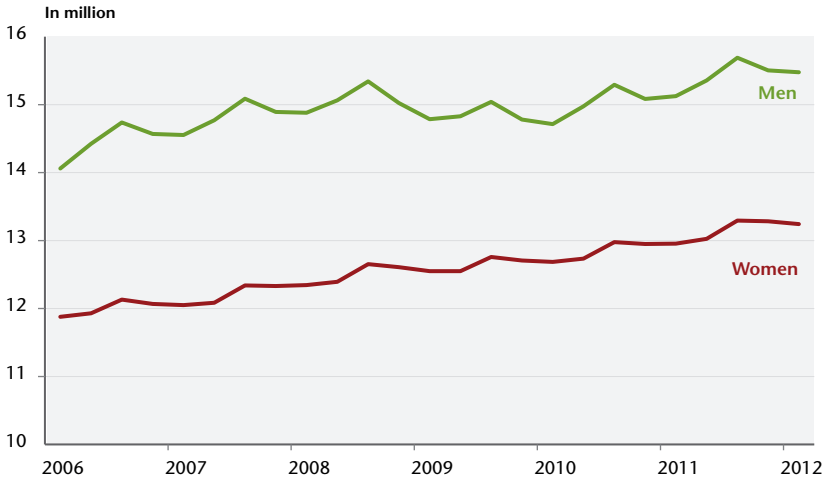
After the Bundestag election in September 2013, the new German federal government agreed upon several measures which might be effective in promoting gender equality. However, the real impact is also a matter of a proper implementation and enforcement.

The paper is based on a review of data and statistics and several recent empirical studies carried out by IAQ and others. It starts with some facts and figures on recent trends and patterns of male and female employment in Germany (Section 1). Despite an increasing female participation rate, gender inequality in terms of working time and hourly pay, for instance, is still very pronounced. The proportion of part-time and mini-jobs has been increasing in recent years. Accordingly, there is a stagnation of total working hours despite the increasing participation rate of women. Notably, the situation in East and West Germany still remains very different but the better position of women on the East German labour market has been worsening in recent years (Section 2). In the following sections, the main focus is on the quality of jobs with particular attention to the gender pay gap, low pay and sector-specific minimum wages (Section 3) and mini-jobs (Section 4). Finally, Section 6 draws some conclusions and assesses the possible outcomes of measures agreed upon by the new German federal government in terms of more gender equality.

## **1. General labour market trends**

Employment in Germany has remained more or less stable in recent years. Job losses during the crisis predominantly affected male temporary agency workers in 2008/2009. Figure 1 illustrates the development of the number of employees in jobs subject to social insurance contributions (i.e. not mini-jobs) between 2006 and 2012. It clearly shows that female employment is more stable than male employment and that men have been mainly affected by the crisis since 2008. Compared to 2006, the number of employees has increased by roughly 2.8 million, of which almost 50% are women.

**Figure 1. Number of employees (men and women) in employment subject to social insurance contributions in Germany, 2006-2012**



Source: Bundesagentur für Arbeit 2012.

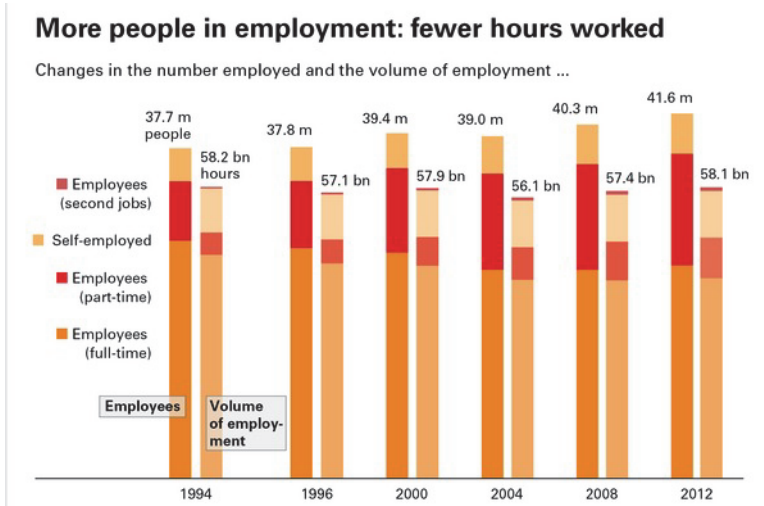
Accordingly, unemployment rates have been decreasing in recent years for both men (except in 2009, from 11.7% in 2005 to 7.1% in 2012) and women (from 11.8% in 2005 to 7% in 2012). Since 2008, the female unemployment rate has been slightly below the unemployment rate of men, which might be due to the fact that female employment is concentrated in the service-sector which is less vulnerable to demand variations according to the economic situation.

However, an analysis of all employees illustrates that the so-called German “employment miracle” in recent years is mainly due to a redistribution of working time: while the number of employees has substantially increased (by almost 4 million since 1994), the volume of working hours in 2012 is almost the same as in 1994 (Figure 2).

The substantial decrease of the average weekly working hours of German employees is mainly due to the rising number and proportion of part-time jobs. Although part-time employment has become more common for both men and women, the gendered employment patterns are still very pronounced. Almost one in two women in Germany is employed part-time, while this is the case for only around 15% of men. Moreover, one fifth of all female employees are

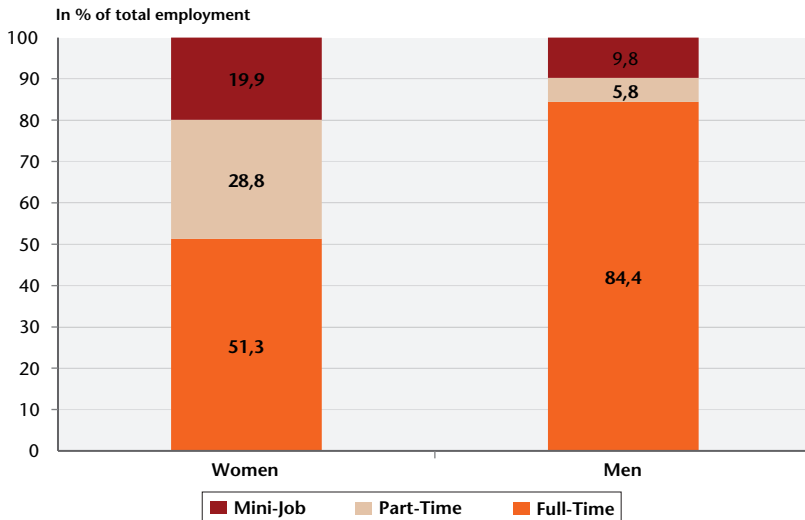
in marginal part-time jobs with monthly earnings of up to €400 respectively €450, since January 2013 (the male rate is 9.8%: Figure 3). Women account for almost two thirds of all mini-jobbers.

Figure 2. Number of employees and working time volume in Germany, 1994-2012



Source: HBS 2013.

Figure 3. Composition of female and male employees by type of jobs (full-time, part-time and mini-jobs), in Germany, 2011



Source: Author's figures based on Bundesagentur für Arbeit 2012.

## 2. Female employment in East and West Germany

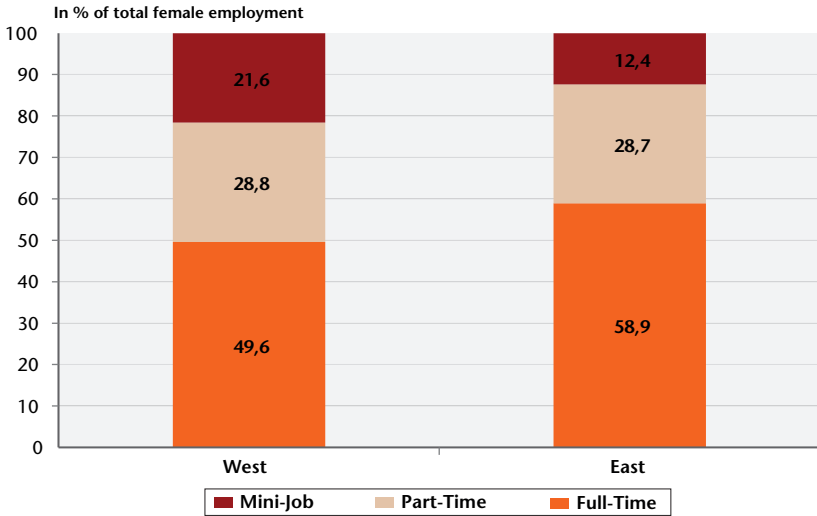
In the former German Democratic Republic (GDR), employment rates of women and men were almost at the same high level. This was supported by the traditionally good infrastructure of public childcare facilities. Accordingly, the female employment rate in East Germany in 1991 was much higher compared to West Germany. Since then, the differences have decreased substantially because female employment rates have fallen in East Germany and increased in West Germany. For instance, in the age group 35-40 years, the female employment rate in West Germany grew from 69.5% in 1991 to 75.1% in 2011 (+5.6 percentage points) whereas in East Germany it decreased in the same period, falling from 87.4% to 80.4% (-7 percentage points).

Although East German women between 30 and 60 years are still more likely to be employed, the differences with their West German counterparts are much smaller now. In both parts of Germany the employment rates of women over 55 have increased substantially. A similar trend exists for men.

In both parts of Germany, the average weekly working time of women has been decreasing since 1991. The average number of hours worked per week declined from 38.3 (1991) to 33.8 hours (2011) in East Germany, and from 33.2 hours (1991) to 29.6 hours (2011) in West Germany.

The still pronounced divergence of average weekly working time of women in East and West Germany is mainly related to the much higher share of female full-time jobs in East Germany and mini-jobs in West Germany, whereas the proportion of women regularly working part-time is almost the same in both parts of the country (Figure 4). It seems as if East German women are less likely to be affected by the impacts of Germany's inconsistent institutional framework. Reasons may be a mixture of attitudes and tradition, the better availability of childcare facilities and, last but not least, economic needs. According to Klenner (2013: 211) the share of couples with a more or less equal contribution of men and women to the overall family budget is 44% in East Germany compared to only 30% in West Germany.

**Figure 4. Composition of female employment by type of jobs (full-time, part-time and mini-jobs), in East and West Germany, June 2011**



Source: Author's figures based on Bundesagentur für Arbeit 2012.

For a long time, part-time employment has been regarded as a key to facilitating the work-life balance and to increasing the labour market participation of women, particularly of those with children. In January 2001, employees in Germany were given a new individual entitlement to demand a contractual reduction in working time from their employer, and employers (with at least 15 employees) are obliged to make the changes, as long as there are no proven 'business or organizational reasons' for a refusal (Peus 2006: 10).

It seems reasonable to assume that this entitlement has been one of the reasons for the large increase of part-time jobs in recent years. Between June 1999 and June 2011, the number of women in part-time work increased by 46% (almost equally in East and West Germany). However, there are good reasons to assume that employers' strategies have also played a crucial role. In several service sectors, in particular, part-time employment has become the new "standard employment relationship". Surveys and studies also provide good arguments against the assumption that part-time employment is typically voluntary. In East Germany, especially, almost two thirds of the female part-time employees state that the main reason for working part-time is that they could not find a full-

time position. In West Germany, this share is much lower (around 17%), while family reasons play a more important role.

Moreover, several recent studies found that almost 50% of women in part-time jobs and even two thirds of the women in mini-jobs want to increase their working time substantially: on average by 4 hours per week for insured part-time workers, and even by 9 hours among mini-jobbers (Wanger 2011: 6). Accordingly, a discussion has come up in recent years on whether the right of employees to reduce working hours needs to be complemented by an entitlement to demand an extension of the working time (Sachverständigenkommission zur Erstellung des Ersten Gleichstellungsberichtes der Bundesregierung 2011). Notably, such an entitlement has been agreed upon in the coalition agreement of the new German federal government (Koalitionsvertrag 2013: 70).

One of the clearest differences between East and West Germany is the availability of childcare facilities for children under 3. Despite the political efforts to extend the provision – particularly in West German federal states in recent years – there are still large differences. According to a recent report published by the Ministry for Families, Seniors, Women and Youth (BMFSFJ 2013), there are child care facilities for 27.6% of the children under 3, in Germany as a whole (4.3% private day care and 23.4% institutional facilities). Within this overall coverage, there are still huge differences between the East (49%) and the West (22.3%).

In 1996, the labour market participation rate of mothers with at least one child up to 17 years old differed largely, with a rate of 50.5% in West and 69.5% in East Germany. In 2010, the differences were much lower: 59.3% in the West and 63% in the East. However, there were still very pronounced differentials as regards working time. While in West Germany more than 75% of all employed mothers were in part-time jobs, the majority of East German female employees with children were in full-time work, regardless of the age of the youngest child (Table 1). In both parts of Germany, the highest part-time rates among mothers were recorded when the youngest child is between 3 and 9 years old. This may be related to the frequently short school hours and the limited number of places for staying at school until at least 4 pm.

**Table 1. Employment rates and the part-time share of mothers in West and East Germany: overall and according to the age of the youngest child, 2010**

In %

Youngest child	West Germany		East Germany (incl. Berlin)	
	Employment rate (% of all mothers)	Proportion of part-time employment	Employment rate	Proportion of part-time employment
Under 3 years	30.1	76.2	37.2	46.1
3-5	58.8	80.4	67.3	47.4
6-9	65.9	80.6	71.1	48.6
10-14	71.4	74.4	75.4	42.8
15-17	72.7	66.4	72.7	40.3
All mothers	59.3	75.4	63.0	45.3

Source: Keller *et al.* 2012.

Besides the facts and figures provided here to shed some light on the patterns which still distinguish female employment in West and East Germany, it is remarkable that the educational level of female employees in East Germany is higher. Only 10% of the East German women employees in 2005 had no vocational qualification compared to 23% in West Germany, while the proportion of women with some kind of academic degree was much higher in East (36%) compared to West Germany (19%) (Lott 2010: 22).<sup>1</sup> East German women are also more likely to hold leading positions – particularly in the public sector. In 2007, the proportion of women among employees in leading positions in the public sector was at 45% in East and 29% in West Germany (private sector: 29% in East and 24% in West Germany) (Kleinert 2011: 2).<sup>2</sup>

All these factors may also contribute to the fact that behind the overall gender pay gap in Germany, which at 23.2% is still one of the highest across Europe, huge differences remain in the gender pay gaps in West (24.2%) and East Germany (3.8%). This is particularly remarkable given that (as illustrated above) there has been some convergence of the patterns of female employment in recent years.

1. These numbers include employees with degrees at universities, universities of applied sciences (Fachhochschulen) and vocational schools (Fachschulen).

2. Kleinert does not provide a definition of “leading positions”. As the shares are higher as in other sources, it can be assumed that the definition is quite comprehensive.

Several recent analyses have illustrated that even when controlling for the individual characteristics of the employees, a remarkable part of the gender pay gap in Germany remains unexplained (Busch/Holst 2008). For 2006, Finke (2011: 44) found that more than one third (37.3%) of the total gender pay gap in Germany cannot be explained by employees' characteristics. Surprisingly, the adjusted gender pay gap in East Germany (7.9%) exceeds the unadjusted gap. This means that when controlling for the individual characteristics of men and women in East Germany, women should be even better paid than men.

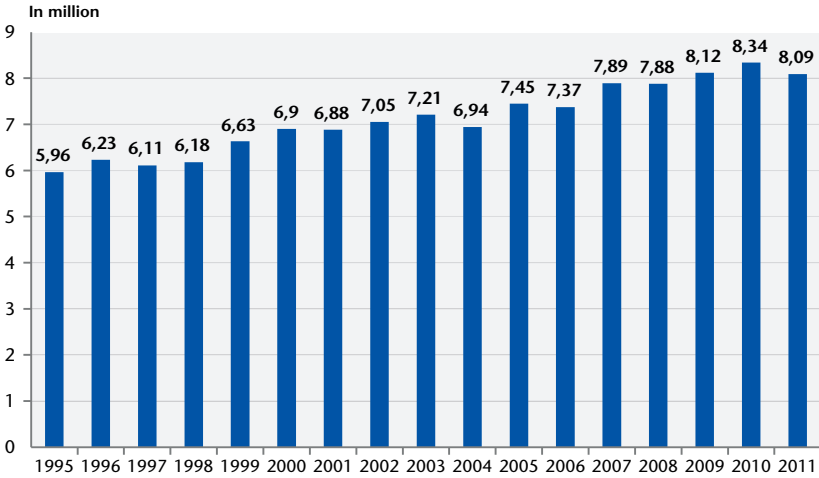
In addition, more detailed analysis (Finke 2010) has revealed that the gender pay gap is below the overall average among employees in companies bound by collective wage agreements (15.9% compared to 29.6% without a collective agreement). Pay differentials exist across all skill levels and are most pronounced among academics (25.8%), while the gender pay gap among low-skilled employees is only 2.5% (with vocational training: 19.9%). By company size, it is remarkable that the highest gender pay gap was found in companies with 500-999 employees (26.2%), and the smallest in companies with 10-19 employees (19.0%).

### 3. Low-wage employment and minimum wages

Since the mid-1990s, Germany has faced a huge increase of low-paid jobs. As illustrated in Figure 5, the number of employees with hourly wages below the low-pay threshold of two thirds of the median wage increased by 2.6 million in the period between 1995 and 2011, up to 8.1 million employees (Kalina/Weinkopf 2013). The overall incidence of low pay went up from 18.1% of all employees in 1995 to 23.9% in 2011 (based on LPT-calculations for Germany as a whole) with comparatively low variation during the last few years. More detailed analysis revealed that the number of low-paid employees mainly increased in West Germany (+68% between 1995 and 2010), while in East Germany it has remained more or less stable (+3%: Kalina/Weinkopf 2012: 6).



**Figure 5. Number of low-paid employees  
(pupils, students and pensioners included) in Germany, 1995-2011**



Source: SOEP 2011, IAQ-calculations.

Given that the gender pay gap is very small among the low-skilled, one might expect that low pay is evenly distributed among women and men. But this is by no means the case. The risk of women being low-paid is 29.6%, which is much higher than for men (18.6%). Although in recent years, the risk for men of earning low wages has increased substantially, the proportion of women among the low paid has remained high. More than 60% of the 8.1 million German low-wage earners in 2011 were women (Table 2). What is also striking in the German case is the very weak relationship between low pay and the level of skills. Although low-skilled employees have the highest risk of being low-paid, almost 80% of all German low-wage earners have completed a vocational training course or have even obtained an academic degree. Differentiated by employment forms, it turns out that the risk of being low-paid is particularly pronounced in mini-jobs (71.2%), while the risk of low hourly pay among employees in insured part-time work is only slightly above the overall average.

Further analysis on the wage distribution at the bottom has revealed that very low wages have become more and more widespread in Germany, and that women are also largely over-represented among those with very low wages. In 2011, almost 17% of all women employees earned less than €7 per hour and

almost 7% even below €5 (Figure 6). Further differences between East and West Germany confirm that very low wages are more widespread in East Germany but even in West Germany 7.3% of all employees (2 million) earn less than €6 gross per hour. Full-time employees are less likely to earn very low wages but even among them, the proportion of those with hourly wages below €6 is at 3.5%, which corresponds to a total number of around 790,000 full-time employees.

Table 2. Low-paid employees in Germany  
(pupils, students and pensioners included) the risk of low pay according to  
individual characteristics and the composition of low-paid employees, 2011

In %

Characteristics of low-paid employees		Low-pay risk within the group	Share of group among the low-paid
Qualification	No vocational training	41.5	21.4
	Vocational training	24.3	69.8
	Academic degree	9.3	8.7
Gender	Men	18.6	39.6
	Women	29.6	60.4
Age	< 25 years	60.6	17.6
	25 – 34	24.5	21.0
	35 – 44	18.6	18.3
	45 – 54	16.4	20.3
	55+	28.1	22.8
Nationality	German	23.3	88.8
	Other	31.1	11.2
Work contract	Temporary	40.9	22.9
	Permanent	18.3	77.1
Employment form	Full-time	15.6	43.1
	Insurable part-time	23.1	20.7
	Mini-job	71.2	36.2
Total		23.9	100.0

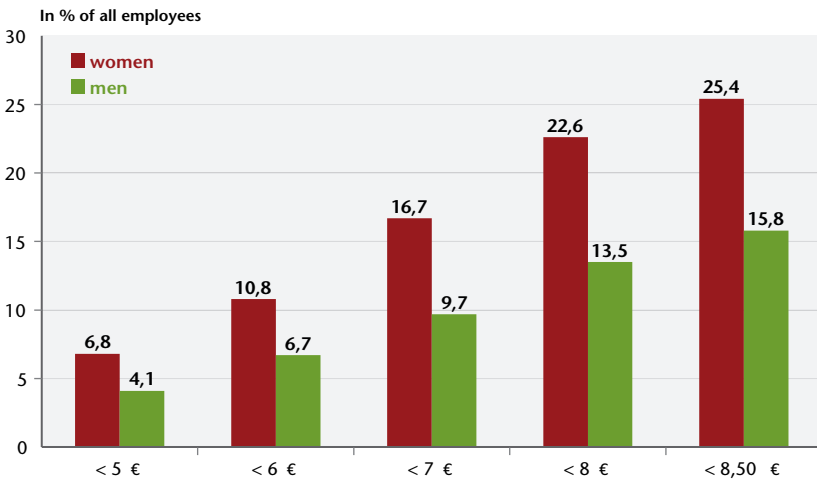
Source: SOEP 2011, IAQ-calculations.

A breakdown by sectors confirms that low pay is much more widespread in the service sector compared to manufacturing. The activities with the overall highest incidence of low pay are hospitality, temporary agency work and the retail trade.

As argued in a comparative study on low-wage work commissioned by the Russell Sage Foundation, the inclusiveness of the

institutional framework has an important impact on the extent of low pay (Bosch *et al.* 2010). The German framework obviously provides several exit-options for employers to avoid traditional standards (legally or *de facto*). As main drivers in this regard we assume the lack of a statutory minimum wage, the decreasing proportion of firms and employees covered by collective agreements, along with the Hartz-labour market reforms in 2003/2004 (Bosch/Weinkopf 2008). In this context, the level of unemployment benefits has been reduced and the pressure to take up low-paid jobs has been extended. Moreover, the usage of temporary agency workers has been deregulated and mini-jobs have been made more attractive for both – employers and employees. As the majority of mini-jobbers are women, they will be analyzed in more detail in Section 4.

**Figure 6. Proportion of male and female employees with low gross hourly wages, 2011**



Source: Kalina/Weinkopf 2013: 12.

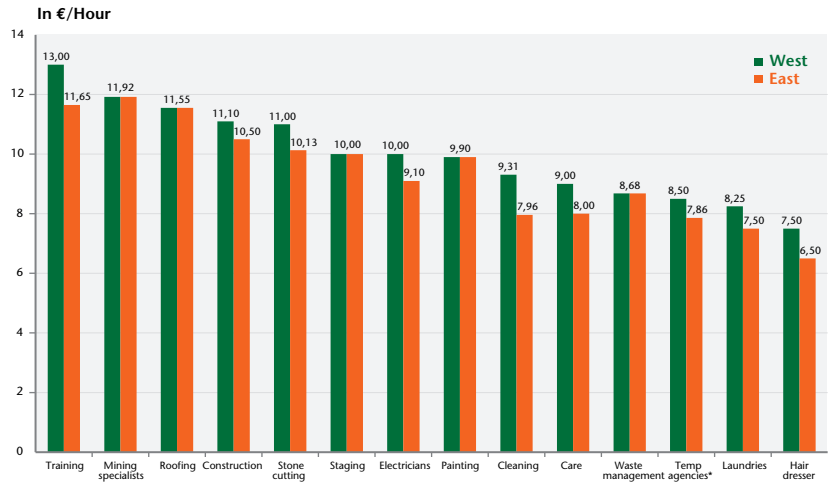
Today, Germany is still one of the few EU-member states without a statutory minimum wage. Instead, sector-specific minimum wages can be agreed upon at industry level by the social partners (employer association/s and union/s) in collective agreements. The application for extending minimum wages based on the Posted Workers Act (AEntG) is going through a complex political and administrative review process, under overall supervision

of the federal Ministry for Labour and Social Affairs. Currently (February 2014), there are thirteen industries in Germany with binding minimum wages based on the AEntG, covering roughly three million employees. The minimum wages for the temporary agency sector – with around 800,000 employees – are based on another legal clause. They have been phased out since November 2013 but are expected to be re-implemented soon.

Minimum wages in Germany are typically related to hourly pay rates which facilitate the management of part-time jobs. The existing lowest sector-specific minimum wages are very diverse, and in eight industries they are still different in West and East Germany. Moreover, in a few (mainly West German) industries, there is a second higher minimum wage for skilled occupations (construction, mining specialists, painting & varnishing and cleaning).

In West Germany, the lowest gross hourly minimum wages are €7.50 for hairdressers, while the highest rate is at €13.00 for employees in publicly-funded further education. In East Germany, the levels of gross hourly minimum wages range from €6.50 for hairdressers and up to €11.92 for mining specialists (Figure 7).

Figure 7. Sector-specific minimum wages in Germany, february 2014



\* Not yet implemented.  
Source: Author's calculations based on BMAS 2014.

When measured as percentage of the East respectively West German full-time median wage (2011), the relative level of the minimum wages is much higher in East Germany (57% to 105%) compared to West Germany (47% to 82%).<sup>3</sup>

From a gender perspective, it is notable that until 2007, minimum wages in Germany had been implemented mainly for blue collar workers in construction and construction-related crafts which are all male-dominated. In recent years, minimum wages have also been implemented in three female-dominated sectors (cleaning, care and industrial laundries), and for publicly-funded further education, which is quite a small segment with a more-or-less balanced gender structure. The commercial cleaning and care sector comprise between 700,000 and 800,000 employees each, whereas industrial laundries only account for around 35,000 employees. Although precise data on the proportion of female workers in the thirteen German industries with a minimum wages is not available, it can be assumed that around 40% of the employees in these industries are women.

The long-lasting reluctance concerning the introduction of a statutory minimum wage in Germany has been mainly due to the mainstream thinking of German economists that minimum wages will cause severe job losses. But, the comprehensive evaluations of the sector-specific minimum wages in eight sectors in 2011 did not detect any negative impacts on employment (Bosch and Weinkopf, 2012).

Before the general elections for the *Bundestag* in September 2013, more and more politicians supported the introduction of minimum wages but with diverging ideas on their precise configuration. While conservative politicians tended to prefer differentiated minimum wages across regions and sectors, the Social Democrats called for the introduction of a nation-wide statutory minimum wage of €8.50 gross per hour. Without such an agreement, they would not have approved entry into the grand coalition with Chancellor Merkel's Christian Democrats. Accordingly, it was stipulated in the coalition agreement that in January 2015 an hourly minimum wage of €8.50 will be introduced for all industries.

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3. The gross hourly median wages of full-time employees in 2011 were at €15.81 in West and €11.32 in East Germany.

As shown in Figure 6, such a binding lowest wage floor will increase the hourly pay levels for a large proportion of employees: based on data for 2011, more than one in four female employees will be entitled to better pay, and almost 16% of all men.

#### 4. Mini-jobs and their impact on the quality of female employment

Mini-jobs constitute a specific form of marginal part-time work in Germany which is particularly widespread.<sup>4</sup> The number of mini-jobs has increased substantially in recent years, reaching more than 7.5 million at the end of 2011 (Bundesagentur für Arbeit, 2012). Around two thirds of the employees hold the mini-jobs as their only job, whereas one third of the mini-jobs are second jobs, alongside a main job.

This particular form of “marginal employment” was introduced in the 1960s in order to encourage housewives to take up at least a small part-time job, and to solve the problem of labour shortages in several industries. Although the situation on the labour market has changed over the last decades, the institution of marginal employment and its exclusion from the social security system has remained largely unchanged. The most important alteration took place in 2003 in the course of the so-called “Hartz-reforms”: the monthly pay threshold for insurance purposes was increased substantially from €325 to €400 and the former limitation on the weekly working time (<15 hours) was abolished.<sup>5</sup> In January 2013, the pay threshold for mini-jobs was increased to €450 per month.

Employees in mini-jobs are not covered by the general obligation to pay social insurance contributions and they do not have to pay any income tax on their earnings either. Compared to the average amount of total deductions for other employees, which is about 35% of the gross wages in Germany, mini-jobbers’ exemption from tax and social security contributions is a considerable subsidy for the low-wage sector (i.e., for jobs that are either low paid or involve a small number of hours, or both), and it is granted

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4. This section is partially based on a former publication by the author (Weinkopf 2009).

5. Moreover, the obligation to pay taxes and social insurance contributions for mini-jobs as a second job, introduced in 1999, was abolished.

completely regardless of other earnings, assets or the household income of the employees.

From the employers' perspective, the attractiveness of mini-jobs is less obvious than it may seem at first glance. They have to pay a flat-rate contribution of 30% (13% for health insurance, 15% for old-age pensions and a 2% flat-rate tax) on top of the monthly wages for mini-jobs. It must be noted that this is around 50% higher compared to other forms of insured employment (for which contributions average around 21%).<sup>6</sup> This flat-rate employers' contribution does not give marginal part-time employees any entitlement to social insurance benefits (except very low pension allowances). It is intended primarily to ensure that companies do not favour mini-jobbers because of their lower non-wage labour costs.

In practice, however, it is quite evident that employers are frequently successful in reducing labour costs substantially. Although mini-jobbers, like all other German employees, are legally entitled to holiday and sick pay and other employment rights, in many cases they are paid only for the hours they work and hourly wages are frequently very low. In 2010, more than two thirds (67.5%) of all mini-jobbers earned less than €8.50 per hour, and almost one quarter earned even less than €5. Previous evidence of widespread discrimination against mini-jobbers was predominantly provided by qualitative studies (Winkel 2005; Benkhoff and Hermet, 2008; Voss-Dahm, 2009; Voss and Weinkopf, 2012). It has been confirmed recently by the results of two survey studies (RWI, 2012; Wippermann, 2012).

In the RWI-study, surveys were carried out of both mini-jobbers and companies. Concerning employees' working conditions, the results can be regarded as scandalous. According to the survey of mini-jobbers (RWI, 2012: 47):

— Paid holidays are not provided to 41.5% of the employees (and another 26.1% answered that they did not know if such holidays were possible or did not answer this question).

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6. For mini-jobbers in private households the rate is much lower (12%) as an incentive to legalize illicit work.

- Continuation of payments to sick workers is not usual for 38.7% of the mini-jobbers (and another 34.6% did not know if they had rights to sick pay or did not answer).
- Wages for public holidays are not paid to 43.3% of the mini-jobbers (while another 36.3% did not know whether they had such a right or did not answer).

The results of the companies’ survey are similar although one might have expected that companies would not admit non-compliance with fundamental worker entitlements. Nevertheless, 31.2% of the companies stated that paid holidays are “not possible” for mini-jobbers (and another 11.1% did not answer this question), sick pay is not usual for mini-jobbers in 25.6% of the companies (and another 10.7% did not answer), while 40.3% of the companies even said that payment of wages for public holidays is impossible (plus 13.3% which did not answer) (RWI, 2012: 75 – see Table 3). The divergence between the responses of employees in mini-jobs and companies might be due to the fact that the average size of the companies participating in the company survey is much higher than the companies in which the mini-jobbers in the survey were employed.

Table 3. Survey results on fundamental worker entitlements in mini-jobs

In %

Responses by	Paid holidays		Sick pay		Pay for public holidays	
	Not possible	No answer	Not possible	No answer	Not possible	No answer
Employees	41.5	26.1	38.7	34.6	43.3	36.3
Companies	31.2	11.1	25.6	10.7	40.3	13.3

Source: Author’s calculations based on RWI 2012.

The precariousness of mini-jobs is related to several issues: the low level of (hourly and monthly) earnings, the exclusion from the social security system and the widespread discrimination in terms of paid holidays, sick pay and other employment rights as shown in Table 3.

Nevertheless, mini-jobs are still quite popular among certain groups of employees. The first reason for this popularity relates to the fact that earnings are paid “gross per net” (without any deductions) – at least at the first glance. Many mini-jobbers obviously do



not realize that this is frequently an “illusion” (given the fact that many employers discriminate against them by paying lower wages or by not providing other legal entitlements). The second and more complex explanation is closely related to the tax and social insurance arrangements that underpin the old-fashioned German arrangements which still support the single (male) breadwinner model: i.e., the system of taxation based on income splitting and the derived entitlement to social protection of inactive spouses. Working as a mini-jobber does not reduce the tax splitting advantage, and the respective employees remain covered by the health insurance of their partners without any extra cost. The marginal deduction rates for an increase in working time and earnings above the mini-job threshold is accordingly extremely high. Depending on the family's marginal tax rate, they can easily be in excess of 100% and thus can act as a very effective brake on any increase in the female labour supply. This is further re-enforced by the ongoing lack of public childcare facilities and full-day schools (particularly in West Germany).

Women account for the large majority of mini-jobbers: almost two thirds (62.7%) of all mini-jobbers are female (65.7% among those solely working in a mini-job and 57.1% of those holding a mini-job as a second job). The high proportion of women among those doing a mini-job as a second job is particularly remarkable. It can be taken as an indication that the widespread assumption of women in mini-jobs typically not willing to work more than a few hours per week is more and more outdated. An analysis provided by the IAB shows that almost 50% of female workers with a mini-job as a second job earn less than €1,250 in their main job (Rudolph, 2011). Qualitative research suggests that low pay and/or involuntary part-time work plays a role in this regard, at least to a certain extent. The monthly earnings of men with an additional mini-job are on average much higher. Only 20% earn less than €1,250 in their main job, while 50% earned more than €2,500 (compared to around 10% of women).

Male mini-jobbers are typically in younger or older age groups and more likely to have a second main job, whereas most women working in mini-jobs are middle-aged (often with children). Mini-jobs as a second job are attractive to employees because the exemption from income taxation means that they can avoid paying a

higher rate of tax, which would not be the case if they worked overtime in their main jobs. Further groups involved in mini-jobs are high-school and university students as well pensioners (> 65 years), who obtain their social protection in other ways. Another group, around 500,000 in total, is made up of long-term unemployed people on unemployment benefit II ("Hartz IV") who are entitled to work up to 15 hours per week without losing their unemployment benefits (although the marginal tax rate is relatively high). Notably, they are also obliged to take up a mini-job, if available, in order to reduce the amount of social benefits.

The strong rise in the numbers of mini-jobs in recent years – up from 5.5 million in June 2003 to more than 7.5 million in December 2011 (Bundesagentur für Arbeit, 2012) – cannot be explained solely by the preferences of certain groups of employees. Instead, employers' strategies to increase the use of cheap and flexible mini-jobbers must also be taken into account, especially in the service sector.

There is a considerable debate on whether the increase of mini-jobs represents positive employment effects or rather a substitution of standard employment relationships. The overall evidence is mixed. But at the level of certain industries and several companies, a replacement of insurable jobs by mini-jobs has taken place (Bäcker, 2007; Hohendanner and Stegmaier 2012).

All in all, the forces driving the increase in mini-jobs are diverse, comprising: a mixture of employees' interests, changes in regulation since 2003, and employers' strategies to increase flexibility and to reduce labour costs. Against this background, the opinions concerning the advantages and disadvantages of the special treatment granted to the mini-jobs are largely divided. Some people emphasize their contribution to more flexibility within the German labour market and their high popularity among employers and certain groups of employees. Moreover, it is frequently even questioned whether mini-jobs are precarious at all, because many of the employees are second earners. From a gender perspective, however, it can be assumed that mini-jobs create strong incentives particularly for married women to enter into or remain in fragmented employment relationships. Mini-jobs therefore hinder sustainable progress towards more gender equality. These incentives are embedded in the male breadwinner based tax

system, with joint taxation. Last but not least, it has to be kept in mind that the precariousness of mini-jobs is reinforced by the very high proportion of low wages (both per hour and per month). Moreover in several female-dominated industries it has become rather difficult to get an insured job at all.

The findings of another recent survey among women in mini-jobs (currently or previously in a mini-job) strongly support the assessment of the “disastrous” impact of mini-jobs for women’s opportunities in the labour market (Wippermann, 2012). According to this study, mini-jobs in no means constitute a short-term period in female employment (as often assumed). Persons currently employed as mini-jobbers on average remained in such jobs for 79 months. For married women and for women with a family member requiring care at home, tenure in mini-jobs was even longer: 85 months, respectively 99 months.

Mini-jobs obviously do not act as a “stepping stone” either. Among women who had held a mini-job in the past, only 14% are now in full-time work, and 26% in an insured part-time job. More than 50% of these former mini-jobbers have completely left the labour market in the meantime. Wippermann (2012: 16f) concludes that mini-jobs act “very quickly as effective glue” and adds: “The barrier to a regular part-time or full-time job is established or increased by a pure mini-job. Thus, the pure mini-job is an effective (unintended) measure to create a lifelong economic powerlessness and dependency of women.”

According to this study, women obviously do not sufficiently reflect the impact of the tax and social security regulations which favour their second earner status, or the impact of their husbands in this regard, when taking up and carrying out a mini-job. From their subjective perspective, the decision in favour of the mini-job is regarded as an individual choice which is mainly motivated by their intention to match the working time volume and flexibility needs with their current life circumstances.

Women formerly employed in a mini-job are much more critical of the mini-job regulation than those currently in a mini-job: while only 24% of the latter group sees a need for substantial changes in mini-job regulations, among the former mini-jobbers this proportion is much higher at 63%. This indicates that changes

in mini-job regulation would be supported by the majority of older women who experienced mini-jobs in their former life-course, but only by a minority of the current female mini-jobbers. This can be regarded as a crucial barrier against reform of the mini-jobs. Although several experts and unions in recent years have demanded for the abolition of mini-jobs, politicians have remained very reluctant in this respect. They fear that changes in the regulation of mini-jobs would an electoral liability.

## 5. Summary and conclusions

The analysis here shows that the progress towards more gender equality in the German labour market has been rather limited in recent years. The economic crisis, however, has not played a prominent role in this regard. Employment in Germany has remained more or less stable throughout the crisis and the number of employees (men and women) has even increased recently. The main problem of female employment in Germany is the low quality of jobs, particularly in terms of working time and hourly pay. Although female labour market participation has been increasing in recent years, the average weekly working time of women has been decreasing substantially. The increase of part-time jobs in recent years may have facilitated the reconciliation of work and family but the proportion of involuntary part-time employees has been rising too. One out of two part-time women employees and two thirds of the female mini-jobbers would prefer to work more hours. Almost 30% of all women work for an hourly wage below the low-pay threshold and more than 60% of all low-wage earners in Germany are women. The combination of reduced working hours and frequently low hourly pay also limits the opportunities of women to earn a living wage on their own behalf, and not via their husbands' or partners' income.

It is argued here that the ambiguity and inconsistency of the institutional framework in Germany concerning the role of women in the labour market can be regarded as the main barrier against progress in gender equality. Despite some improvements in recent years (e.g., the extension of public childcare facilities), other measures tend to prevent women from entering the labour market or extending their working hours. Examples are the increase of the

monthly pay threshold for mini-jobs up to €450 since January 2013, and the introduction of a new payment for not using public childcare facilities for small children in August 2013.

The expert commission for the first report on gender equality in Germany (Sachverständigenkommission für den Ersten Gleichstellungsbericht der Bundesregierung, 2011) developed a comprehensive “master plan” with several proposals on what is needed, in order to gain more gender equality in Germany. Among other issues, the commission recommended the introduction of a statutory minimum wage, the abolition of the mini-jobs as well as substantial reforms of the social security and tax system towards more individualization (according to the “adult worker” model).

The new federal government has adopted at least some of these recommendations for its coalition agreement which is a kind of road map for the next four years. In particular, the decision to introduce a statutory minimum wage in January 2015 may be regarded as an important breakthrough for the German labour market in terms of social justice and gender equality. As mentioned above, a minimum wage of €8.50 per hour might improve the hourly pay by around one fifth for all employees, and for more than one out of four female employees. However, several issues such as implementation, enforcement and groups which might be excluded from the minimum wage regulation will have to be negotiated in the next few months. Moreover, collective agreements with pay grades below €8.50 will still be approvable until the end of 2016.

Notably, the coalition agreement also contains arrangements to simplify the requirements and procedures for the extension of collective agreements. This is particularly important in order to protect and stabilize pay grades above the minimum wage level (Bosch and Weinkopf, 2013). Moreover, the coalition agreement emphasizes the willingness of the partners to reduce the particularly pronounced gender pay gap in Germany and mentions several important starting-points in this regard. Last not least, the agreement contains the intention to entitle part-time employees to demand for an extension of their working time. This may be useful in reducing the proportion of involuntary (short) part-time employment.

Disappointing from a gender perspective but not really surprising for the time being are the shelving of substantial reforms of the tax and social security system and the pronounced reluctance of German politicians against the abolition of or at least changes to mini-jobs. Today, it is still regarded as very unpopular to abolish the mini-jobs, although recent studies suggest that fundamental employees' entitlements are frequently disregarded and that mini-jobs have unfavourable consequences on women's employment life-courses. The coalition agreement solely emphasizes the need for better information for employees in mini-jobs about their entitlements (wages, paid holidays, sick pay etc.).

Taking this mixed picture into account, the assessment on whether the glass is half full or half empty tends to be very difficult. One could argue that the prospects for improvements towards more gender equality in Germany are not so bad right now. However, it remains to be seen how the intended measures will be implemented in practice, and if and when more substantial reforms will be undertaken by the federal government.

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# LABOUR MARKET FLOWS AND UNEMPLOYMENT DYNAMICS BY SEX IN GREECE DURING THE CRISIS

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Although, during the current Greek crisis, male employment retreated much more than female employment, the gender unemployment gap remained remarkably stable. To explain this outcome we have analysed labour market flows by sex using descriptive statistics and counterfactual techniques. Empirical findings suggest that while men experienced more dramatically the labour demand shock of the crisis because its impact was harder on male-dominated sectors, their falling participation rate mitigated the rise in the male unemployment rate. Women were affected less than men by the labour demand shock, but inactive women joined the labour force in increasing numbers that boosted the female unemployment rate. We interpret supply-side responses in terms of the discouraged worker and added worker effects.

Keywords: Gender unemployment gap, Labour market flows, Greece, Crisis.

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Greece is currently undergoing the deepest structural crisis in its recent history, triggered by a sovereign debt crisis which erupted in late 2009. In May 2010 the country received financial aid from its Eurozone partners and the IMF. This was made conditional on the implementation of an Economic Adjustment Programme (EAP) promoting fiscal consolidation through austerity, and internal devaluation through the reduction of labour costs.

The austerity cure produced a huge fall of the GDP in the first three years of the EAP's implementation (2010-12), on top of that

in 2008-9 caused by the global financial crisis. Since the beginning of the crisis, GDP has declined by 20.1% and employment by 17.5%. The number of unemployed has increased by 3.3 times, while the unemployment rate climbed from 8.1% to 26.3% between the last quarter of 2008 and the last quarter of 2012. By the latter date, the male unemployment rate had reached 23.3%, while the female rate was 29.7%; the largest unemployment gender gap among the EU27 Member States.

In fact, Greece already had the largest gender gap in unemployment in EU27 before the crisis, mainly due to very high female unemployment compared to European rates. In spite of the rapid growth of female employment in the 1980s, 1990s and 2000s, demand for female labour had been constantly outstripped by supply, leading to very high female unemployment throughout this very long period (Karamessini 2012). Moreover, with the advent of the crisis, the gender gaps in activity and employment rates were among the highest in the EU27. Finally, in 2008, female activity and employment rates were increasing but still low (55.1% and 48.7% respectively), while the female unemployment rate was decreasing but still high (11.4 per cent).

Although employment of both sexes has collapsed due to the deep and prolonged recession, the gender gap in unemployment remained stable between 2008 and 2012, at 6.4 percentage points. To explain this stability, we have used labour market flow analysis to identify and measure the contribution of distinctive flows in the dynamics of unemployment by sex. The starting point of this kind of analysis and modeling is that aggregate labour market indicators, such as employment, unemployment and inactivity rates, and their changes over a given period are determined by the inflow and outflow of workers between the main labour market statuses.

The analysis of labour market flows by sex enriches and complements existing literature on the gendered effects of the crisis and their determinants. As regards the explanation of gender differences in the employment effects of the crisis, this literature emphasizes the role of sex segregation of employment by occupation, sector and type of work/contract (Milkman 1976, Bettio 1988, Humphries 1988, Rubery 1988, Bettio *et al.* 2012, Karamessini and Rubery 2014). Concerning the crisis effects on the labour supply behaviour of men and women, the economic literature has

concentrated its attention on women and tested the added/discouraged worker hypotheses (Mincer 1962, 1966; Lundberg 1985). For its part, the feminist literature is interested, more broadly, in the coping strategies of households that vary by gender (Sabarwal *et al.* 2010), and the changes these bring to the family (work) model (Bettio *et al.* 2012).

There is also a longstanding literature on the determinants of gender inequalities in unemployment, dating from the crisis of the 1970s. Within this literature, DeBoer and Seeborg (1989) were among the first to explain the change in the gender unemployment gap in the United States, using transition rates between labour market statuses. They found that half of the change was explained by transitions into and out of the labour force, while the other half was linked to transitions between employment and unemployment. In a more recent paper, Azmat, Güell and Manning (2006) have studied the gender labour market dynamics in OECD countries and established that the gender unemployment gap is mainly the outcome of gender differences in flows inside the labour market, rather than gender differences in flows into or out of the labour force. Women face higher transition rates from employment into unemployment and lower transition rates from unemployment into employment.

Our paper follows the tradition of the above literature and tries to understand the evolution of the gender gap in unemployment during the crisis, through an analysis of gender differences in labour market flows. Its main finding is that the observed stability of the gender gap in unemployment during the crisis is the net outcome of two countervailing developments. On the demand side, the decline in employment has been proportionally higher among men, leading to a narrowing of the gap. On the supply side, female labour force participation has been increasing while male participation has been falling, leading to a widening of the gap. These opposing effects have canceled each other out. While the greater decline of male employment can be explained by sector segregation of employment by sex, the increase in the female labour force participation can be attributed to the pre-existing large pools of inactive women.

The structure of the paper is as follows. In Section 1 we briefly set out the gendered labour market effects of the crisis, by looking

at the evolution of basic labour market indicators. Section 2 describes the labour supply behaviour of men and women during the crisis, analyzing the flows between labour force and inactivity. We then measure the effect of changes in the labour force participation rates of men and women on the dynamics of unemployment by sex. Section 3 turns to flows between employment and unemployment, and we estimate their contributions to the variations of the unemployment rate. The final section summarizes and concludes.

1. The gendered impact of the crisis and trends in basic labour market indicators

The labour market effects of the economic crisis differ considerably by sex as can be demonstrated by the changes in basic labour market indicators, such as labour force participation, employment and unemployment, since the beginning of the crisis (Table 1).

Table 1. Labour market developments during the crisis

In %

	Men	Women	Men	Women
	2008 q4 - 2010 q4 change		2010 q4 – 2012 q4 change	
Labour force	-0.5	3.9	-1.8	1.0
Employment	-7.0	-3.4	-14.9	-13.5
Unemployment	114.6	59.4	98.2	67.5
	2008 q4	2012 q4	change in p.p.	
Activity rate				
Men	78.9	77.5	-1.4	
Women	55.3	58.7	3.4	
Employment rate				
Men	74.6	59.2	-15.4	
Women	48.8	41.1	-7.7	
Unemployment rate				
Men	5.3	23.3	18	
Women	11.7	29.7	18	

Source: ELSTAT, Labour Force Survey.

Although both male and female employment collapsed during the crisis, net job destruction between 2008 and 2012 (last quar-

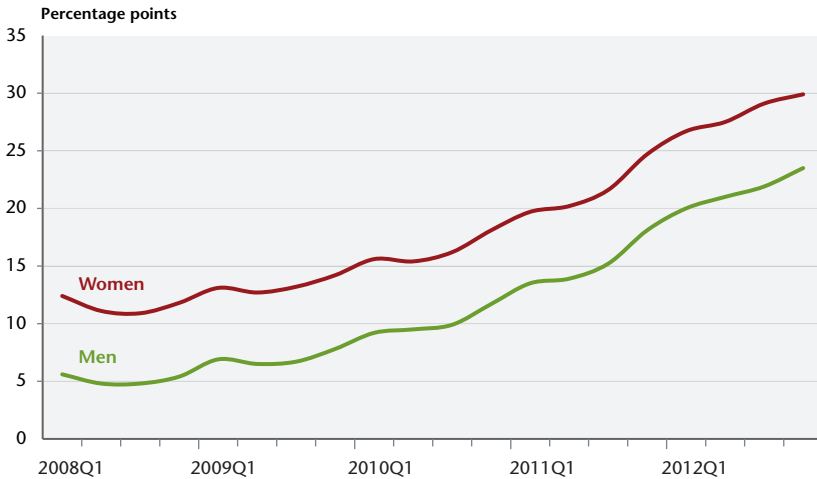
ters) was more sizeable in the case of men than in the case of women (-20.5% and -16.3% respectively). This was mainly due to the sector segregation of employment by sex (Karamessini 2014, Table 9.3, p. 174): male-dominated sectors contributed to 54% of the overall contraction of employment between 2008 Q4 and 2012 Q4, mixed-sex sectors to 42% and female-dominated ones to 4.2%. At the same time, female employment was proportionally less hit in male-dominated sectors and more hit in the mixed-sex and female-dominated ones. Sector segregation also explains why male employment retreated much more than female employment during the initial phase of the crisis (2008-9), while the decline of female employment almost equalized the male decline during the phase of fiscal consolidation: i.e., since 2010 (Table 1). Public sector employment has suffered from fiscal consolidation and women have taken a heavy toll, because at the onset of the crisis they were over-represented in this sector, relative to their share in total employment. Since 2010, female public sector employment has incurred heavier losses than male employment (Karamessini 2014, Table 9.4, p. 177).

In spite of the steep contraction in employment, the female activity rate increased by 3.8 percentage points and the female labour force by 5.3% between 2008 and 2012 (last quarters). Opposite changes took place for men: i.e. there was a decrease in the male activity rate and labour force. The rise in the migrant women's activity rate was more spectacular than that of Greek women, contributing more than the latter to the increase in the overall female activity rate (Karamessini 2014, Figure 9.1, p. 172).

The outcome of the above changes is that the number of unemployed men increased 3.25 times and that of women 1.67 times, while the unemployment rate of both sexes rose. In the 2012 Q4, the female unemployment rate had reached the vertiginous height of 29.7%. As for the male rate, it stood at the historically high level of 23.3%. Both rates were still rising in June 2013.

Male and female unemployment rates rose in parallel during the crisis (Figure 1) keeping the gender gap stable in terms of its percentage point difference. Given the greater relative contraction of male employment, this can be accounted for only by the important mobilization of inactive women during the crisis.

Figure 1. Unemployment rates by sex



Source: Quarterly Labour Force Surveys of The Hellenic Statistical Authority (EL.STAT.).

## 2. The labour supply behaviour of men and women: flows in and out of the labour force and unemployment dynamics gender

In this section we study differences in the labour supply behaviour of men and women during the crisis, as well as their impact on unemployment dynamics by sex and the evolution of the gender gap in unemployment rates. The impact of the crisis on the male and female labour supply behaviour has been analysed in the literature through the “discouraged” vs. “additional” worker effects.

Lundberg (1985, p. 12) has maintained that “A widespread deterioration in employment opportunities results in discouraged workers, who drop out of the labor force or refrain from entering it in anticipation of reduced wages or more costly job search. Additional labor force participants, however, may appear in families whose employed members have experienced layoffs or restrictions in work hours”. The latter phenomenon corresponds to the added worker effect and concerns “secondary workers” such as married women and teenagers. Ehrenberg and Smith (1997, p. 232) argue that the effect tends to be small for the following reason: “The added-worker effect is confined to the relatively few families whose sole breadwinner loses a job... and as more and more women become regularly employed for pay, the added-worker effect will tend to both decline and become increasingly confined to teenagers”. This assumption does not however hold for all countries and time periods.

From the above we deduce that: (a) discouragement will be higher among the sex that experiences the greatest deterioration in employment opportunities; (b) the higher the share of male-breadwinner families in society, the greater the added-worker effect will be among female spouses/partners and the larger the rise in the female labour force participation rate will be. In 2008 Q2, 40.1% of all couples aged 20-55 years in Greece lived in male-breadwinner households. This means that there was a large scope for a robust added-worker effect among women when the recession broke out. Moreover, in the first four years of the crisis, net job destruction was higher for men than for women, making a greater rise in discouragement among men more likely.

The following sub-section describes the trends in the flows in and out of the labour force by sex, and discusses these trends in the light of the theoretical forecasts mentioned above. The second sub-section measures the impact of gender differences in labour force participation behaviour on the evolution of the male and female unemployment rates, by estimating a counterfactual unemployment rate if both the male and female activity rates had remained constant through the crisis.

## **2.1. Trends in flow rates in and out of the labour force**

To analyse gender differences in labour supply behaviour during the crisis and its relationship to the growth of unemployment in depth, we have calculated the transition rates between labour market statuses by sex, using Labour Force Survey (LFS) data of respondents' labour market status, one year before the survey. The latter has been compared to the labour market status at the moment of the survey, in order to produce quarterly data on annual flows from which we have calculated the respective rates. The same method has recently been used by Kanellopoulos (2011, 2012) to calculate and analyse worker flows before and during the current crisis in Greece.

Ideally, analysis of flows in and out of the labour force during the crisis should also take into account the effect of migration flows on the observed outcomes. However, Eurostat data are available only for 2010 and 2011. They demonstrate net emigration flows in both years, as well as a decline in immigration and a rise in emigration flows between 2010 and 2011. Net emigration experienced a U-turn brought about by the crisis, since Greece had become a net

host country in the beginning of the 1990s, and remained so until 2008. The crisis has caused not only the departure of established migrants, who lost their jobs mainly in construction and manufacturing (males) and services to house-holds (females). It has also pushed young and highly-educated Greeks, unable to find decent jobs, to look for employment and careers abroad.

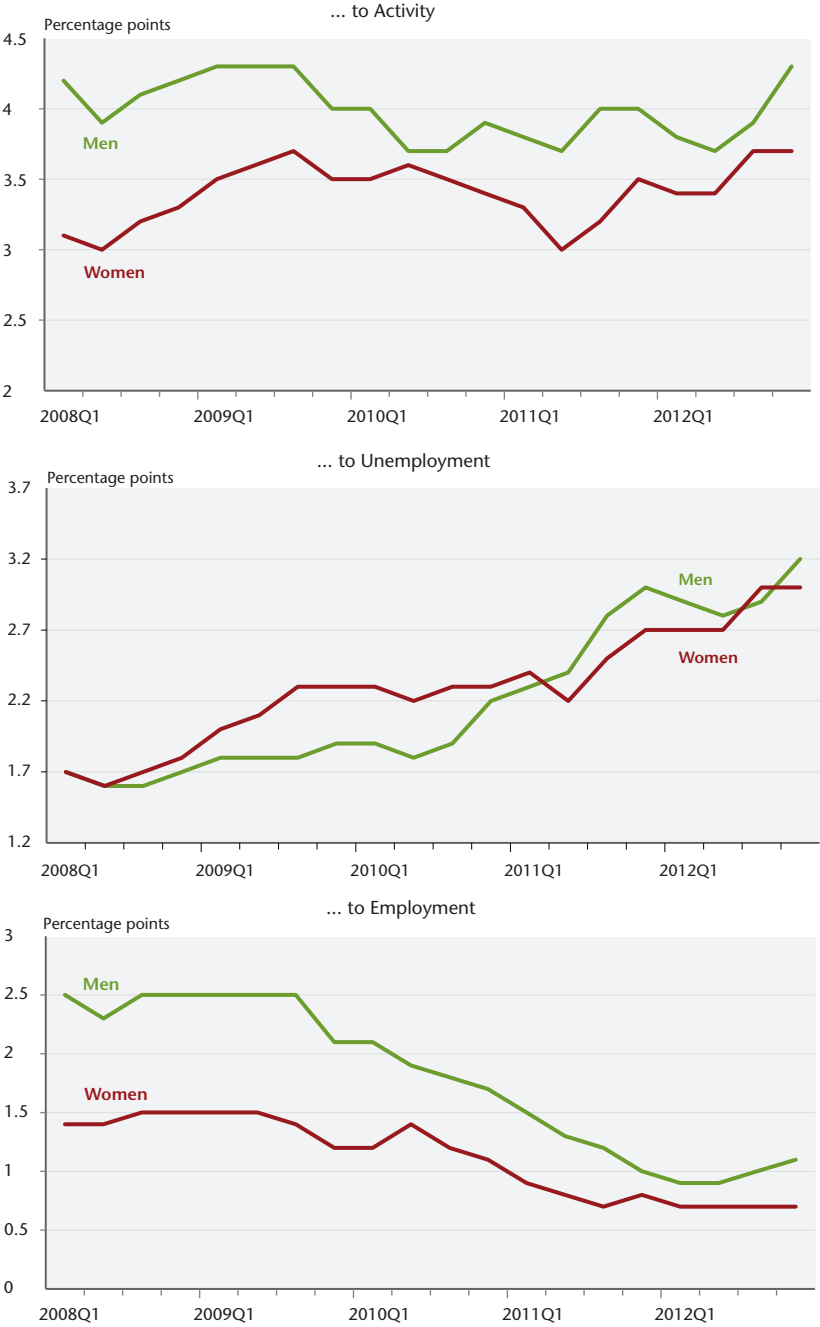
Although of great relevance, studying the impact of net migration on labour market flows falls outside the scope of empirical analysis here, and would require complete time series and detailed data sets. We can only guess that, in the absence of net emigration, the male and female unemployment rate would be much higher, although we are unable to predict if the gap between men and women would have been greater or smaller than that observed. That said, we analyse the flows of men and women in and out of the labour force during the crisis, describing trend flow rates.

Figure 2 shows similar trends in the male and female flow rates **from inactivity to activity** during the crisis: an increase until the end of 2009, a decline in 2010 and 2011, followed by an upswing during the latest phase. Increases though were steeper and the decline period was shorter in the case of female rates. As a result, in the last quarter of 2012, the male inactivity-to-activity flow rate was roughly the same as four years earlier, while the respective female rate was much higher than that in the last quarter of 2008. This indicates the predominance of the added-worker over the discouraged-worker effect among inactive women, for the whole period of study. In the case of inactive men, the discouraged and added-worker effects cancelled themselves out during the same period.

Given the trends in flows from inactivity to activity, let us now turn to the outcome of job search of inactive men and women joining the labour force over the first four years of crisis. Figure 3 shows that a constantly growing rate of inactive men and women was becoming unemployed in this period. This is due to increasing difficulties in finding a job, illustrated by the decreasing rate of inactive men and women moving from inactivity to employment (Figure 4). The growth in the male flow rate from inactivity to unemployment across the whole period has been slightly more important than that of the female rate, in accordance with the steeper decline in the flow rate of men from inactivity to employment, between the 2009 Q4 and 2011 Q1.



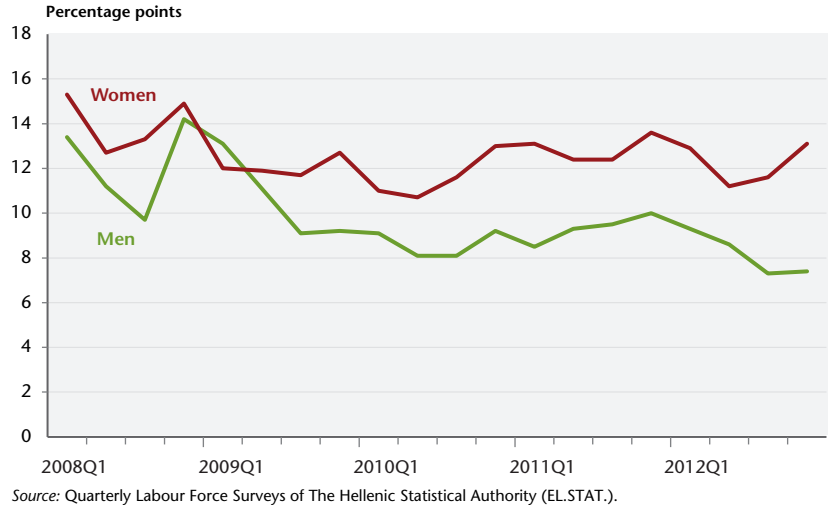
Figures. 2,3 and 4. Flow rates from inactivity...



Source: Quarterly Labour Force Surveys of The Hellenic Statistical Authority (EL.STAT.).

Another important flow affecting the volume and rate of unemployment concerns **exits from unemployment to inactivity**, measuring the discouragement effect of job scarcity on unemployed people. This is supposed to increase during recessions. In order to test the validity of this hypothesis, we have calculated the exit rates from unemployment to inactivity, using quarterly LFS data. Figure 5 below shows that discouragement of the unemployed of both sexes to engage in job search decreased during the first two years of the crisis, hence their exit rate from the labour force has been falling until mid-2010, and more in the case of men. After mid-2010, the trend was reversed in the case of women, most probably due to the steep fall in female employment. As for the male exit rate, it continued its fall after a temporary rise. The end result of the above trends (over the first four years of the crisis examined here) is that the discouragement effect of job scarcity on the unemployed was reduced by half in the case of men, and slightly less in the case of women.

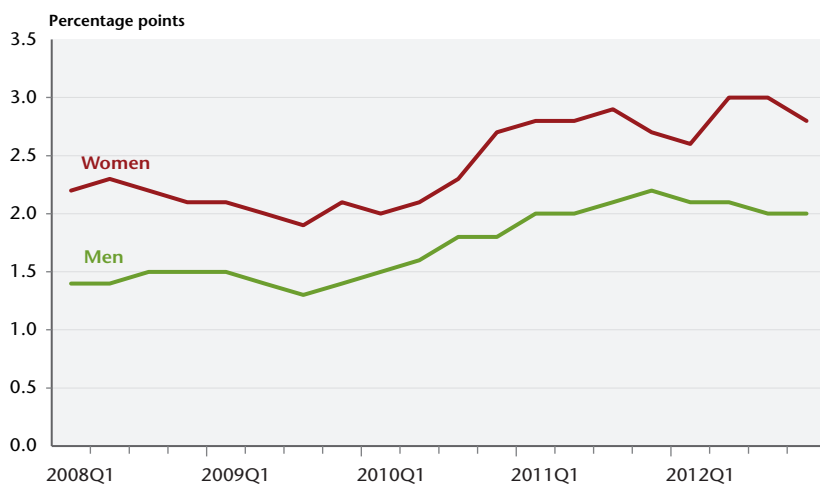
Figure 5. Flow rates from unemployment to inactivity



Finally, **exits from employment to inactivity** reduce the labour force and boost the unemployment rate, if the volume of unemployment remains constant. Figure 6 shows increasing flow rates from employment to inactivity, from the end of 2009 until the end of 2011 in the case of men, and to mid-2012 in the case of women. These trends mainly capture the effects on the retirement

decisions of both sexes of radical pension reforms to basic and supplementary pensions, which took place in 2010 and 2011 respectively. These reforms aimed to reduce significantly state-budget allocations to social security funds to meet deficits caused by the skyrocketing of unemployment during the crisis. But the reforms also projected longer-term deficits due to a falling contributor-to-pensioner ratio. Such reforms have significantly raised the legal retirement age of men and women, as well as the qualifying periods for full pension entitlements. At the same time, they have reduced early retirement options and pension benefits. In so doing, the reforms have produced mass exits to retirement of public and private sector employees entitled to early retirement under the old system and willing to benefit from incentives granted by the reforms during transition periods to the new system. Increasing flow rates from employment to inactivity may also capture a discouraged-worker effect among all persons who became unemployed but were not entitled to benefits. However, qualifying conditions for claiming benefits are relatively loose in Greece (only 5 months of contributions).

Figure 6. Flow rates from employment to inactivity



Source: Quarterly Labour Force Surveys of The Hellenic Statistical Authority (EL.STAT.).

We can draw the following conclusions from the above analysis. First, the increase in the rate of inactive women joining the labour force has boosted female unemployment, given job scarcity. It points to the prevalence of the added-worker effect

among inactive women during the crisis. The respective rate of inactive men remained constant across the period, indicating that the added-worker and the discouraged-worker effects have cancelled each other out. Second, discouragement of the unemployed of both sexes has weakened during the initial phase of the crisis. The effect was stronger in the case of men and has thus increased male more than female unemployment. Since mid-2010, discouragement has been growing among unemployed women but has kept falling among unemployed men. Last but not least, pension reforms in 2010 and 2011 have increased male and female flow rates from employment to inactivity, indirectly boosting male and female unemployment rates.

## 2.2. The constant participation unemployment rate

In this sub-section we consider all the trends in flows in and out of the labour force which were presented in the previous sub-section, in order to examine the impact of changes in the labour force participation rates of men and women on the evolution of the gender gap in unemployment. In particular, we construct separately a counterfactual unemployment rate for men and women, which we would observe if participation decisions of men and women had not been affected by labour market conditions and institutional changes, such as pension reforms. We call this the '**constant participation unemployment rate**' and derive it in the following way.

The unemployment rate is given by

$$u = \frac{L - E}{L} \quad (2.1)$$

where  $L$  is the labour force and  $E$  employment.

Log-differentiation of (2.1) (see the Appendix) obtains the change in the unemployment rate, as a function of logarithmic changes of employment and the labour force.

$$du = (1 - u)(d \log L - d \log E) \quad (2.2)$$

Since the labour force equals the participation rate  $a$  times the working age population  $P$  i.e.

$$L = aP,$$

it holds that:

$$d \log L = d \log a + d \log P$$

and the unemployment change is given by:

$$du = (1 - u)(d \log a + d \log P - d \log E).$$

In discrete time this can be written as:

$$u_t - u_{t-1} = (1 - u_{t-1})(\Delta \log a_t + \Delta \log P_t - \Delta \log E_t) \quad (2.3)$$

Setting  $d \log a = 0$ , and summing up the changes to the initial unemployment rate  $u_0 = u_0^{CP}$ , we find that the constant participation unemployment rate at any period  $t$  is given by:

$$u_t^{CP} = u_0 + \sum_{i=1}^{i=t} [(1 - u_{i-1})(d \log P_i - d \log E_i)] \quad (2.4)$$

Equation (2.4) is applied to calculate the constant participation unemployment rates in Figures 7 and 8 below.

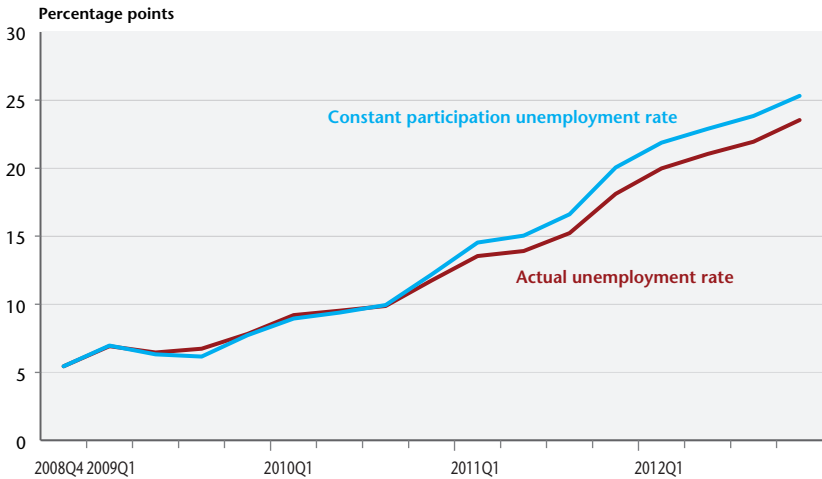
This also allows the decomposition of changes in the unemployment rate in any period  $\{t, t+n\}$  into changes of employment and changes of participation:

$$u_{t+n} - u_t = (u_{t+n} - u_{t+n}^{CP}) + (u_{t+n}^{CP} - u_t)$$

The first term on the right-hand side captures the **participation effect**, and the second term the **employment effect**.

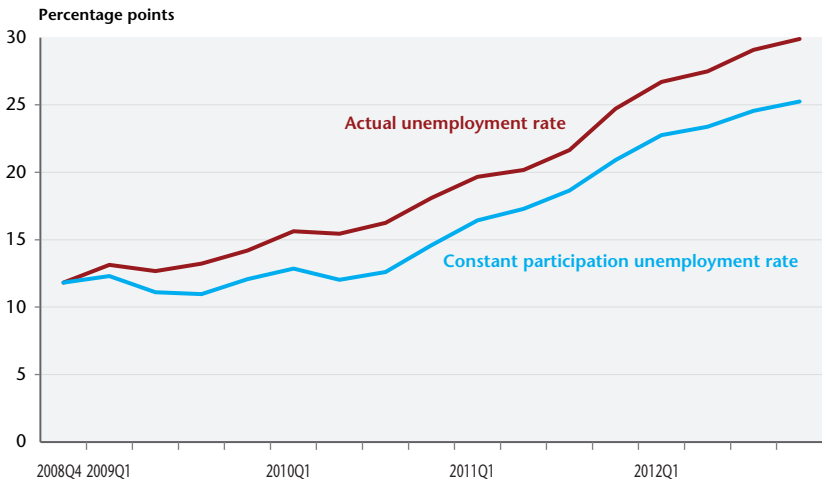
The actual male unemployment rate in 2008 Q4 was 5.4%. By 2012 Q4 this had climbed to 23.5%, whereas the constant participation unemployment rate stood at 25.3%. This implies that the actual unemployment rate is 1.8 percentage points lower than the would-be unemployment rate, because of the large decline in the male activity rate during the crisis. This is entirely accounted for by the rise in the male flow rate from employment to inactivity – mainly due to the 2010 and 2011 pension reforms – since discouragement remained constant among inactive men and declined among those unemployed between 2008 and 2012, as discussed above. The decline in the male activity rate has lessened the increase in the male unemployment rate by about 10%. It should be noted that decline followed a period of stability in the male activity rate between 2004 and 2008.

Figure 7. Actual and constant participation unemployment rates-men



Source: Quarterly Labour Force Surveys of The Hellenic Statistical Authority (EL.STAT.).

Figure 8. Actual and constant participation unemployment rates-women



Source: Quarterly Labour Force Surveys of The Hellenic Statistical Authority (EL.STAT.).

The actual female unemployment rate in 2008 Q4 was 11.8%. In 2012 Q4 it had climbed to 29.8% whereas the constant participation unemployment rate was only 25.2%. This means that the actual unemployment rate was 4.6 percentage points higher than the would-be unemployment rate, because of increasing participation. Also, 25.5% of the percentage-point change of the female unemployment rate between the 2008 Q4 and 2012 Q4 is ex-

plained by the increase in the female activity rate of 3.4 percentage points. It is noteworthy that this rate had risen from 50% to 55% between 2000 and 2008, indicating acceleration during 2008-2012, and pointing to the prevalence of the added-worker effect over the discouraged-worker effect, during the crisis discussed above.

In sum, the actual male unemployment rate is lower than the constant participation unemployment rate, whereas the actual female unemployment rate is higher than the constant participation one. It follows that if the participation rates of both genders remained constant, we would observe a smaller gender unemployment gap than is actually the case.

### 3. Unemployment dynamics and flows Inside the labour force: gender differences and gaps

After an examination of the effects of gender differences in the participation behaviour on unemployment dynamics by sex, we now turn to the impact on the latter of flows inside the labour force: i.e., the transitions between employment and unemployment, holding the labour force constant.

#### 3.1. Job finding and separation rates

The methodology we employ calculates the flow rates from LFS data. The core methodology draws on Shimer (2007), extended and modified by Elsby, Michaels and Solon (2009) and Fujita and Ramey (2009). The method is built on basic stock-flow relationships. Assuming that the labour force is constant (i.e., all unemployment variations derive from transitions between two states, namely employment and unemployment), the unemployment stock  $U$  (i.e., the number of unemployed persons) evolves according to:

$$\frac{dU}{dt} = sE - fU .$$

Where  $E$  is the employment stock,  $s$  is the flow rate from employment to unemployment (i.e., the separation rate), and  $f$  is the flow rate from unemployment to employment (i.e. the job finding rate). We assume that  $s, f$  are Poisson arrival rates (see the Appendix).

Denoting the constant labour force by  $L$ , and substituting  $E = L - U$  we find that:

$$\frac{dU}{dt} + (s + f)U = sL \quad (3.1)$$

If we take  $U_t$  as the initial condition, the solution (see Appendix) of differential equation (3.1) is:

$$U_{t+1} = \frac{s_t}{s_t + f_t} L_t [1 - e^{-(s_t + f_t)}] + U_t e^{-(s_t + f_t)} \quad (3.2)$$

This is a relationship between current and previous unemployment levels and the flow rates that we shall use later.

Following Shimer (2007), we shall obtain the flow rates from labour force survey data. Let us consider the discrete change in the number of unemployed workers within a quarter: it must necessarily be equal to the inflows during the quarter, given by the short-term (less than three months) number of unemployed workers,  $U_t^S$ , minus the outflows, given by the previously unemployed who found a job during the quarter: i.e., the previous unemployment stock times the probability of finding a job  $F_t U_{t-1}$ .

Thus,

$$U_t - U_{t-1} = U_t^S - F_t U_{t-1} \quad (3.3)$$

Solving equation (3.3) for  $F$  we find that the job finding probability is:

$$F_t = 1 - \frac{U_t - U_t^S}{U_{t-1}} \quad (3.4)$$

Having thus determined the job finding probability we can calculate the associated Poisson rate using the formula (see Appendix):

$$f_t = -\ln(1 - F_t) \quad (3.5)$$

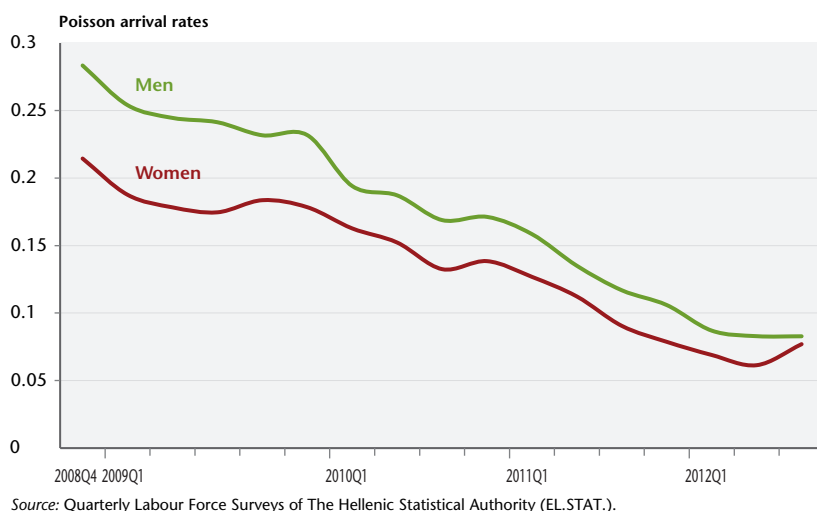
The calculation of the separation rate is a little more complicated. Had we used the expression  $U_t - U_{t-1} = S_t E_{t-1} - F_t U_{t-1}$  (which can be rewritten as  $S_t = \frac{U_t^S}{E_{t-1}}$ ), we would be underestimating the job separation probability, since we would fail to take



account of all those workers who lost a job and found another one during the same quarter: this is what Shimer (2007) calls *time aggregation bias*. To avoid this problem, we substitute the current and previous number of unemployed workers, the current labour force and the current job finding rate (as calculated above) into equation (3.2), and calculate the implied  $s_t$ .

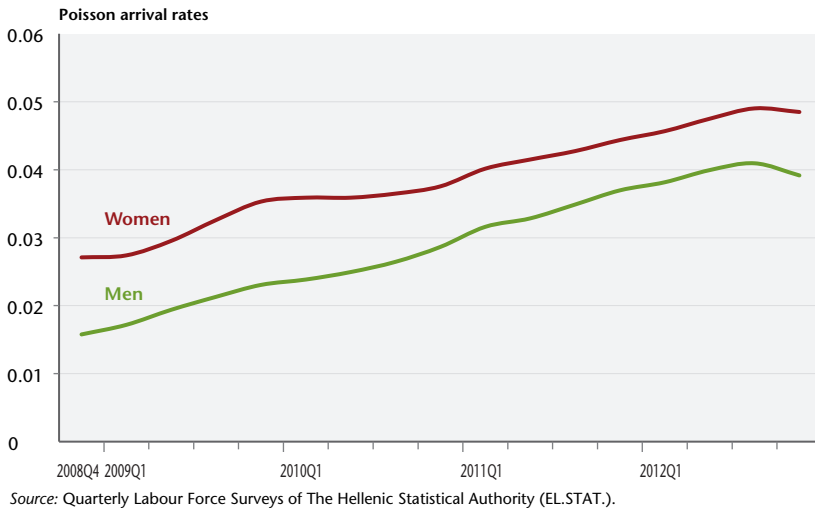
The figures below illustrate the evolution of the calculated flow rates for the period 2000 Q1 to 2012 Q4, as 4-quarter moving averages.

Figure 9. Job finding rates (4 quarters moving average)



For both sexes, the job finding rates have been falling whereas the separation rates have been increasing, a typical feature of recessions. Nevertheless, this deterioration of employment opportunities has not been identical for both sexes. It is evident from Figures 9 and 10 that the job finding rate has been falling much more rapidly for men than for women, while the separation rate has been rising slightly more rapidly for men than for women. We should associate these gender differences to the fact that the crisis hit male-dominated industries more than female-dominated ones (see Section 1 above). Hence, the employment situation for men has deteriorated more than for women, and this has exerted a narrowing effect on the gender unemployment gap.

Figure 10. Separation rates (4 quarters moving average)



However, as we have already seen above, this asymmetric deterioration of labour market conditions has triggered different labour supply responses from men and women which have, in turn, exerted a widening effect on the gender unemployment gap.

3.2. Flows inside the labour force and unemployment dynamics

Assuming that flows into and out of the labour force are constant, unemployment may rise due to falls in the job finding rate, or to increases in the separation rate. Since, as shown above, such changes occurred simultaneously during the recession, it is interesting to estimate their respective contribution to the fluctuations of the unemployment rate by gender. Hereafter we do this by using the “steady state of unemployment” decomposition technique. Steady state unemployment is the rate at which unemployment would eventually stabilise in each time period, if the current flow rates remained constant and there had not been any transitions into or out of the labour force.

Note that given the flow rates, the implied steady state unemployment rate is found by setting  $dU/dt = 0$  in equation (3.1) and noting that  $u_t \equiv U_t/L_t$ . We thus reach the standard expression:

$$u_t^{s.s.} = \frac{S_t}{S_t + f_t} \quad (3.6)$$

Now we decompose unemployment fluctuations to those attributed to changes in the job finding rate and those attributed to changes in the separation rate, and quantify their relative contributions. Following Elsbey, Michaels and Solon (2009), we log-differentiate (see Appendix) the steady state unemployment rate in equation (3.6) above to obtain:

$$du_t^{ss} = u_{t-1}^{ss}(1 - u_{t-1}^{ss})(d \log s_t - d \log f_t) \quad (3.7)$$

Equation (3.7) decomposes the change of the (steady state) unemployment rate into the respective logarithmic changes of the flow rates, with an equal weight.

Let us denote by  $du_t^f = -u_{t-1}^{ss}(1 - u_{t-1}^{ss})d \log f_t$  and the  $du_t^s = u_{t-1}^{ss}(1 - u_{t-1}^{ss})d \log s_t$  respective contributions of the job finding rate and the separation rate to the variation of the unemployment rate, i.e.  $du_t^{ss} = du_t^s + du_t^f$ .

To quantify the contributions of each flow rate, we follow Fujita and Ramey (2009) who calculate the proportion of the variance of  $du_t^{ss}$  that is explained by its covariance with  $du_t^f$  and  $du_t^s$ :

$$\beta^f = \frac{Cov(du_t^{ss}, du_t^f)}{Var(du_t^{ss})} \quad (3.8a)$$

$$\beta^s = \frac{Cov(du_t^{ss}, du_t^s)}{Var(du_t^{ss})} \quad (3.8b)$$

In the above expressions,  $\beta^f$  is the proportion of unemployment fluctuations deriving from fluctuations in the job finding rate, and  $\beta^s$  is the proportion deriving from fluctuations in the separation rate.<sup>1</sup> The sum  $\beta^f + \beta^s$  should equal to unity: this holds approximately in our results. The ratio  $\beta^f / \beta^s$  measures the relative weight of job finding in the determination of the unemployment rate.

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1. These are in fact the OLS regression coefficients of the percent changes of the job finding and separation rates, as explanatory variables for the changes of the steady state unemployment rate.

Table 2 below reports the results for the whole period 2000 Q1-2012 Q4, as well as the period of the crisis, i.e. 2008 Q1-2012 Q4. Note that the latter period includes only 20 observations rendering the results tentative.

Table 2. Contribution of the flow rates to the fluctuations of the unemployment rate

	2000-2012		2008-2012	
	Men	Women	Men	Women
Job finding $\beta^f$	0.81	0.85	0.77	0.78
Separation $\beta^s$	0.25	0.12	0.15	0.14
Ratio $\beta^f / \beta^s$	3.29	6.94	5.24	5.64

This table tells us that for the whole period about 0.8 of every percentage point of increase in the male unemployment rate is explained by the deterioration in the job finding rate, while about 0.2 is due to an increase in the separation rate. For women, the respective contributions are 0.85 and 0.15. This means that job finding difficulties are a more important determinant of unemployment dynamics than job separations. This holds for both sexes, but the effect on female unemployment is more powerful. Job finding difficulties are mainly related to the volume of job openings in the economy, relative to the stock of the unemployed, and less to the employability of the unemployed.

During the period 2008 Q1-2012 Q4, job finding difficulties kept their primacy in determining the dynamics of male and female unemployment over job separations. However their contribution increased in the case of male unemployment and decreased for female unemployment. Job finding difficulties do not only concern young people, but the whole unemployed population, regardless of age, given that persons aged 15-24 represented 13.9% of all unemployed in 2012 Q4, compared to 20.4% in 2008 Q4. Across-age job finding difficulties also explain the rise in the share of long-term unemployed from 47% to 65.3% of all unemployed, for the same four-year period.

## 4. Conclusions

The ongoing Greek crisis has had dramatic effects on employment. While this generally holds for both sexes, male employment declined more than female employment, mainly due to the major impact of the crisis on male-dominated sectors, and its limited effect on the female-dominated ones. The greater deterioration in male than female employment is the outcome of both a bigger fall in male job finding rates and a steeper rise in male job separation rates.

These developments implied a narrowing of the gender unemployment gap through a faster increase in male than female unemployment. Nevertheless, although the actual gender unemployment gap narrowed in ratio terms, it remained constant in its percentage-point difference. In this article, we have attributed the latter phenomenon to the different labour supply responses of men and women to job scarcity. The male participation rate has been falling, while the female participation rate has been increasing throughout the crisis. The former has contained the rise of the male unemployment rate, while the latter has reinforced the rise in the female unemployment rate. Specifically, between 2008 Q4 and 2012 Q4, the fall in the male participation rate lessened the increase in the male unemployment rate by about 10%, while the increase in the female participation rate contributed to the actual increase in the female unemployment rate by 25.5%.

Changes in labour supply behaviour have affected the dynamics of male and female unemployment to a far lesser extent than transitions inside the labour force between employment and unemployment, during the current crisis. Furthermore, it is the decrease in the job finding rate rather than the increase in the job separation rate that played the dominant role in boosting unemployment. This implies that firms reduced hiring proportionally more than they increased labour shedding. Finally, during the current crisis, job finding difficulties became more important in determining male unemployment, relative to the pre-crisis period. The opposite holds for female unemployment, as job separations became more significant for women. However, for women too, the decrease in the job finding rate was the major factor in the rise of unemployment during the crisis.

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## APPENDIX

### Log-differentiation of (2.1)

$$\begin{aligned}
 d \log u &= d \log \left( \frac{L-E}{L} \right) \rightarrow d \log u = d \log(L-E) - d \log L \rightarrow \frac{du}{u} = \frac{d(L-E)}{L-E} - \frac{dL}{L} \rightarrow \\
 \frac{du}{u} &= \frac{dL \cdot L - dE \cdot L - dL \cdot L + dL \cdot E}{L(L-E)} \rightarrow \frac{du}{u} = \frac{dL \cdot E - dE \cdot L}{L(L-E)} \rightarrow \frac{du}{u} = \frac{E}{L-E} \left( \frac{dL}{L} - \frac{dE}{E} \right) \rightarrow \\
 \frac{du}{u} &= \left( \frac{L}{L-E} - \frac{L-E}{L-E} \right) \left( \frac{dL}{L} - \frac{dE}{E} \right) \rightarrow \frac{du}{u} = \frac{1-u}{u} \left( \frac{dL}{L} - \frac{dE}{E} \right) \rightarrow du = (1-u)(d \log L - d \log E)
 \end{aligned}$$

### Solution of differential equation (3.1)

Equation (3.1) is a first order differential equation of the form  $ax + dx/dt = b$  with the standard solution  $x_t = (1 - e^{-at})b/a + x_0 e^{-at}$ . Hence the value of a variable in the current period given its (initial) value in the previous period is given by  $x_{t+1} = (1 - e^{-a})b/a + x_t e^{-a}$ . We substitute  $x = U$ ,  $a = s + f$ ,  $b = sL$  to obtain (3.2).

### Flow rates

In a Poisson distribution the probability that a variable  $X$  takes the value  $x$  is given by

$$P(X = x) = \frac{e^{-\lambda} \lambda^x}{x!}$$



The probabilities  $F, S$  we measure are equivalent to  $P(X > 0)$ : i.e., the probabilities of finding (leaving) a positive amount of jobs. Hence

$$P(X > 0) = 1 - P(X = 0) = 1 - \frac{e^{-\lambda} \lambda^0}{0!} \rightarrow 1 - P(0) = 1 - e^{-\lambda}$$

$$\rightarrow P(0) = e^{-\lambda} \rightarrow 1 - P(X > 0) = e^{-\lambda} \rightarrow \lambda = -\log(1 - P(X > 0))$$

The flow rates  $f, s$  are the parameter  $\lambda$  in the Poisson distribution, measuring the average (or expected) number of jobs found (left) in the period.

### Log-differentiation of (3.6)

$$d \log u = d \log \left( \frac{s}{s+f} \right) \rightarrow d \log u = d \log s - d \log(s+f) \rightarrow \frac{du}{u} = \frac{ds}{s} - \frac{d(s+f)}{s+f} \rightarrow$$

$$\frac{du}{u} = \frac{ds \cdot s + ds \cdot f - ds \cdot s - df \cdot s}{s(s+f)} \rightarrow \frac{du}{u} = \frac{ds \cdot f - df \cdot s}{s(s+f)} \rightarrow \frac{du}{u} = \frac{f}{s+f} \left( \frac{ds}{s} - \frac{df}{f} \right) \rightarrow$$

$$du = u(1-u)(d \log s - d \log f)$$



# GENDER ISSUES OF THE RECENT CRISIS IN PORTUGAL<sup>1</sup>

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In May 2011, following the deterioration of Portugal's financial situation, an agreement was signed between the Portuguese government and the "troika" (the European Central Bank, the European Commission and the International Monetary Fund), establishing a programme of austerity measures and reforms as a counterpart for obtaining financial assistance.

The process of economic and social change the country has subsequently experienced has been marked by a significant deterioration of its main economic and social indicators. The Portuguese labour market has clearly changed throughout the process.

This paper outlines the main changes the Portuguese labour market has suffered. Particular attention is paid to the gender dimension (and biases) of the crisis.

*Keywords:* Labour market, Gender, Unemployment.

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Portugal was hit by the international crisis in 2008 and, following worsening difficulties, asked for financial help from the "troika" (the European Commission, European Central Bank and International Monetary Fund) in May 2011. Upon signature of a Memorandum, both Portugal and the troika agreed on a programme to ensure the reduction of the existing fiscal deficit and national debt. Two years after the programme was implemented, the situation has not improved much as the Portuguese economy is suffering a sharp recession with severe effects on the labour market.

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This paper aims to analyse some of the main outcomes of recent developments in the Portuguese labour market over the period of the ongoing crisis, and to characterise their main gender dimensions, which had been changing favourably or unfavourably before the crisis. The emergence of high unemployment and its structural dimension are the main novel features of the past few years in Portugal.

As is the case of other EU member states, Portugal has always had a gender biased labour market, detrimental to women. Still, Portugal has traditionally had high rates of female activity and employment. Recent unfavourable labour market trends can be expected to have impacted on gender equality at diverse levels. One could argue that the recent crisis favours gender equality in the labour market by means of increasing job destruction in male-dominated sectors. This has led to higher income homogeneity as a result of wage cuts or the impact of the increasing entry into the labour market of more qualified workers who are essentially women. But it could also be argued that more gender inequality is to be expected as austerity measures have contributed to reducing new hiring in public services (namely in the traditionally predominantly female education and health care sectors). Furthermore, cuts in the wages of public employees also disproportionately affect women, and income restrictions introduce more rigidity in the work-life balance. Given the current scarcity of jobs, these could provoke withdrawals of women (mainly) from the labour market.

The analysis of recent trends in the Portuguese labour market indicates that the ongoing crisis has had gender effects largely because its structure was already gender biased. The economic and social deterioration has led to several gender outcomes that seem mainly to reflect the previous gender distortion. In a scenario of falling employment, traditionally male sectors have been more affected by the crisis. The fact that new inequalities do not appear to be emerging can be interpreted as a positive outcome of the equality policy measures implemented in the few last decades.

The paper is organised as follows: Section 1 briefly presents the main traits of Portugal's recent economic evolution, in order to contextualise the changes brought about by the crisis and austerity. In Section 2, some of the main features of the Portuguese labour market are examined, and in Section 3, a characterisation of

the recent gender dynamics of the Portuguese labour market is presented. Section 4 concludes.

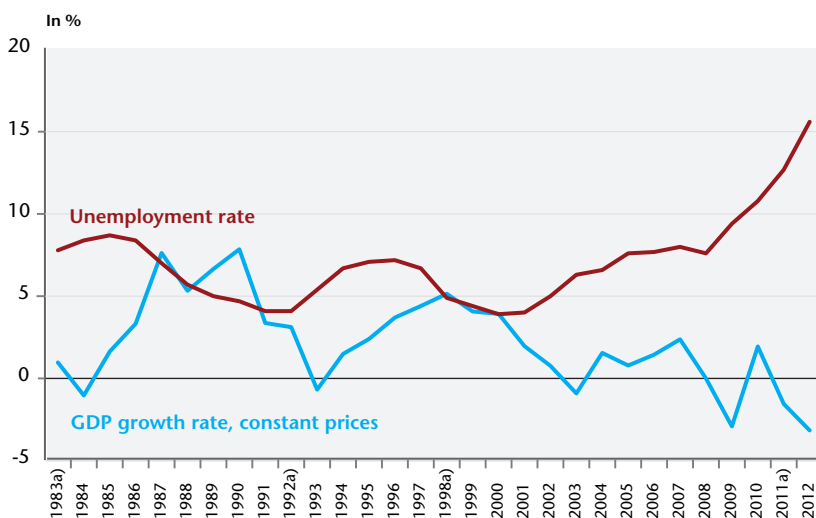
## 1. Putting austerity policies in context

In order to better understand the ongoing changes in Portugal, we have to consider a few specific traits of its economic and social context.

### 1.1. General economic and social issues

To contextualise the present period, it is useful to refer to the evolution of the Portuguese economy in recent decades (Figure 1).

**Figure 1. Annual GDP growth rate and unemployment rate, in Portugal, 1983-2012**



(a) Break in the series for the unemployment rate.

Source: PORDATA

In the early 2000s, Portugal had rather weak economic growth which contrasted with the higher growth capacity of other EU countries, especially the other southern European ones at the time.<sup>2</sup> This highlights an important element of Portugal's recent

2. Between 2001 and 2007, the Portuguese GDP growth rate was rather low compared to the EU 27 average, and particularly low compared to other Southern European countries, namely Spain and Greece (EUROSTAT [nama\_gdp\_k]).

evolution as the international financial crisis impacted on the Portuguese economy during a period of deep structural change.

Thus, the economic and financial crisis has added to the difficulties the country was already facing. The reorganisation of Portugal's productive structure, related to a growing need to adapt to more globalised markets and to incorporate young and more qualified workers, had led to significant job destruction long before the crisis. This process took place hand-in-hand with the improvement of Portuguese human resources by means of a relevant, although still far from adequate, increase in the educational attainment of the Portuguese population.

This rather low growth was accompanied by a big increase in the unemployment rate, which contrasted with the rather low unemployment rate that had been one of the main characteristics of the Portuguese labour market in recent decades.

Measures of budget consolidation were consistently introduced in Portugal long before the intervention by the troika. Before 2009, measures aimed at achieving budget consolidation were introduced together with a number of public policies (the promotion of infrastructural investment in education, and much more problematic investment in transportation too; the reorganisation of the health system; etc.). After 2009, further budget consolidation was accompanied by a number of austerity policies, even before the agreement with the troika. An intense political debate runs in the country about the direct impact of the development policies implemented before 2009, and the subsequent financial difficulties that the country has faced. Still, there is broad consensus on the importance of some (although limited) structural reforms implemented during this period. The reform of the Labour Law, the reform of the pension system and the reorganisation of the public health system appear to have been more consensual measures.

As regards the Labour Law, the main topic under discussion has been employment security/rigidity (Portugal has long been as classified a very rigid labour market according to the OECD index).<sup>3</sup>

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3. See OECD (2004), pp. 61-125.

Following a process of negotiation with social partners,<sup>4</sup> a tripartite agreement was signed in 2008,<sup>5</sup> concerning five main domains to be changed in the Labour Code: i) measures aimed at increasing the adaptability of firms (flexibility in working time arrangements for firms but also for workers, on grounds of more family friendly parental leave dispositions); ii) measures aimed at promoting collective agreements; iii) measures aimed at rationalising and reinforcing the security of both employers and employees in the event of dismissals (mainly by simplifying and reducing the duration of the dismissal process); iv) measures aimed at improving the effectiveness of the Labour Law (namely by improving inspection of the work places and fighting illegal work); v) measures aimed at fighting precariousness and segmentation in the labour market and at promoting employment quality. The 2009 reform of the Labour Code incorporated all these issues, but particularly the one on adaptability.

Pension reform has been implemented essentially to ensure the financial sustainability of the system. A sustainability index (linked to the increase of life expectancy but also to GDP growth rate and to consumer prices) has been created, to be used in the calculation of pensions and other means tested social benefits. A maximum value for public pensions has also been defined and the principle of convergence of the existing regimes (the general and the public employees' regimes) has been approved.

The reorganisation and rationalisation of Portugal's National Health System (SNS) has been targeted to increase its efficiency and financial sustainability, while at the same time ensuring its quality and universality. The main areas of change concerned are: the development of more adequate answers to meet the needs of the increasing elderly population; the creation of a national network of health care centres providing primary care to families; the reorganisation of the national network of public hospitals; the

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4. Dornelas *et al.* (2006).

5. The Government, four employers' organisations (the Manufacturing and Construction Confederation, the Trading Confederation, the Tourism Confederation and the Agriculture Confederation), and one of the workers' Confederations (UGT) signed the agreement. The employers' confederations signed, despite publicly stating that they wanted more changes regarding individual and collective dismissal, and concerning short term contracts (Lima, 2008: 1-2).

introduction of fees to be paid by the users of the SNS, defined as a “moderation rate”, aimed at being a means of rationalising and regulating the access to health care services while reinforcing social justice as a prevalent principle of the SNS (a large number of users are not covered by this fee, either for health care or for income reasons).<sup>6</sup>

## 1.2. Austerity policies

Since 2010 and in response to the development of the crisis and the new orientations of the EU summits, Portugal has implemented austerity measures essentially aimed at reducing public deficits and preventing the increase of Portuguese indebtedness. Austerity policies further increased after the signing of the Memorandum with the troika.

Several measures have been taken in line with austerity. Often decided under high pressure, they have been designed so as to ensure short-term results, and to provide immediate increases in receipts (higher tax rates), and cuts in public expenditure (by cuts in public sector wages, freezing of new hires and promotions, cuts in pensions, and cuts in means tested social security benefits).

However, by the end of 2012, the public deficit as a percentage of GDP had not been reduced consistently (-3.6% in 2008, -10.2% in 2009, -9.8% in 2010, -4.4% in 2011, -6.4% in 2012). Nor had the public debt-to-GDP ratio been cut: in fact it increased every year after from 71.3% in 2008 to 123% in 2012.<sup>7</sup>

Austerity measures have led to very contradictory signals for Portuguese society. Increased unemployment and income cuts together with reduced hiring in the public sector and the freeze on public sector career promotion are blocking both income growth and social mobility. Social dialogue has been increasingly devalued and so social consensus on specific issues has been harder to achieve. Increasing signs of social, institutional and political instability have shown up. And there is increased internal distrust of the troika's assumption that after achieving the austerity agenda Portugal will be ready for recovery and growth. The austerity meas-

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6. Persons with chronic diseases and pregnant women, for example.

7. EUROSTAT [[gov\_dd\_edpt1]



ures introduced inconsistencies in the adjustment efforts that the Portuguese economy was already experiencing before the crisis, transforming them into a pack of expenditure cuts with no strategic goal. Additionally, blind austerity measures risk generating negative dynamic effects in the long term, penalising growth potential and leading families to allocate resources inefficiently (for example, not investing in education). Internal nominal devaluation and the pressure to reduce wages also risk reducing incentives for innovation in firms and for the recruitment of more qualified workers.

## 2. General traits of the portuguese labour market and income distribution

Portugal has some labour market and income distribution specificities that must be kept in mind. Austerity measures can, in fact, have very different effects according to the economic and social structure to which they apply.

### 2.1. Labour market

Besides the recent increase in unemployment, there are other traits of the Portuguese labour market that deserve to be stressed.

Portugal has low wages by EU standards (Portuguese and Spanish wage trends after entering the EU are often contrasted in the literature by a high-wage, high-unemployment situation in Spain compared to a low-wage, low-unemployment option in Portugal).<sup>8</sup>

Portugal's labour force also has very low educational attainment, ranking at the bottom of the EU countries as regards the percentage of the population aged 25-64 that has completed at least upper secondary education: in 2012, this share was as low as 37.6%, compared to 74.2% in the EU27.<sup>9</sup>

Temporary contracts<sup>10</sup> and false self-employment (*recibos verdes*) have been used in the Portuguese labour market as the main

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8. See Castro *et al.*, 1999.

9. Eurostat (tps\_00065).

10. According to EUROSTAT, temporary employment includes work under fixed-term contracts, compared to permanent work with no end-date.

mechanisms to achieve labour flexibility (normally corresponding to more precarious forms of employment) and no visible change has occurred throughout the crisis: the share of temporary employees in total employment in 2012 was 13.7% in the EU27, and 20.7% in Portugal (in that same year, only Spain and Poland had higher shares, 23.7% and 26.9%, respectively).<sup>11</sup>

## 2.2. Income distribution

With regard to income distribution, Portugal is (and has been in recent decades) very unequal, compared to other EU member states.<sup>12</sup> It has the highest Gini coefficient of the EU15, and leads in inequality with other common inequality indicators, such as S80/S20. Still, the recent evolution of the country in this area shows an interesting and specific path. Portugal has followed differing tendencies in several periods since the mid-1990s (Figure 2). Over the entire period, high inequality has prevailed, when compared to the EU15 average. In the late 1990s and early 2000s, inequality did not show significant changes, despite some visible short-term variations. However, after the mid-2000s, a decrease in inequality clearly showed up, narrowing the gap with the EU average. This tendency was, however, interrupted in 2011: i.e., the year the troika Memorandum was implemented.

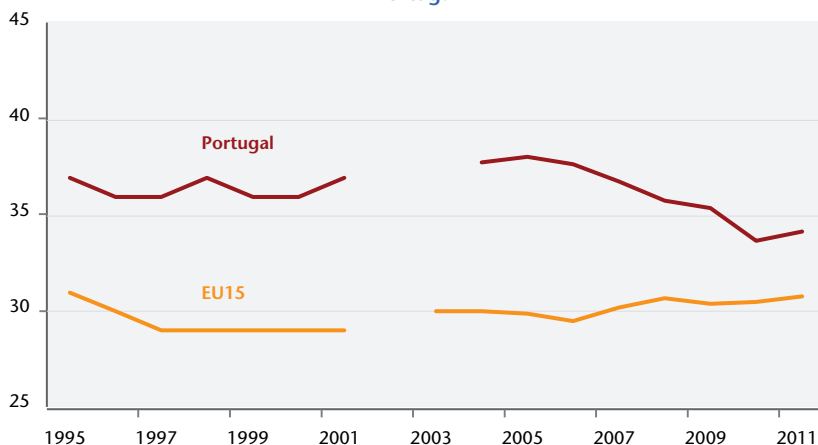
It is too early to see a clear reversal of the previously favourable trend, but it seems rather obvious that one thing has to do with the other. And as such, the evolution of inequality indicators will depend on the persistence (or not) of austerity as designed until now.

The inequality in income distribution goes together with high at-risk-of-poverty and at-risk-of-poverty-and-social-exclusion rates. Both are high in Portugal by EU standards (EUROSTAT, SILC), and have not shown signs of a significant decrease (or increase) in recent years. Thus, as has been largely documented, it is important to stress that the risk of poverty is not neutral, affecting different groups of the population to varying degrees (see below Section 3.4).

11. EUROSTAT [lfsa\_etpga].

12. In OECD (2012), a distinction has been made between five groups of OECD countries. The highest inequality group (characterised by a high concentration of labour, capital and self-employment income and a high poverty rate) included six OECD countries: Chile, Israel, Mexico, Portugal, Turkey and the USA.

**Figure 2. Evolution of the Gini coefficient of equivalised disposable income, Portugal**



Source: EUROSTAT, SILC [ilc\_dti2].

Therefore, the recent crisis and the austerity policy implemented in Portugal have to be analysed in light of a particularly unfavourable and unequal income distribution and high poverty.

It should be noted that gender equality has never had a very high profile within Portuguese social policies. Nevertheless, there have been important improvements endorsed mainly by CITE (Commission for Equality in Work and Employment). This is an official body of the Ministry of Labour that has taken important measures in this area, in a rather consensual and discrete manner, namely in the core domain of reconciliation of work and family life. Two main legal instruments shape this intervention: i) the equality law approved in 1979, and ii) the dispositions on maternity and paternity leave that were incorporated in the Labour Code in 2009. The latter have been presented by the Portuguese union confederations as one of the main positive dimensions of reform.

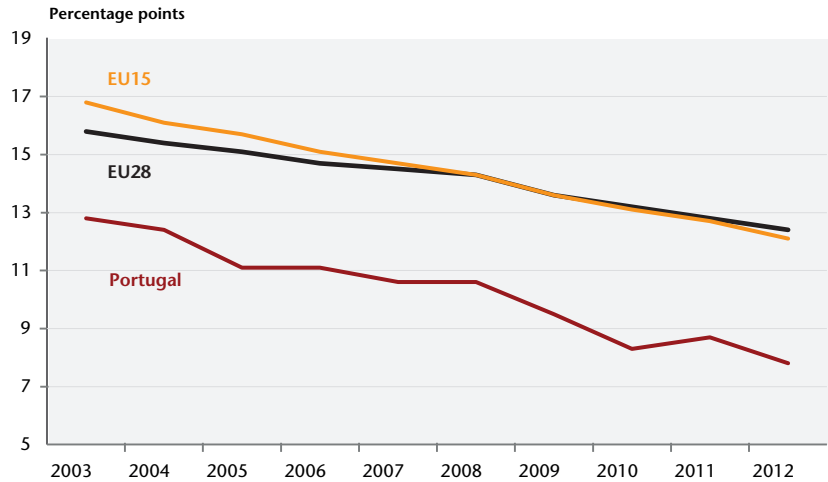
### 3. Gender equality in the portuguese labour market

The Portuguese labour market is considered as a specific case from a gender perspective (by EU standards and, especially, by southern European standards). This is mainly due to a high female participation rate. In fact, Portugal has low gender gaps in participation rates, employment rates (Figure 3) and full-time

equivalent employment rates, when compared to the EU member states’ average.

Within the EU15 countries in 2012,<sup>13</sup> Portugal ranked fourth in the employment rate gender gap (6.8 pp) after Finland, Sweden and Denmark (respectively 3.0, 5.1 and 6.0 pp); and it ranked second in terms of full-time equivalent employment rate (9.0 pp), immediately after Finland (5.6 pp).<sup>14</sup> Thus, as regards these gender gaps, Portugal is actually much closer the Scandinavian countries than the Southern European ones.

Figure 3. Gender gap in the employment rate\*



\* Gender gap in the employment rate = male employment rate - female employment rate.  
Source: EUROSTAT [lfsa\_argan].

Research on this topic has concluded that the high female activity rate in Portugal derives from the historical, cultural and economic particularities of the country’s recent past.<sup>15</sup> The rise in female participation rates began in Portugal earlier than in other Southern European countries for three main reasons. First, labour shortages in the 1960s were greater in Portugal as they reflected both the effects of mass emigration (that also existed in other southern European countries), and military recruitment

13. I consider the EU15 here, as the east European countries only joined the EU in the 2000s, and as their performance afterwards fluctuated across these indicators.  
14. EUROSTAT, LFS, 2012.  
15. González *et al.* (1991, 1998) and González (1992).

(associated with colonial wars). Male labour shortages led to pressure on women to enter the labour market. Second, the process of political transition to democracy in the mid-1970s produced more profound cultural changes in Portugal than elsewhere, as it was operated through a revolutionary process in which high social value was attributed to participation in public life. Third, the household income level is low in Portugal by EU standards (in 2012 the median equivalised net income<sup>16</sup> in Portugal was 56.5 percent of that of EU27<sup>17</sup>). Constraints on household income encouraged (forced?) the development of two breadwinner (full-time) families.

When the gender perspective is highlighted – as here – it becomes important to stress additional aspects. The first refers to the fact that, despite the high female participation rate, the Portuguese labour market shows high gender segregation (both horizontal and vertical) of jobs. Female workers are much more represented in the service sector than male workers, and men are much more concentrated in manufacturing and construction than women. Also hierarchically, higher occupations are over represented by men. Second, we have to highlight the prevalence of an important and rather persistent gender pay gap that is closely linked to (but only partially explained by) the aforementioned segregation.<sup>18</sup>

As this paper aims to determine whether the ongoing crisis and the changes it has implied in public policies challenge the gender equality achievements of the recent decades, I will present some of the main changes that have emerged, and point out (or anticipate) expected changes to the ongoing situation.

### **3.1. Trends in unemployment gender equality**

As mentioned previously, the main sign of the deterioration of the economic and social situation is the huge rise in unemployment from 7.7% in 2008 to 15.7% in 2012 (and still increasing:

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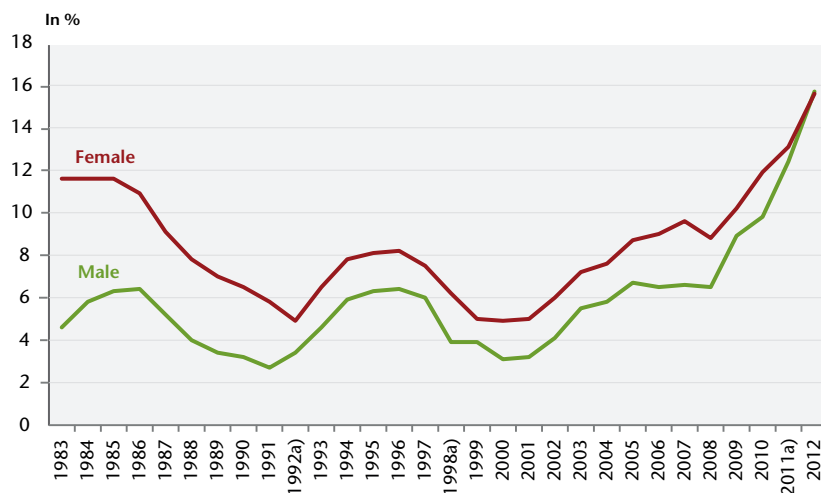
16. The equivalised disposable income as defined by EUROSTAT is the total income of a household, after tax and other deductions, that is available for spending or saving, divided by the number of household members converted into equalised adults: household members are equalised or made equivalent by weighting each according to their age.

17. EUROSTAT, SILC) [ilc\_di03].

18. See González, Santos and Santos (2009).

the latest available figure is 16.3% in 2014).<sup>19</sup> Comparing the male and female unemployment rate, for the first time in Portugal's labour market recent history, the gender unemployment gap has disappeared (Figure 4). In previous cyclical expansions and downturns, higher female unemployment rate was always a fact. But it has disappeared in the wake of the present crisis. Is this a good sign that herald a closed gap once the crisis is over?

Figure 4. Unemployment rate by gender in Portugal, 1983-2012



Note: a) break in series.

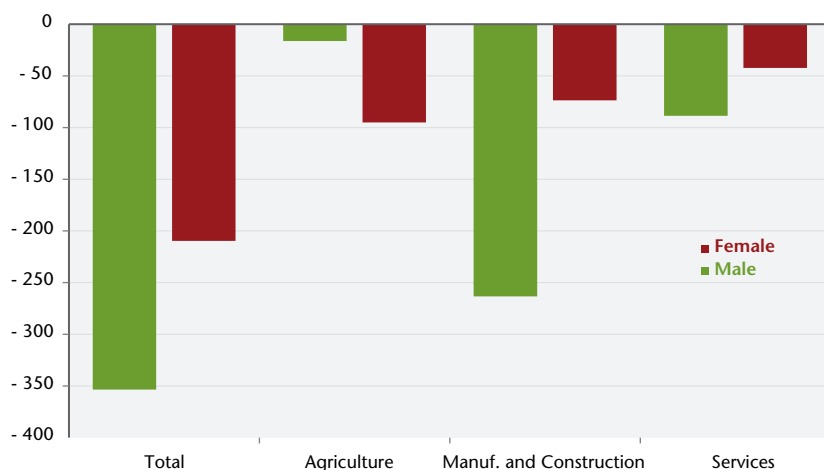
Source: INE, EE – 4<sup>th</sup> quarter 2012.

It is hard to see a positive improvement in the closing of the gender gap when the overall unemployment rate is close to its historical high of more than 15% of the labour force. Hence, the narrowing of this gap has occurred for the wrong reasons: in the wake of massive unemployment, all population groups have been deeply hurt, and both men and women have been adversely affected. Furthermore, the crisis has not affected different economic sectors similarly. In the period 2008-2012, net employment decreased by more than half a million jobs, mainly in manufacturing and construction, which employ relatively few

19. INE, *Estatísticas do Emprego*, 4th quarter 2013.

women. Generally speaking, about 2/3 of the drop in net employment over this period concerns male jobs (Figure 5).

Figure 5. Overall and sectoral change in employment levels, 2008-2012



Source: INE, EE - 4th quarter 2012.

Consequently, in a labour market in which a gender unemployment gap has been persistent (higher for women than for men), the present crisis has led to unemployment levels that are similar for men and women, as men's unemployment has greatly worsened. But, high unemployment cannot really be a sign of equality. Hence, even if the rate is the same, it is only an indicator of short-term inequality (biased against men), added to structural inequality (biased against women). The result of a sum of inequalities can hardly be seen to be a form of equality!

Nevertheless, some intermediate processes may probably be incorporated, in the post-crisis period, which may lead to a more equal outcome in the future. There is evidence that a high share of the unemployed are married (or living as couples).<sup>20</sup> Although data on the number of families having one of their members unemployed is not available by gender, it seems reasonable to assume that a significant number of families with one person unemployed are families where the employed member is female. Thus, in a context of constrained disposable family income, one would

20. 49% of the total unemployed in April 2013 (IEFP, IP, May 2013).

expect more men to be involved in domestic tasks. Whether this is a very marginal (or even inexistent) trend, or whether it is statistically significant require work data that is not available at this stage.

The existence of data on the number of families in which both members of the couple are unemployed casts a dark shadow on society, reflecting a particularly vulnerable situation.<sup>21</sup> The number of such couples has risen consistently during the period of the troika's intervention, from 1,530 couples in October 2010 to 13,176 in April 2013.<sup>22</sup>

Despite some prevalent diversity in the figure, observable unemployment trends in the period 2008-2012 are similar for men and women: the unemployment rate increased in all age groups, and is especially high for young people (currently around 40%),<sup>23</sup> while long-term unemployment rates are now higher than short-term ones (currently, the long-term unemployment rate is around 9%).<sup>24</sup> Furthermore, the structure of unemployment by age group shows a different composition that deserves to be emphasised: i) unemployed men are essentially concentrated in the older age group, while unemployed women are concentrated in the 25-34 age group (which has been decreasing in recent years), and in the oldest age group (increasing tendency in recent years); and ii) the share of highly qualified workers in unemployment is higher for women than for men.

A fundamental final aspect of unemployment and its new contours in the crisis period must be stressed, namely the reduction in the share of unemployed covered by unemployment benefits. In fact, a sharp gap between total unemployment and those receiving unemployment benefits has emerged with the crisis, following changes introduced in the legislation on unemployment benefits that reduces benefits in value and duration, but which also reduces the minimum contribution period. In 2008, 61% of Portuguese unemployed persons received unemployment

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21. Since 2011, the amount of the unemployment benefit has been calculated taking this element into account (families with children who are minors, and with both members of the couple unemployed are entitled to a 10% increase of the received benefit).

22. IEFP, *Informação mensal sobre estado civil do desempregado e condição laboral do cônjuge*.

23. INE, *Estatísticas do Emprego*, 4th quarter 2012.

24. Idem.



benefits but only 46% did so in 2012).<sup>25</sup> Hence, being unemployed is a rather different situation in 2012 than it was before the crisis.

### 3.2. Trends in activity and inactivity

The crisis has also led to a reduction in the total labour force, generated by the joint effect of a decrease in total employment, a big increase in unemployment and a more irregular but persistent increase in the inactive population (Table 1).

As changes in the labour force have occurred both for demographic and participation reasons, it is useful to understand the relative importance of each of these effects.

**Table 1. Yearly variations in the labour force and the inactive population**

Yearly variation in thousands

	2004- 2003	2005- 2004	2006- 2005	2007- 2006	2008- 2007	2009- 2008	2010- 2009	2011- 2010	2012- 2011
<b>Labour Force</b>	27.5	57.1	42.4	31.0	6.6	-42.2	-2.0	-37.5	-48.4
<b>Employed</b>	4.8	-0.2	36.9	10.2	28.1	-143.7	-75.9	-141.2	-202.3
<b>Unemploy.</b>	22.7	57.3	5.5	20.8	-21.5	101.5	74.0	103.5	154.0
<b>Inactive (15and+)</b>	40.0	-2.7	-9.2	-6.9	21.9	67.4	0.0	53.5	22.6

Source: INE, EE, 4<sup>th</sup> quarter 2012.

By decomposing the total variation in the labour force into a demographic effect (change in the labour force that would have occurred even if participation rates were kept constant),<sup>26</sup> and a participation effect (change in the labour force that would have occurred even if the working age population were kept constant),<sup>27</sup> we note interesting differences related to gender show up (Figure 6). We can see that the total reduction in the labour force is the outcome of both a demographic effect (which is the higher) and a participation effect. This change is, however, the outcome of different processes for men and women. The reduction of the male labour force is the result of both a decline in the working age population,<sup>28</sup> and a reduction in the participation rate (the higher

25. INE, *Estatísticas do Emprego – 4º trimestre 2012*.

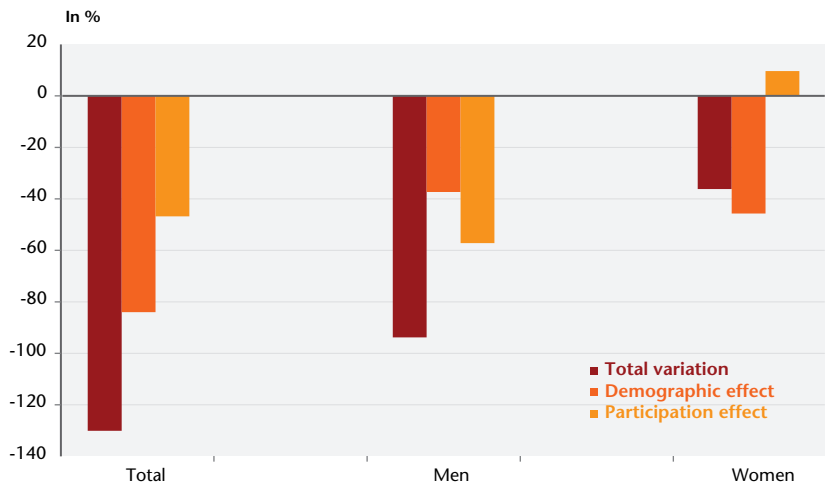
26. It refers to the changes in the working age population (aged 15 to 64).

27. It refers to the changes in participation rates of the different demographic groups.

28. The reduction of the working age population is essentially the outcome of an increase in emigration in recent years (see Annex A).

effect). In contrast, the reduction in the female labour force is the outcome of a decline in the female working-age population that went together with a (slight) increase in participation rates.

Figure 6. Change in the portuguese labour force, 2008-2012 (1000)



Source: INE, EE, 4<sup>th</sup> quarter 2012.

The global decrease in participation in the labour market of the working age population underlines the need to gain some insights into the inactive population and its recent evolution.

In the context of the crisis and the high and sudden rise in unemployment, the number of discouraged individuals (those wanting to work but who do not undertake active search as they think they will not find a job) has a high probability of increasing. In fact, this has been the case in Portugal especially amongst women (Figure 7).

Consequently, in the crisis period, short-term reactions including both activity and inactivity (discouragement) effects are clear in Portugal. But again, a different pattern characterises men and women. As a reaction to the crisis, more men have become discouraged, contributing to a reinforcement of the decreasing tendency of the male activity rate. In contrast, a much higher number of women have become discouraged, even though activity amongst women has shown a sufficiently high increase so as to create a final effect of (slightly) increasing the female participation rate (Figure 8).

Figure 7. Discouraged inactive individuals in Portugal ('000s)

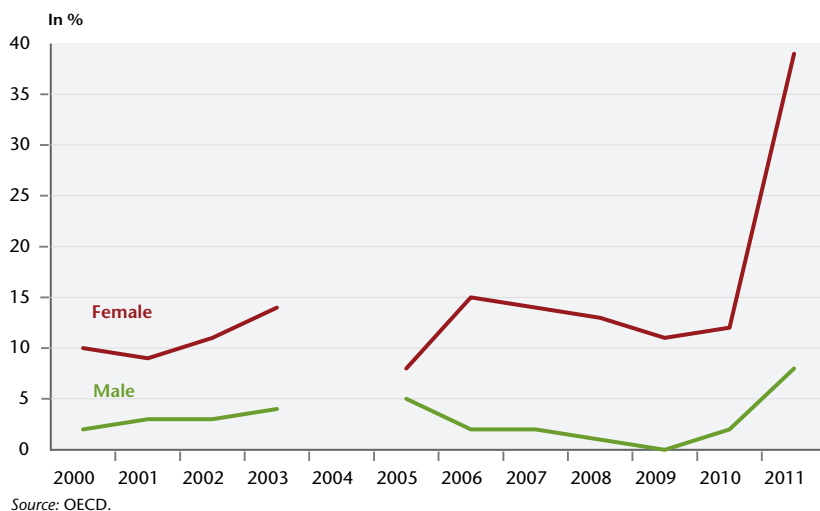
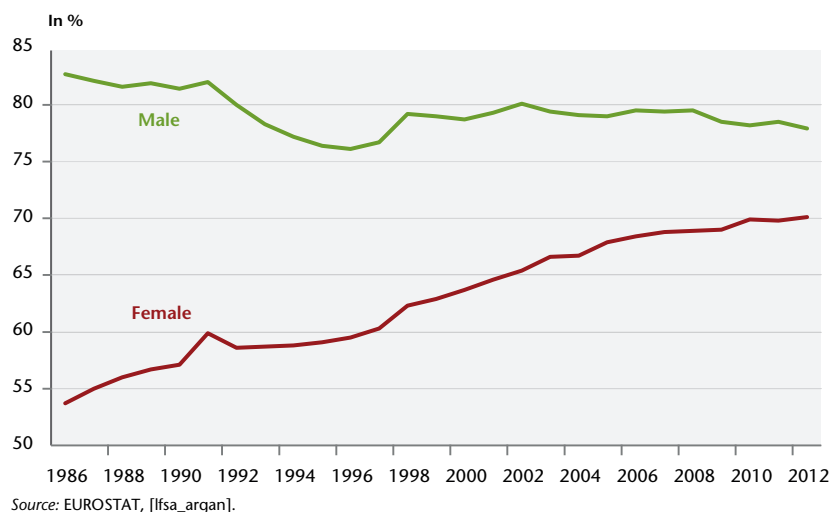


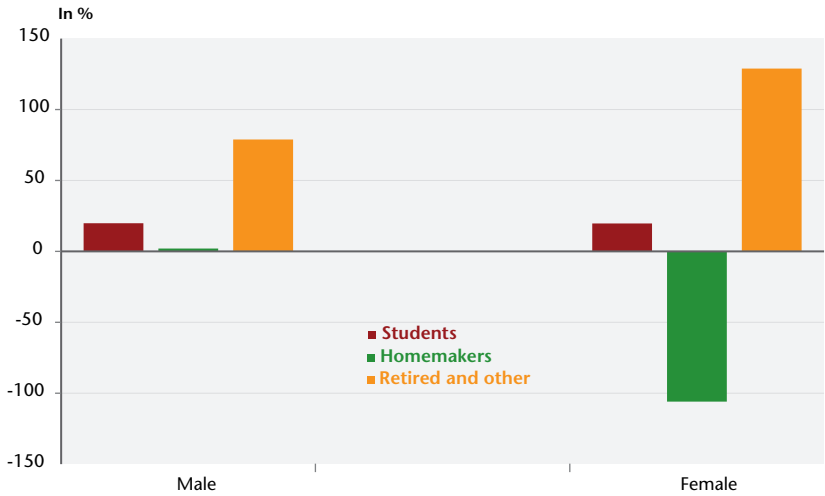
Figure 8. Participation rate by gender in Portugal



Looking at these data in more detail, we can see that the main change in the structure of the inactive population refers to domestic work (Figure 9). A persistent fall in the number of home-makers (who continue to be almost exclusively women, as men are marginal in this category) is visible, despite a slowdown in 2012. The trend towards an increase in the retired population concerns both men and women (being higher for females). The most recent

trend (after 2010) concerns the higher increase of female retirees, linked to the retirement of public employees in sectors dominated by women (education and health).

Figure 9. Variation in the inactive population by main group, 2008-2012 ('000s)



Source: INE, EE, 4<sup>th</sup> quarter 2012.

3.3. Trends in employment

Due to low unemployment rates and to the high female participation rate, employment rates have traditionally been high in Portugal, compared to the EU average. Nevertheless, the recent increase in unemployment together with an increase in female employment rates in the EU countries has narrowed the gap: since 2008, employment rates have decreased in Portugal both in total, and in the female population. As of 2010, both these rates fell below the EU15 averages (Figure 10).

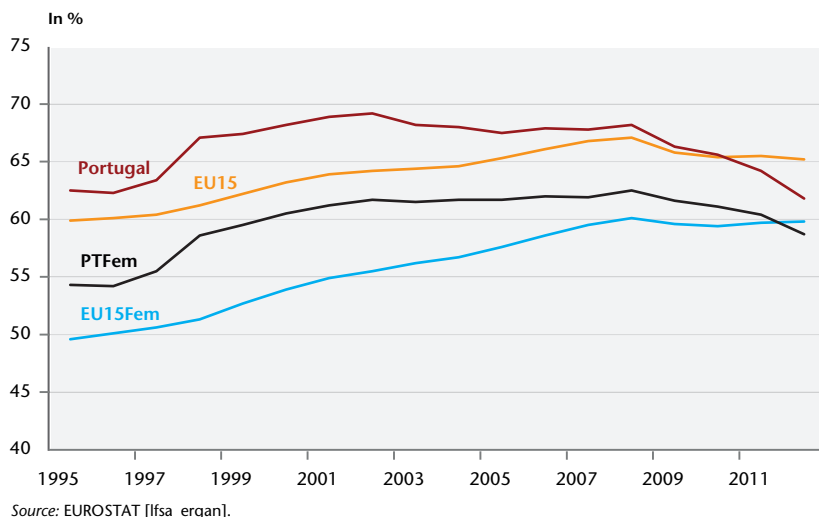
However, important differences remain alongside these recent trends, and deserve to be stressed:

- i) Male and female employment rates have been consistently converging in recent decades (the gap in the male and female employment rates in Portugal was 29.6 pp in 1986, 16.8 pp in 1996, 11,9 pp in 2006 and 6.2 pp in 2012;<sup>29</sup>

29. EUROSTAT [lfsa\_ergan].

ii) Part-time work, though increasing, continues to be low by EU standards.

**Figure 10. Employment rate (total and female) of the working age population**



Employment rates are very sensitive to the level of education, both in terms of gender gaps and in terms of the evolution they show: i) persons with limited education<sup>30</sup> have low and decreasing<sup>31</sup> employment rates, and a corresponding gender gap exists in this indicator (19.1 pp higher for men in 2003 and 15.2 pp in 2013); ii) persons of working age with secondary schooling (12 years of education) have higher employment rates (around 61% during the period, with a low and decreasing gender gap), increasing slightly until 2009 and decreasing after 2011;<sup>32</sup> iii) the highly educated (15 years and more in education) have high employment rates (around 80% over the period), and very small gender gaps, but they have experienced a huge decrease in their employment rate since 2009 (72.4% in 2012).<sup>33</sup>

30. 9 years of schooling or less.

31. The employment rate of the low educated working age population decreased 10.9 pp from 2003 (55.3% of low educated working age individuals were employed) to 2009 (the same percentage decreased to 44.4) (INE, EE, 4<sup>th</sup> quarter 2012).

32. INE, EE, 4<sup>th</sup> quarter 2012

33. *Idem*.

Education appears as a crucial factor not only for activity and employment, but also for the reduction of gender gaps in the labour market (Table 2). Employment rates have increased with the education level for both men and women, but the increase has been much higher for women: the employment rate is similar for highly educated persons, but an important gender gap exists for persons with less education. As for unemployment rates, they have decreased with education levels (although there is an ambiguous effect related to secondary education), and the gender gap seems to have diminished during the crisis.

Table 2. Employment and unemployment rates by educational levels

In %

		2003	2008	2012
		Employment rate		
Basic	Male	65.1	62.5	52.1
	Female	46.0	45.0	36.9
Secondary	Male	64.2	66.7	63.0
	Female	58.5	60.0	59.4
Tertiary	Male	83.1	82.7	72.7
	Female	80.2	78.3	72.2
		Unemployment rate		
Basic	Male	5.5	6.8	16.5
	Female	7.2	8.9	15.8
Secondary	Male	5.8	6.3	16.3
	Female	8.1	9.5	18.9
Tertiary	Male	4.9	4.9	11.6
	Female	6.7	8.2	12.1

Source: INE, Estatísticas do Emprego.

As mentioned previously, the net destruction of employment that occurred in Portugal after 2008 was essentially related to male jobs (Figure 5 above). Construction, manufacturing and some service sectors (mainly wholesale and retail trade) have been the main sectors of job destruction (respectively accounting for 35%, 22.1% and 15.9% of total job cuts in the period). These sectors are little, if variously, feminised: especially construction in which only 6% of jobs are occupied by women. The fact that less educated

workers are over-represented in these sectors is also reflected in the unemployment rate of less educated workers, especially men.<sup>34</sup>

Thus, the present crisis by its gender biased effects on employment, which are detrimental to men, has accelerated the previously existing trend towards increasing the female to male employment ratio that reached 90% in 2012 (compared to 84% in 2003).<sup>35</sup>

### 3.4. Wages and income distribution

Portugal is a low wage country in EU terms. In 2010 the average gross hourly earnings in Portugal were the lowest of the EU15.<sup>36</sup>

Despite existing measurement difficulties, the available empirical data shows that Portugal has a gender pay gap in line with (or even lower than) the EU average.<sup>37</sup> Still, the recent trend in the EU has been towards a decrease in the gender pay gap (17.3% in 2008 and 16.2% in 2011).<sup>38</sup> In contrast, in Portugal, the recent trend shows an increase (8.5% in 2007 to 12.5% in 2011).<sup>39</sup> But this information has to be taken with some caution, essentially because it only covers firms with at least 10 employees, and the representativeness of the Portuguese labour market we are referring to is reduced. Using national data (normally considered more reliable on wages) and covering all private companies with at least one employee, the evolution in recent years shows a rather stable (slightly decreasing) gender wage gap in the last decade (Figure 11).<sup>40</sup>

Recent research on the Portuguese gender pay gap shows that a relevant but decreasing share of this differential is attributable to differences in the characteristics of male and female workers and the jobs they occupy.<sup>41</sup> The part of the gender pay gap which is

34. In Portugal, in 2012, 59% of the employees had basic schooling at best. This share was, respectively, 78.3% and 76.5% in construction and manufacturing (INE, Estatísticas do Emprego – 2012).

35. INE, EE, 4th quarter 2012.

36. This has been a persistent characteristic in Portugal.

37. EUROSTAT data on the unadjusted gender pay gap refer to private firms employing 10 or more employees.

38. EUROSTAT [earn\_gr\_gpgr2].

39. Idem.

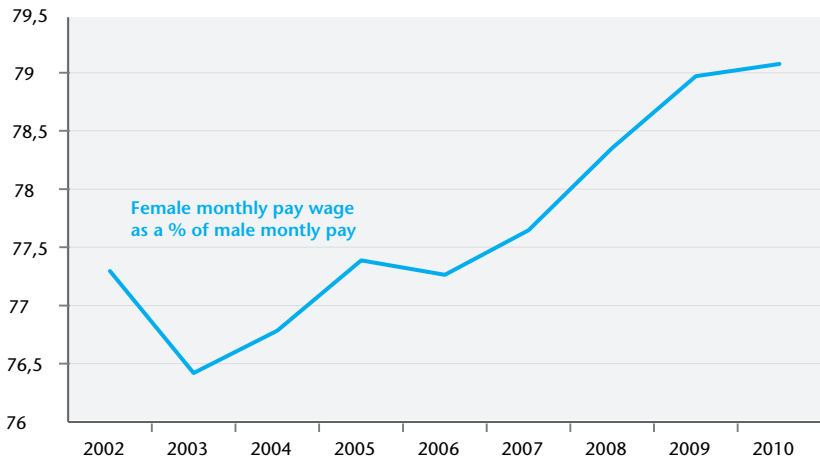
40. The gender pay gap calculated as the difference between monthly male and female pay, as a percentage of monthly male pay was 22.7% in 2002, 21.6% in 2008 and 20.9% in 2010 (GEP/MTSS, Quadros de Pessoal).

41. For a detailed discussion, see González, Santos and Santos (2009).

explained represented 45% of the total gap in 1991, and decreased consistently to 33% in 2005. The factors that contributed more to the reduction in this gap refer to the characteristics of jobs and mainly to how men and women are distributed differently among occupations, and mainly across activity sectors.

It has also been shown that the various age groups are affected differently by differences in pay: young people (aged less than 35) have lower and decreasing gender pay gaps that are the outcome of both the differing distribution of men and women across industries and education. The differing distribution enforces the existence of an unfavourable pay gap for female workers, while an education gap enforces the existence of an unfavourable pay gap for male workers. These two effects neutralise each other. As for the older age group (aged 35 or more), the picture is rather different: a gender pay gap of around 30% persisted in the 1990s and 2000s, without any relevant change over that period. Around 40% of that gap can be attributed to the different characteristics, particularly in the types of jobs held: again the uneven distribution of men and women by economic activity, but also by occupation are the main determinants explaining the share of the existing gender pay gap. In this older group, education has also had an effect in recent times on the decrease in the gender pay gap. Still, in this group, it is not sufficient to neutralise the effect of both industry and occupation.

Figure 11. Gender pay gap in Portugal



Source: INE, Indicadores sociais, 2011.



The effects of the recent crisis have not yet been analysed from this perspective, but the slow reduction in the pay gap may suggest that these conclusions still apply overall.<sup>42</sup>

The analysis of the recent evolution of the gender pay gap by age group reveals some additional traits (Table 3). Data show that the gender pay gap is particularly high and has been mostly increasing in the 35-44 age group (despite the high employment rate in this age group), and decreasing for older workers. As the average age of having a child has been rising constantly, reaching 31 years in 2012 (it was 27.1 years in 1990),<sup>43</sup> the increasing gender pay gap may reflect women's (real or perceived) involvement in childcare, and their market disadvantage in a context of mass unemployment.

It should also be noted that, as is the case of almost all the EU15 countries, Portugal has a lower gender pay gap in the public sector than in the private sector: 10.8% in the public sector, which is low in EU15 terms, and 23.5% in the private sector, which is high in the EU15 terms.<sup>44</sup> Current restrictions on public sector hiring could put pressure on employed women to progressively enter the private sector, and this could raise the gender pay gap.

**Table 3. Gender pay gap by age group in Portugal**

	2007	2008	2009	2010	2011
<25 years	-0.5	5.2	2.4	4.9	4.7
25 - 34 years	3.6	4.7	4.2	6.1	5.9
35 - 44 years	12.5	11.8	11.7	15.6	15.2
45 - 54 years	8.4	9.4	9.9	10.8	10.5
55 - 64 years	5.9	10.2	10.5	9.7	9.4

Source: EUROSTAT, [earn\_gr\_gpgr2ag].

This has to be related to recent trends in birth rates, which have fallen strongly, dropping from 9.9 per thousand inhabitants in

42. Again this slowdown is to be taken with some caution as EUROSTAT data (Table 3) show there has been an increase in the gender pay gap since 2007. It is important to remember though that EUROSTAT data refers to firms with 10 or more employees, whereas national data refer to firms with 1 or more employees.

43. Source: INE, PORDATA

44. Source: EUROSTAT, [earn\_gr\_gpgr2ct]

2008, to 8.5 births in 2012. Though this is a long run demographic trend, it is increasingly being interpreted as a reply to short-term labour market conditions, which are strongly constraining the decision to have children.

Besides the low average wage, the pay system in Portugal is also characterised by a high incidence of low wages that also has a gender biased impact (Table 4).

Table 4. Low wage earners as a proportion of total employees

In %

	Portugal			Euro area		
	Total	Male	Female	Total	Male	Female
2006	20.7	15.4	26.4	14.4	10.3	19.6
2010	16.1	10.2	22.1	14.8	11.0	19.2

Source: EUROSTAT [earn\_ses\_pub1s].

Minimum wage policies have had an important effect on sustaining the income of low-skilled workers in the country. Available data shows a tendency towards a higher incidence of workers paid at the minimum rate, especially among women, young people and persons with fixed term contracts.<sup>45</sup>

An intense debate has taken place recently in Portugal on the effects of minimum wages. A social pact was signed in 2006 between the government, the employer associations and union confederations in order to increase the monthly minimum wage to €500, by the end of 2011. This increase has not been achieved due to the austerity measures and an important debate has developed on the pros and the cons of such a measure. Given the higher concentration of women in low wage jobs, it is obvious that such a measure would have a particularly positive effect on the gender pay gap.

Women experience a higher incidence of poverty, while the gender gap seems to be falling less with the crisis (Table 5). This evolution is clearly linked to individuals' different situations in the labour market (Table 6). The risk of poverty is much higher for those who are not employed and, particularly, among the unemployed. The poverty risk is higher for employed or unemployed

45. Carneiro *et al.*, 2011.

men than for women of these same groups. However, for the unemployed, the risk of poverty has decreased slightly for men (though remaining in very high figures) and has increased for women, being almost the same in 2011. Retired and other women (mainly home-makers) have a higher risk of being in poverty than men.

**Table 5. Poverty indicators in Portugal**

In %	At-risk-of-poverty rate after social transfers <sup>1</sup>	At-risk-of-poverty or social exclusion <sup>2</sup> after social transfers
<b>TOTAL</b>		
<b>2008</b>	18.5	26.0
<b>2009</b>	17.9	24.9
<b>2010</b>	17.9	25.3
<b>2011</b>	18.0	24.4
<b>2012 (provisional)</b>	17.9	25.3
<b>MALE</b>		
<b>2008</b>	17.9	25.0
<b>2009</b>	17.3	24.0
<b>2010</b>	17.3	24.8
<b>2011</b>	17.6	23.8
<b>2012 (provisional)</b>	17.5	n.a.
<b>FEMALE</b>		
<b>2008</b>	19.1	26.8
<b>2009</b>	18.4	25.8
<b>2010</b>	18.4	25.8
<b>2011</b>	18.4	25.1
<b>2012 (provisional)</b>	18.2	n.a.

1. The at-risk-of-poverty rate is the share of people with an equivalised disposable income (after social transfer) below the at-risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income after social transfers (EUROSTAT).

2. At-risk-of-poverty-or-social-exclusion, abbreviated as AROPE, refers to the situation of people either at risk of poverty, or severely materially deprived, or living in a household with a very low work intensity. The AROPE rate, the share of the total population which is at risk of poverty or social exclusion, is the headline indicator used to monitor the EU 2020 Strategy poverty target (EUROSTAT).

Source: EUROSTAT, SILC [ilc\_di12], [ilc\_peps01], INE, Rendimento e Condições de vida, July 2013.

Children (aged 17 or less) face a particularly high risk of poverty or social exclusion: 28.6% in 2011, compared to 24.4% for the total population (EUROSTAT [il peps01]). Also, family structure has a high effect on poverty risk: households that are “single persons with dependent children”, “one adult aged 65 years or over” and especially “two adults with three or more dependent children” are

much more exposed to poverty risks than other household types (the at-risk-of-poverty rate in 2011 was, respectively, 27.9%, 30.1% and 34.5% compared to a total rate of 18%).<sup>46</sup> Provisional data show an increase in the risk of poverty in families with children in 2012, particularly for families with 3 or more children.<sup>47</sup>

Table 6. At-risk-of-poverty rate (after social transfers) in Portugal

In %

	2009	2010	2011	2012 (provisional)
TOTAL				
Employed	10.3	9.7	10.3	9.8
Not employed:	24.4	24.5	24.3	24.0
Unemployed	37.0	36.4	36.0	38.3
Retired	17.4	18.5	17.9	15.8
Other	29.9	28.0	28.4	29.2
MALE				
Employed	11.0	10.0	10.6	11.1
Not employed:	23.1	23.1	23.3	22.6
Unemployed	42.0	39.6	38.7	38.4
Retired	16.1	16.5	16.5	15.3
Other	28.7	25.3	26.9	25.6
FEMALE				
Employed	9.6	9.3	9.9	8.5
Not employed:	25.2	25.5	25.0	25.1
Unemployed	32.8	33.0	33.5	38.2
Retired	18.6	20.3	19.0	16.3
Other	30.4	29.1	29.1	30.6

Source: INE, Rendimento e Condições de vida, July 2013.

Finally, it is important to stress the relevance of education in preventing poverty: the risk of poverty falls with the level of education, while the education of the parents has an important effect on child poverty risk.

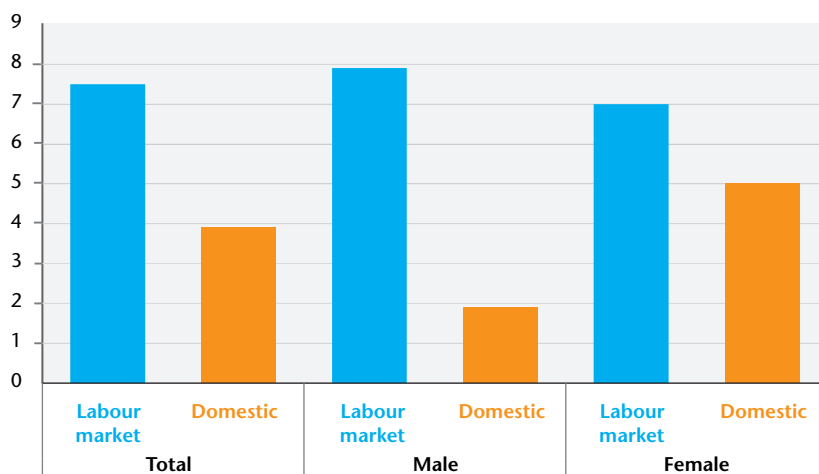
46. EUROSTAT [ilc\_li03].  
47. According to INE, for families composed of two adults with three or more dependent children, the at-risk-of-poverty rate was 41.2% (provisional value) in 2012.

### 3.5. Reconciliation of work and family life

To get an overall view of the recent evolution of the labour market from a gender perspective, we need information on the prospects for reconciling work and family life at country level.

There is, however, an important difficulty here, for analysis, due to the lack of consistent statistical information covering the different ways countries organise domestic life. In Portugal, the only available data on time budgets dates back to 1999, and has never been updated. But, we have to rely on this data to represent the way domestic tasks are distributed amongst the working age population.

Figure 12. Portugal: Time spent daily in paid and non-paid work (hours)



Source: INE

Despite the obvious need for more updated data, the disparities by gender are striking: women spend slightly less time in the labour market (7.0 h/day on average for women, and 7.9h/day on average for men).<sup>48</sup> But the gap in the time spent on domestic work is huge: 5.0 h/day on average for women, compared to only 1.9h/day for men. This means that the average working day lasted 9.8h for men, but as much as 12.0h for women.

48. The time spent in the labour market includes commuting time.

This of course represents a much greater time constraint imposed daily on women as compared to men. And, obviously, it imposes other associated constraints, as the data also shows. Women, much more than men, are occupied in household management activities implying a great amount of energy and emotional availability (to organise childcare, to be aware of children's school needs, to organise washing and cleaning, etc.).

A decade later, it is possible that some differences between men and women have been reduced, but it is hard to believe they have disappeared. The measurement of the direction and intensity of these changes is of the utmost importance. But the mere fact that there is an absence of recent statistics in this area is indicative of the lack of importance given to domestic work and the way it is unevenly distributed across the population.

The more visible changes that have emerged in this regard in Portugal relate to the regulation of maternity and paternity support. New legal measures were introduced in 2009, as part of the revision of the Labour Code, in a period when the crisis was already keenly felt and which has not changed so far.

The rationale of the changes introduced is based on the idea, which prevailed in the equal opportunity boards across the country,<sup>49</sup> that the introduction of more equality-friendly practices in the Portuguese labour market has to rely on practices improving the life-work balance. The policy design of maternity and paternity leave has been considered central to this objective.

Three main considerations underpin the position of the law:

- Childcare is very time- and energy-consuming, and is normally considered as a female concern. Neither Portuguese fathers and mothers nor their families are used to the idea that paternity like maternity is both a right and obligation;

- Portuguese employers do not have a representation of men as occupied with childcare. Instead, they normally expect women to behave like mothers and so tend to assume that, *ceteris paribus*, it is more risky to employ a woman than a man for a certain job;

- Portuguese trade unions have never been highly involved in work-life balance issues.

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49. Mainly CITE – Commission for the Work and Job Equality.

The design of the new law aimed at introducing changes which concern these three dimensions. The main objective was to redesign childcare leave in order to make it friendlier to men/fathers. The expected effect was that creating incentives and even some obligations (mandatory leave) for men to get involved in childcare would contribute to changing the practices of individual workers (both fathers and mothers), and would change the practices of firms, as well as involving the unions more in this matter.

Thus, legislation is centred on the extension of the father's rights and duties, especially following childbirth. In fact, it has been recognised that extended leave can have negative effects on the career path of those who take them. Hence, the main rationale was to give clear signs of the importance of sharing duties and obligations, as well as giving incentives to employees to exercise fully their rights and thus to effectively share childcare. In order to make the role of both mothers and fathers visible, the leave has been renamed as parental leave (previously designated as maternity and paternity leave).

An extension of mandatory paternity leave, from five to ten working days, to be taken together with maternity leave (5 days immediately after birth and the other 5 during the first month after birth) has been defined. The father has also become entitled to two more weeks leave (at 100% pay), during the period of the mother's leave.

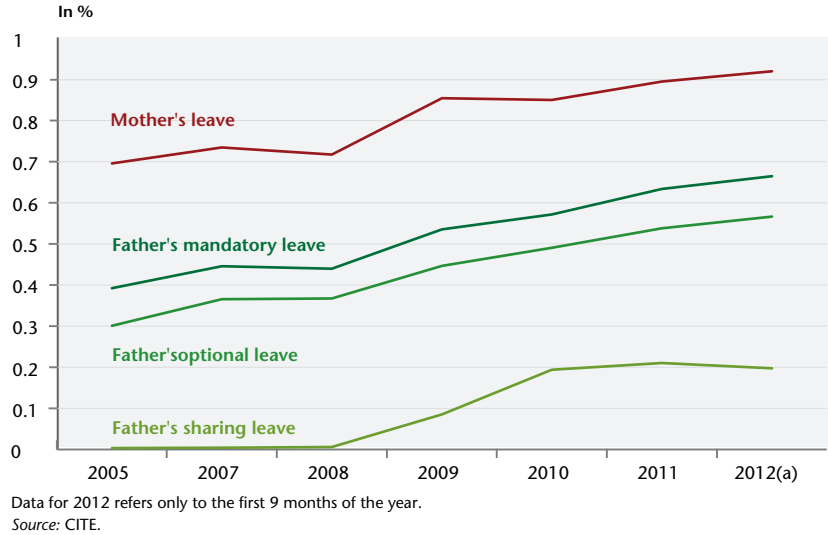
The mandatory leave for mothers is six weeks after birth. The remaining leave can be taken by the mother,<sup>50</sup> by the father or divided among the parents as they see fit. Still, incentives were designed to promote the effective sharing of the leave: i) couples that share leave so that the father takes at least 30 days of leave (continued or divided in two periods of 15 days) can take the 150 leave days, paid 100% (the 150-day leave, if not shared, can only be obtained at a 80% remuneration); and ii) couples that share the leave so that the father who takes 30 days of leave can obtain 180 days paid at 83%.

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50. The total remunerated leave following childbirth is 120 days at 100% remuneration, or 150 days at 80% remuneration.

The recent evolution of the take up rate of paternity and maternity leave shows the impact such leave really has had on increasing the number of fathers taking them following childbirth (Figure 13). However, the impact of sharing leave is quite low (around 20% and is concentrated in the years immediately following the changes in the law). But there has been no return to previous levels, in which the possibility of sharing existed but without such incentives.

Figure 13. Evolution of maternity and paternity leaves as a % of Childbirths



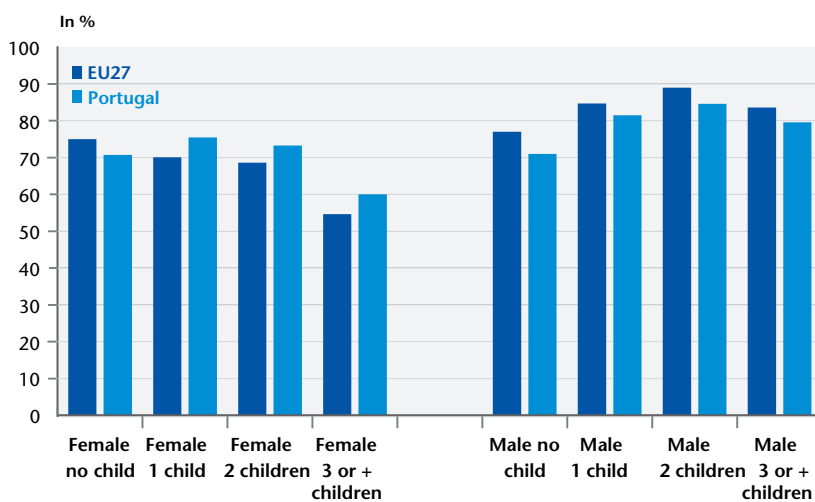
Also, it is important to underline the fact that Portugal has traditionally a high female employment rate, even for women with children. Figure 14 shows the employment rate of both men and women with children aged less than 12 years. Compared to the EU27 average: i) Portugal has a higher female employment rate, for all the groups considered; and ii) the trend of the employment rate with the number of children shows an increase in the female employment rate with one dependent child, a small reduction for two dependent children, while a noticeable decrease only happens with three or more dependent children.

In member states ranking regarding the gaps in the male and female employment rates according to the number of children, Portugal ranks always at the top (low gap). So parenthood inter-



feres much less with the labour market performance of women in Portugal than it does in the majority of the other EU member states.<sup>51</sup>

Figure 14. Employment rate of the population aged 20-49 by sex and number of children, 2012



Source: EUROSTAT [lfst\_hheredch].

The recent deterioration of Portugal's economy and labour market does not seem to have changed employment and the involvement of fathers and mothers in childcare, as the employment rates concerning the family situation of individuals have behaved similarly to the overall employment rate: the employment rate deteriorates more for men than for women, regardless of the number of children.<sup>52</sup>

It should be noted that one of the main social investments since the late 1990s has been directed at the development of childcare facilities. They include an expansion of formal childcare centres

51. In 2012, the gaps in male and female employment rates in Portugal (for people aged 20-49) were 6.0 pp for those with 1 child (only Lithuania performed better, 3.0 pp), 11.3 pp for people with two children (only Lithuania, Slovenia, Denmark, Sweden and Finland performed better), and 19.6 pp for people with three or more children (only Bulgaria, Lithuania, Slovenia, Denmark and Sweden performed better) (EUROSTAT [lfst\_hheredch]).

52. The only exception refers to the group of persons having 3 or more children, where a similar decrease in the male and female employment rate has taken place.

and an increase in the length of school activities, in order to make school and working schedules more compatible.

The available OECD figures indicate that Portugal performs well compared to the OECD average: in 2008, 47.4% of Portuguese children aged less than 3 years were covered by formal care (30.1% for OECD average); these rates being respectively 79.2% and 77.3% for children aged 3 to 5 years.<sup>53</sup> Childcare attendance measured in hours is also high according to OECD levels. Austerity measures, via financial cuts, can have had an effect on these indicators. However, there is no reliable data on this at present.

#### 4. Conclusion

This paper aims to shed some light on the evolution of the Portuguese labour market, during the recent EU crisis and to highlight its impacts on gender equality.

The last years have been marked by a huge and unprecedented rate of unemployment, which is currently the third highest of the EU27 (in 2014 it reached 16.5%).<sup>54</sup> As the sectors most affected by the crisis are male-dominated sectors, more male than female jobs have been cut. Unemployment rates have increased for both genders and are now rather similar, which is a novelty in Portugal, as previously the unemployment rate was persistently higher among women.

However, we cannot argue that this improves gender equality as it translates into more inequality within both groups and between the employed and the unemployed. This could only be a step towards equality if, when employment starts to grow again, lower unemployment rates for men and women turn out to be similar. But it is not possible to predict such a situation for the moment. The present circumstances are mainly the outcome of prevalent gender segregation in employment, which does not seem to be decreasing, at least in a general manner.

Also, it is important to note that the crisis seems to have had minor effects on the gender pay gap. This gap has apparently

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53. OECD, Family database.

54. INE, Estatísticas do Emprego, 1º trimestre 2013.

remained constant, despite increasing in firms with 10 or more employees. For these firms it seems that, in relative terms, less women have lost their jobs than men. But this has been accompanied by lower wage increases, or higher wage decreases, for women than for men.

Income in general (and probably gendered models of time use) also appear to be stable. The risk of poverty remains gender biased (disadvantaging women), but the crisis does not seem to have widened the poverty gap. Rather it has kept its relative standing in a context of increasing social difficulties.

Other structural characteristics of the Portuguese labour market, namely the high activity and employment rates of female workers as compared to the EU average, persist. And it is clear that, even in a context of deep crisis, female activity is continuing to increase. It must also be stressed that the number of inactive homemakers is continuing to fall. Nevertheless, during the crisis the number of discouraged inactive people has become much higher for women than for men.

Finally, it should be noted that with the crisis the gender dimension has lost visibility in the public debate. But it is also important to highlight the fact that budget constraints have not affected the functioning of the public bodies working in this domain, any more than other institutions. Despite the revisions of the Labour Code implemented in 2009 and 2012, which increased flexibility essentially by redefining adjustment costs of the labour force, the Labour Code has not recorded any changes in the measures of equality or in the achievements gained, regarding paternity and maternity legislation.

Hence, to give a simple answer to the complex question “is the present crisis gender neutral?”, then the answer is No. The crisis is not gender neutral because the labour market already had visible gender biases, before the crisis and these have continued during the crisis.

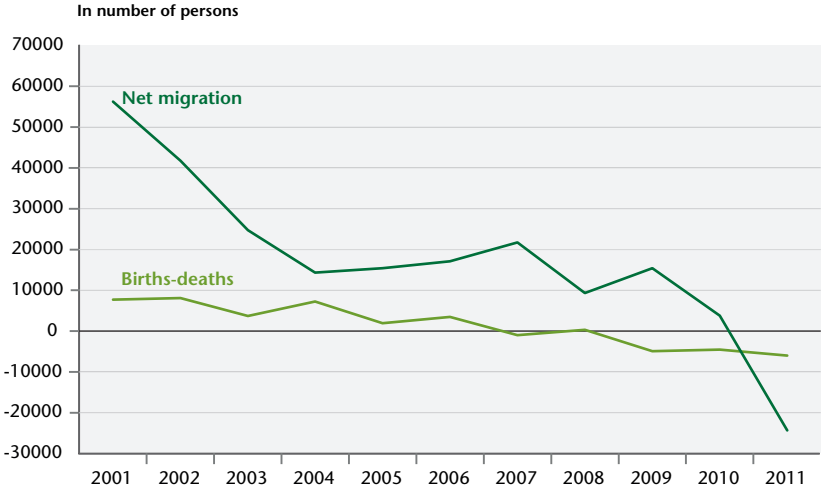
Nevertheless, the Portuguese case lends some support to the argument that previous achievements in gender equality have been sufficiently incorporated into the national labour market and in social and legal norms so as to ensure that they are not reversible.

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Appendix

Figure. Components of population change in Portugal



Source: INE, Estatísticas demográficas, 2011.



# HAVE THE ECONOMIC CRISES REDUCED THE GENDER GAP ON THE SPANISH LABOUR MARKET?<sup>1</sup>

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Over recent decades, women in Spain have continued to suffer a much higher unemployment rate than men, with a figure almost twice as high in some periods. This gap has however almost disappeared during the ongoing economic crisis. The aim of this paper is to explain this gender difference in the response of unemployment to the business cycle in Spain. The decomposition of changes in female employment shows the important role of the buffer effect in the 1992-1993 recession, while the segregation effect has been more significant in the ongoing recession. Estimation results support the segregation hypothesis: the concentration of women in less-cyclical sectors reduces their job losses during recession, so that the unemployment gap falls. However, the buffer effect for men appears to be greater than that for women, which is partly explained by more temporality in male-dominated industries.

*Keywords:* Gender gaps, Economic cycles, Labour market.

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Women and men suffer differently from the effects of the business cycle due to labour-market sector segregation and an uneven and unbalanced position in employment. The study of economic crises from a gender perspective allows us to analyse their differential economic effects on women and men.

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Conditions have deteriorated dramatically in the Spanish labour market during the recent recession, mostly in terms of unemployment. The unemployment rate (8.6 percent at the start of the recession in December 2007) rose to a peak of 26.0 percent in December 2012, its highest level in recent decades.<sup>2</sup> Although women have continued to have a much higher unemployment rate than men over the past two decades, the unemployment gender gap has almost disappeared during the current economic crisis. This pattern is not exclusive to this period, nor to this country: Pissarides (2013), regarding the ongoing recession in the Euro area, and Goodman *et al.* (1993), for the recession of the 1980s and early 1990s in the United States, find the same pattern. This does not mean that women do not suffer any consequences from crises. Spain has the highest female unemployment rate in the European Union, reaching 25 percent in 2012, and with a rate higher than that in the EU15 and EU27 on average in recent decades. Moreover, Addabbo *et al.* (2012) argue that the crisis has led to a rise in gender inequality and poverty.

There is a vast literature analysing the sensitivity of the Spanish employment to the business cycle (Bande *et al.*, 2008; Bentolila *et al.*, 2006 and Bentolila *et al.* 2010). Nevertheless, we are not aware of any work focusing on the analysis of gender unemployment gaps in Spain.

The aim of this paper is to explain gender differences in the response of unemployment to the business cycle in Spain. Analysing women's situation on the labour market could help us to better understand the gender differences in economic upturns/downturns. In Section one, we will describe the situation of women in the Spanish labour market, as well as their position relative to men. Section two then breaks down the changes in female employment in Spain over the 1987-2012 period. Using the methodology developed by Humphries (1988), we will try to explain the dynamics of female employment, and underline the role of gender segregation in the labour market during recessions. Three periods with a negative growth rate (after correcting for seasonality) are

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2. One of the most salient features in the Spanish economy during downturns is the dramatic increase in the unemployment rate. The unemployment rate in other European countries has been more stable over time and much lower than in Spain.



distinguished: (1) from the first quarter of 1992 to the third quarter of 1993; (2) from the second quarter of 2008 to the third quarter of 2010 (the ongoing recession's first phase); and (3) from the second quarter of 2011 (the ongoing recession's second phase). We will check if all these downturns produce similar effects on the dynamics of female employment and the gender employment gap. In Section three, we develop a model to explain the female-male unemployment ratio, using both variables reflecting the labour-supply behaviour of men and women and labour demand. Female labour-force participation (FLFP) rates and education have been shown to be important determinants of labour supply (Seeborg and Deboer, 1987), and the aggregate unemployment rate is an important proxy for aggregate demand (Niemi 1977). Sectoral shifts in labour demand are also hypothesised to be an important demand-side determinant of the ratio of male and female unemployment rates.

## 1. Women in the Spanish labour market

Women in the Spanish labour market have experienced a remarkable transformation over the past couple of decades. Two of the most important achievements have taken place in education and employment. Women's qualifications are now higher than males', and the decline in the gender employment gap has been among the highest in OECD countries (OECD, 2008). Nevertheless, women remain far from reaching the male employment rate or the EU objective of 60% women in employment by 2010. Neither the distribution of employment across occupations nor the quality of employment have improved. The share of women in temporary employment has not fallen and women have a higher probability of receiving low wages. They also continued to have a much higher unemployment rate than men up until the ongoing economic crises, when the gender gap in unemployment almost disappeared. This section provides some details about women's situation in the Spanish labour market and the latest trends, taking the average of EU15 and EU27 countries as a comparison.<sup>3</sup> The data source used in this Section and in the paper in general is described in Box.

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3. The period between the dashed vertical lines in the figures corresponds to the recession phases.

### Box. Labour force survey data

Spanish data is taken from Encuesta de Poblacion Activa (EPA, the Active Population Survey) carried out by the Instituto Nacional de Estadística (INE, National Statistics Institute). Data for the EU15 and EU27 comes from the Labour Force Survey (LFS), the European equivalent of the EPA. The EPA data allows us to analyse a longer period and also to capture the crisis of the early 1990s.

Quarterly household sample surveys provide information on employment, unemployment, and inactivity, together with breakdowns by age, sex, education, temporary employment, full-time/part-time employment, and many other characteristics. Since 2005, in both EPA and LFS, the definitions of employment and unemployment, as well as other survey characteristics, have followed the definitions and recommendations of the International Labour Organisation (ILO). In addition, harmonization is achieved through adherence to common principles of questionnaire construction, the definition of unemployment, and common definitions of the main variables and response categories. The main difference between the two surveys is the definition of the working age population. The target population is 16 years old in the EPA, while it is 15 years or older in the LFS. There are however no significant differences in the main aggregates.

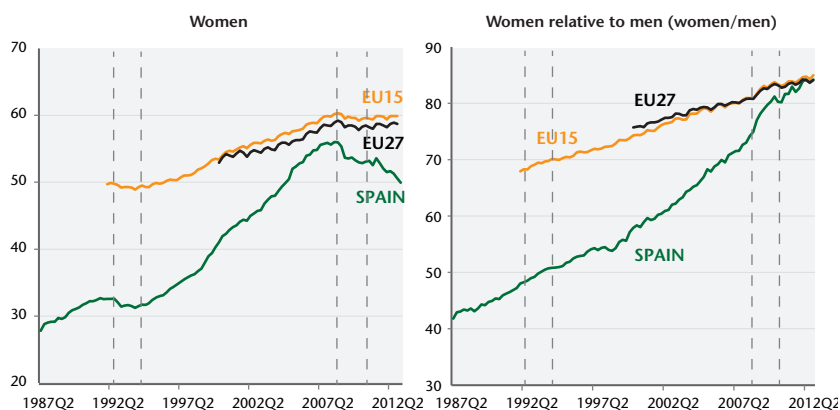
## 1.1. Employment

One of the main targets of the European Commission in the Lisbon strategy (2000-2010) and the Europe 2020 strategy (2010-2020) was employment growth. The specific gender objectives of the Lisbon strategy were that the average female employment rate in the European Union should reach 60% by 2010, with an intermediate objective of 57% by 2005. National governments had to design programs to help them reach these objectives. The Spanish labour policy (Law on Employment in 2003) focused on increasing the efficiency of the labour market and implementing active labour market policies (ALMP) to improve the employability of the unemployed, with women being one of the priority groups. After the 2005 review of the Lisbon strategy, Spanish policies focused more on gender equality. The Equality of Men and Women Act was implemented, promoting equal opportunities in access to employment, fighting against wage discrimination between men and women, and encouraging companies to design equality plans and

implement positive actions targeting women (this was compulsory for firms with over 250 employees). The Act to promote personal autonomy and care for dependent people (the “dependency law”) was put into practice and aimed to reconcile personal and professional life. This program encouraged new sources of employment, and helped to raise female employment and activity. The Spanish government took into account Spanish conditions and set a new objective of a female employment rate of 57% in 2010. Figure 1 shows the employment rate for women aged between 15 and 64 and the Spanish and European objectives for 2010. Even though the female employment rate in Spain increased by over 10 percentage points from 2000 to 2010, it has not reached any of the objectives (neither 60%, nor 57%). It is however also true that in 2008 Spain was very close to the national target (57%), and that the crisis interrupted the previous trend, and led to a fall in the female employment rate.

This specific target for female employment has disappeared in Europe 2020: the employment target is now “75% of 20-64 year-olds to be employed”, with female employment becoming a possible instrument to this end, “achieved by getting more people into work, especially women, the young, older and low-skilled people and legal migrants”.

Figure 1. Employment rates



Source: Own calculations based on EPA (INE) and LFS (EUROSTAT) data.

The female employment rate is still far from that of men in Spain: the 2012 female employment rate was 80% of the male rate. This difference is due to both a lower female participation rate and a higher female unemployment rate. Although the female employment rate has grown greatly, policies to further increase it remain important in trying to bring the gender employment ratio closer to 1. Longer mandatory parental leave, incentives to reduce the interruptions in women's careers, and childcare provisions all lead to higher female employment rates.

## 1.2. Labour-force participation

Figure 2 shows the evolution of the female labour-force participation rate and the ratio of that of women relative to men.<sup>4</sup> Women's participation in the labour market was much lower in Spain than in the European Union on average in the 1980's. This rate has risen hugely in recent decades, by over 20 percentage points in ten years. Note that in spite of the economic crises, both in 1992-1993 and after 2008, the Spanish FLFP rate continued to rise.

Two of the factors behind this rise are education and labour-market flexibility. Following human-capital theory, education is one of the most important explanatory variables for both wage differentials and labour-force participation. There is a positive relationship between labour-force participation and education, as skilled workers have a higher opportunity cost than do the unskilled. This relationship is especially strong for women, as skilled women have greater attachment to the labour market than do the unskilled. The share of women with completed tertiary education in Spain has increased in recent years, and has risen above that of men since 2005.<sup>5</sup>

The share of women holding part-time jobs has increased over the past few decades, although it remains considerably lower than that in the EU15 (on average). Nevertheless, the female rate is similar to that of men: both sexes work part-time less than their European counterparts. Although part-time work may help women

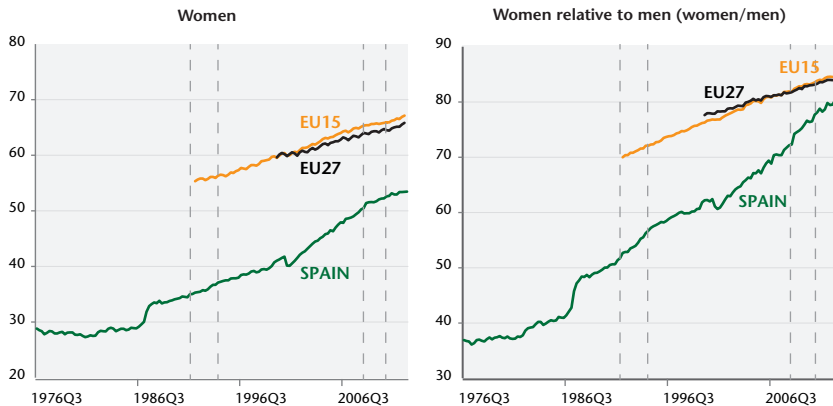
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4. Some authors argue that gender differences in participation rates are partly explained by discrimination in pre-market conditions, i.e. supply-side discrimination.

5. Recent work has confirmed that it is boys, rather than girls, who are increasingly found on the unfavourable side of the education gender gap in many developed countries.

enter the labour market, we should take into account that some women work fewer hours involuntarily (30% of women have a part-time job because they are not able to find a full-time job) and that there is some kind of wage penalty in part-time jobs for both sexes.

Figure 2. Labour-force participation



Source: Own calculations based on EPA (INE) and LFS (EUROSTAT) data.

In spite of its considerable rise, the FLFP rate in Spain has not yet attained the European average, and is still under 85% of that of men (Figure 2). The participation rate of women relative to men from 1980 to 2012 follows a similar pattern, as shown in the first graph in Figure 2: Spanish women have become more similar to their EU15 and EU27 counterparts. Note that there are sharp differences in female participation across European countries, so that Spain is still far removed from the Nordic countries, where the FLFP rate is above 90% that of men.

### 1.3. Industry segregation

Nilsen (1984), Williams (1985) and Goodman *et al.* (1993) have all underlined the industry mix as one of the most important factors behind the gender equalization of unemployment rates during recessions.<sup>6</sup> They argue that men are concentrated in industries that are more affected by economic crises, while women are

6. Rives and Turner (1985, 1987) and Rives and Sosin (2002) have analysed the distribution by occupation instead of industry to explain the difference in male and female unemployment-rate volatility.

concentrated in jobs less affected by economic shocks, such as the service sector.<sup>7</sup> Some service jobs are considered as an externalization of the activities traditionally carried out by women at home (cleaning, cooking, taking care of ill people, *etc.*). The new occupational opportunities offered by these jobs may have favoured women's entry into the formal labour market (Charles 1992).

We appeal to Hakim (1993) to identify female-dominated, male-dominated, and mixed sectors. Figure 3 shows the proportion of women by sector in both crises. The reference line indicates the average share of women in total employment, and the two dashed lines the  $\pm 15$  percentage-point window around this average. *Female-dominated* sectors are those where the share of women exceeds their mean share by +15% (over the upper boundary in the figure). Conversely, *male-dominated* sectors are those where the share of women is less than 15 percentage points below the mean share (under the lower boundary in the figure).<sup>8</sup> *Mixed sectors* are found in the interval around the mean.

The first point to note in Figure 3 is that the average share of women in total employment has increased by around ten percentage points from the previous to the current crisis. Nevertheless, the classification of female/male-dominated sectors has not changed much: Construction, Energy, and Transport are *male-dominated* sectors, and Health, Education, and Other service activities are *female-dominated*. This classification is similar to that used by the European Union.

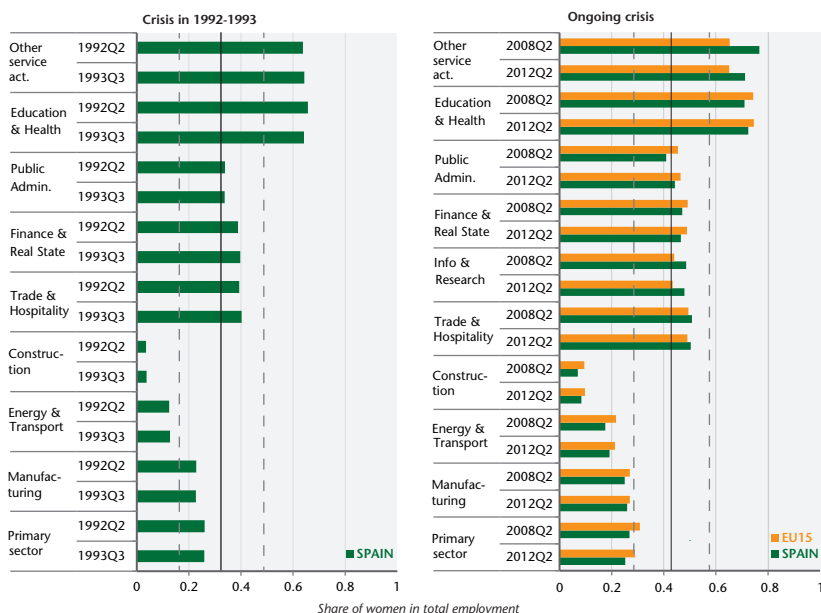
The most significant change is that women have lost some of their share in the primary and manufacturing sectors, which are no longer clearly mixed in the current crisis. In the current crisis, the female share in "other service activities" has fallen by five percentage points (even though the share of women is still over 70%).

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7. Manufacturing employment (male-dominated) is more cyclical than service employment (female-dominated). We should also note that manufacturing employment rises more in recoveries (Pissarides, 2013).

8. We are aware that different intervals have been used in the literature to identify sex-dominated industries (see Reskin and Roos, 1990, and Jacobs, 1989). We have chosen this approach as it adapts to changes in female employment, since the thresholds are defined relative to the mean.

Figure 3. Female employment shares by sector



Note: The reference line indicates the average share of women in total employment, the dashed lines indicate the +/-15 percentage-points window around this average.

Source: Own calculations based on Labour Force Survey (LFS).

Using this classification it is not easy to see changes in the sectoral distribution female employment during the crises. We therefore now calculate dissimilarity indices: the index of dissimilarity (ID) of Duncan and Duncan (1955) and the standardised, or Karmel and MacLachlan, index (IP). The index of dissimilarity (ID) has been widely-used, and shows the proportion of either women or men who would have to change industry for the two groups to be equally-distributed by industry. The ID is calculated as follows:

$$ID = \frac{1}{2} \sum_i \left| \frac{M_i}{\sum_i M_i} - \frac{F_i}{\sum_i F_i} \right|$$

where  $F$  and  $M$  are respectively the frequencies of women and men in sector  $i$ . The ID shows the percentage of women or men required to make the distribution of employment equal (it varies from 0 to 100). The ID index is sensitive to the number of sectors.<sup>9</sup>

9. It tends to rise with the detail of the classification adopted (Bettio and Verashchagina, 2009).

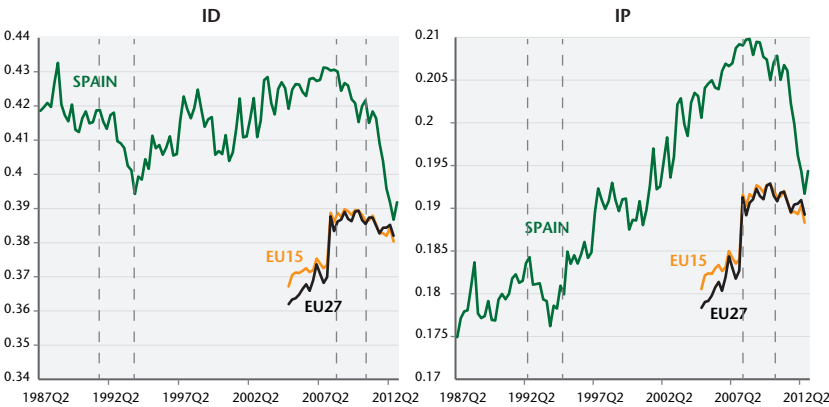
In order to take into account the female share of employment, we calculate the standardised or Karmel and MacLachlan index (IP):

$$IP = \frac{1}{T} \cdot \sum_i \left| \left( 1 - \frac{\sum_i M_i}{T} \right) M_i - \frac{\sum_i M_i}{T} F_i \right|$$

where  $T$  is total employment and  $F$  and  $M$  are respectively the frequencies of women and men in sector  $i$ . Note that with this index, segregation may increase over time as women’s employment rises.

Figure 4 shows the change in ID and IP over the last two decades for Spain, EU15 and EU27.<sup>10</sup> The proportion of women who would have to change industry for there to be an even distribution of employment between men and women is higher in Spain than in Europe. After the economic crisis, the dissimilarity index starts to fall, revealing that the crisis had an uneven effect across industries.

Figure 4. Dissimilarity indices by industry



Source: Own calculations based on EPA (INE) and LFS (EUROSTAT) data.

Note that for both economic crises, segregation falls during downswings and rises during upswings.

10. We calculate the ID and IP using the two-digit industry classification shown in the Appendix. Note that there is a classification change in 2008 from NACE Rev. 1.1 to NACE Rev. 2, and the results are not completely comparable; for this reason we see a small jump in 2008 where the series overlap.

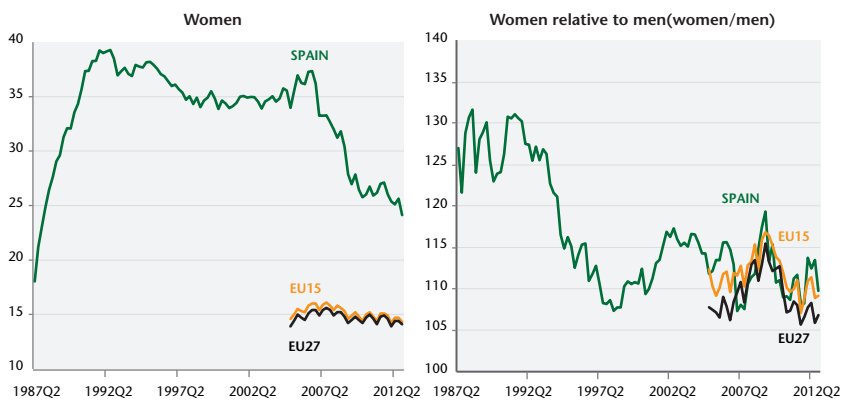


### 1.4. Temporary jobs and unemployment

In 1984, temporary contracts were liberalised to make the labour market more flexible: first, their use was extended to the hiring of employees performing regular activities; second, they came with much lower dismissal costs than regular permanent contracts. Spain soon became the European country with the highest incidence of temporary employment, rising from 15% in 1987 to over 30% from 1990. As we can see in Figure 5, the development of temporary contracts has been one of the prominent characteristics of the Spanish labour market. The share of temporary employees in Spain is almost double the EU average, although the difference has fallen over the last decade.

This kind of contract mainly affects traditionally weaker groups in the labour market, such as immigrants, young people and women. As Figure 5 indicates, the share of employees with temporary contracts is higher for women than for men in both Spain and Europe. In the first part of the period, and during the 1992-1993 recession, the gender gap in the incidence of temporary jobs was larger (women 35% and men 30%), than in the current recession (31% and 28%).

Figure 5. Proportion of workers with temporary jobs

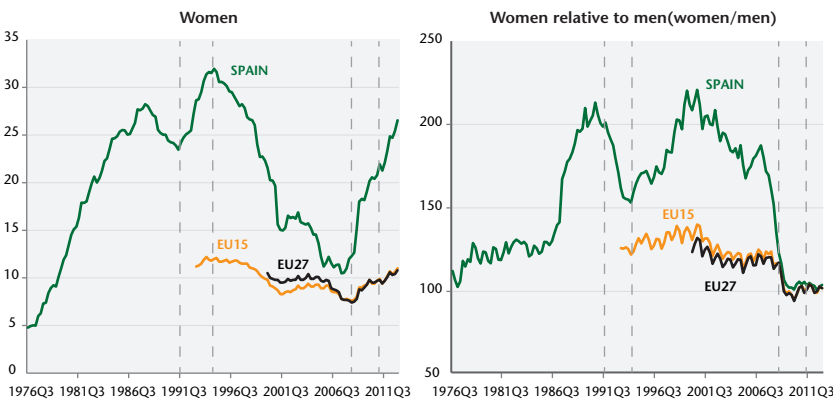


Source: Own calculations based on EPA (INE) and LFS (EUROSTAT) data.

Note that the greater incidence of temporary jobs for women has negative consequences: these jobs typically pay less and are associated with lower satisfaction (Amuedo-Dorantes, 2000; Ahn, 2005).

Last, Spain has the highest female unemployment rate in the European Union, at 25 percent in 2012, with figures that have been over the EU15 and EU27 level, on average, for the entire period (Figure 6). Furthermore, the gender unemployment gap is much higher in Spain, where the female unemployment rate is double that for men on some occasions, than in the EU15.

Figure 6. Unemployment rates



Source: Own calculations based on EPA (INE) and LFS (EUROSTAT) data.

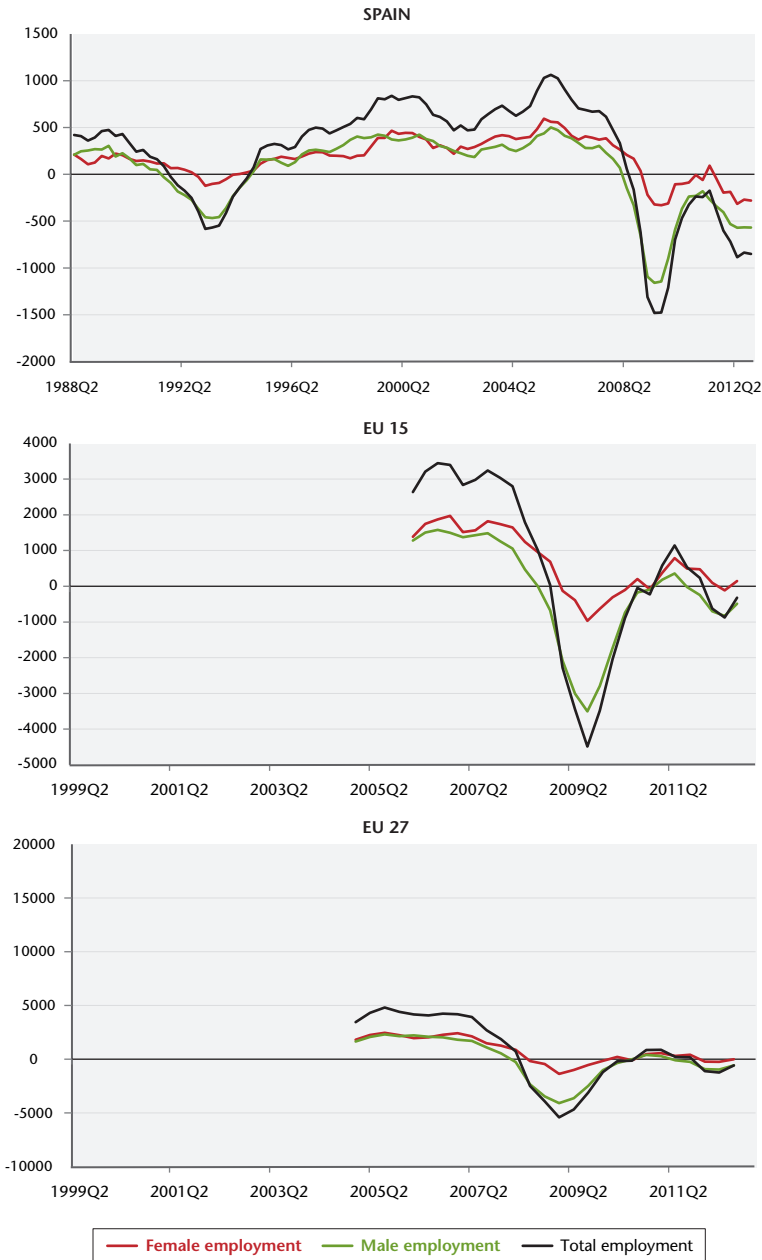
2. The dynamics of female employment during recessions

In the previous section we described the past and current trends in women’s situation on the Spanish labour market, and their position relative to men. We now turn to the analysis of the dynamics of female employment during recessions. Since the sensitivity of employment to the business cycle is greater in Spain than in other European countries, we would like to ask how this differs by sex.

Figure 7 shows the employment change for men and women, and the total employment change.<sup>11</sup> Job destruction has been more significant for men than for women in the three recession periods for both Spain and the European Union. Nevertheless, it seems that crises affect Spanish women more than other Europeans, and especially so in the last phase of the current recession, i.e. after 2011.

11. In order to avoid the seasonality found in quarterly data we calculate employment growth relative to the same quarter of the previous year.

Figure 7. Employment growth



Source: Own calculations based on EPA (INE) and LFS (EUROSTAT) data.

Following Humphries (1988, rev. 2012), we break down the changes in female employment ( $\Delta F_t = F_t - F_{t-4}$ ) into growth, share, and interaction effects as follows:

$$\Delta F_t = \underbrace{\sum_i (T_{it} - T_{it-4}) p_{it-4}}_{\text{growth effect}} + \underbrace{\sum_i (p_{it} - p_{it-4}) T_{it-4}}_{\text{share effect}} + \underbrace{\sum_i (p_{it} - p_{it-4}) (T_{it} - T_{it-4})}_{\text{interaction effect}}$$

Here  $F_t$  is female employment in year  $t$ ,  $p_{it}$  the proportion of female employment in sector  $i$ <sup>12</sup> in year  $t$ , and  $T_{it}$  total employment in sector  $i$  in year  $t$ .<sup>13</sup>

The *growth effect* picks up the effect of changes in total employment in each industry holding the share of women in each industry constant. The *share effect* measures the effect of changes in the share of women workers in each industry holding total employment in each industry constant. Finally, the *interaction effect* measures the interaction between changes in industrial employment and the share of women. All of these effects can be positive or negative, and it is their sum that determines the final change in female employment.

We use this decomposition to explain the changes in female employment in Spain over the two crises. As can be seen in Figure 8, these changes are mainly driven by the growth effect, although the share effect also plays an important role.

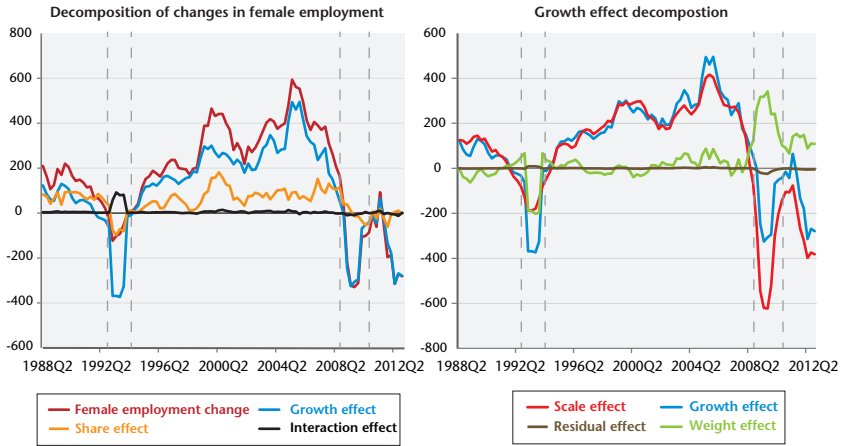
The share effect was negative in the recession of the early 1990s, i.e. the proportion of women workers in some sectors fell keeping total employment in that sector constant. On the contrary, in booms the share effect was positive, showing a recovery in the share of women by sector. This negative share effect in downswings and the positive effect in recoveries suggest that women acted as a “buffer” labour force (Rubery, 1988, rev. 2012; Humphries, 1988, rev. 2012) in the early 1990s: they were considered as a flexible reserve to be hired in upturns and fired in downturns, at a time when their share of temporary jobs was particularly high relative to men. In the current recession, the share and buffer effects seem less significant as explanations of female employment changes: women have become relatively more stable.

12. We use the two-digit NACE disaggregation. See the Appendix for more details.

13. Note that  $F_t = \sum_i T_{it} p_{it}$ , we nevertheless use  $p_{it}$  to simplify notation.

The fact that the sum of the share and growth effects is larger than the observed change in female employment in the 1992-1993 informs us that there was a considerable interaction effect in the opposite direction (positive).<sup>14</sup>

Figure 8. The decomposition of changes in female employment



Source: Own calculations based on EPA (INE) and LFS (EUROSTAT) data.

It is important to delve deeper into the growth effect, as this is the main determinant of employment changes. Letting  $W_{it} = T_{it} / \sum_i T_{it}$  be the weight of employment in sector  $i$  in year  $t$  in total employment, we are able to decompose the growth effect  $GE = \sum_i (W_{it} T_t - W_{it-4} T_{it-4}) p_{it-4}$  as follows (Humphries, 1988, rev. 2012):

$$GE = \underbrace{\sum_i (T_t - T_{t-4}) W_{it-4} p_{it-4}}_{\text{Scale effect}} + \underbrace{\sum_i (W_{it} - W_{it-4}) T_{t-4} p_{it-4}}_{\text{weight effect}} + \underbrace{\sum_i (W_{it} - W_{it-4}) (T_t - T_{t-4}) p_{it-4}}_{\text{residual effect}}$$

The *scale effect* reflects changes in total employment holding the relative weights of sectors constant. The *weight effect* then measures changes in the relative weights of the sectors holding total employment constant, and the *residual effect* measures the

14. The sum of the share and growth effects would imply a greater fall in female jobs in the 1992-1993 recession. This loss was compensated by a positive interaction effect, i.e. the interaction between changes in total employment or in women's share by industry.

change derived from the interaction between changing total employment and sector weights.

As can be seen in Figure 8, the growth effect is explained mainly by the scale effect. Nevertheless, the weight effect, i.e. the changes in the relative weight of the industries holding total employment constant, plays an important role during recessions and is the main difference between the two crises considered here: in the 1993 recession the weight effect was negative while it is positive in the current recession.

In the ongoing recession (especially in the first phase), the distribution of female employment worked to reduce female job losses (the segregation effect). The first phase of the crisis mainly affected the male-dominated construction sector.<sup>15</sup> After that, the crisis spread to other sectors and the fall in public employment mainly affected women.<sup>16</sup> Consequently, in the second phase of the ongoing crisis, fewer women's jobs have been saved due to sector segregation – the weight effect has been smaller in the second phase of the ongoing crisis. In the 1992 crisis, it seems that sector segregation was associated with the concentration of women in relatively unstable jobs or unstable firms. As a result, the buffer mechanism operated through job segregation and not in opposition to it.

### 3. Model and Results

In this section, we attempt to explain the female-male unemployment ratio using variables reflecting both the demand for labour and the labour-supply behaviour of men and women.

Although, there is a vast literature on gender wage gaps using different data sources from various countries, such as Ugidos (1997) and De la Rica *et al.* (1995) for Spain, few papers have analysed the gender unemployment gap and, to our knowledge, none have considered this aspect in Spain. Our reference model is based on Seeborg and Deboer (1987) and includes the aggregate

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15. Spanish growth during the last decade was labour-intensive and relied mostly on the construction sector. The weight of this sector has increased significantly: two-thirds of the housing units built in Europe between 1999 and 2007 were built in Spain (Éltető, 2011).

16. Fiscal consolidation (austerity) had an immediate negative impact on the economy as it operates via aggregate demand, affecting all sectors.

unemployment rate, the change in the share of total employment working in male-dominated industries, the percentage of men enrolled in education, and female labour-force participation. Based on the results in the previous section, we also incorporate variables accounting for gender differences in temporary jobs. We formulate the following model:

$$R = \beta_1 + \beta_2 X + \mu$$

with  $R$  being the gender gap in the unemployment rate,  $X$  a set of explanatory variables explained below, and  $\mu$  an error term.<sup>17</sup>

We first consider the aggregate unemployment rate as a proxy for the business cycle. Niemi (1977) and Seeborg and Deboer (1987) show that this is an important demand-side variable.

Job destruction is one of the main contributors to the unemployment rate. As we have seen in the decomposition of female employment changes, there could be a number of explanatory factors. Sectoral segregation has been important in explaining fewer female job losses during the ongoing crisis, while it seems that women holding unstable jobs resulted in a buffer effect during the 1992-1993 crisis.

Sectoral shifts in labour demand are hypothesised to be an important demand-side determinant of the gender unemployment ratio, as women and men are concentrated in different sectors (Queneau and Sen, 2008). As we have seen in previous sections, the female/male-dominated industry classification is quite stable over time.<sup>18</sup> Hence, the demand for female labour depends on the demand in female-dominated sectors. As such, sectoral shifts in labour demand could be more important in explaining female employment than cyclical factors. It is thus important to account for the industry mix to explain the gender gap in unemployment rates (Nilsen, 1984; Williams, 1985; Goodman *et al.*, 1993). We include the change in employment generated by the dynamics of male-dominated industries over the whole period, i.e. Construction, Energy, and Transport. Taking into account a potential non-

17. We choose the dependent variable as the ratio rather than the difference between male and female unemployment rates as the difference is likely more sensitive to the huge changes in overall unemployment in Spain.

18. The gender division of housework in households and the existence of ideological or socially-constructed boundaries between jobs contribute to the perpetuation of labour-market gender segregation over time.

linear relationship between this variable and the gender unemployment gap, we also include its square and cube.

The gap in the incidence of temporary jobs could also be important in explaining the female to male unemployment ratio (the buffer effect). As noted above, employment and unemployment in Spain are very sensitive to the cycle. Wölfl and Mora-Sanguinetti (2011) argue that nominal wage inertia and the high proportion of temporary contracts could explain this strong cyclical reaction of employment in Spain. Greater turnover in Spain, coupled with limited worker geographical and occupational mobility, is likely to raise unemployment as workers seek new jobs. In addition, Bento-lila and Cahuc (2010) and Pissarides (2013) underline that Spain exhibits a strikingly different response in unemployment relative to other European economies, due to its larger gap between the dismissal costs of workers with permanent and temporary contracts. The overrepresentation of women or men in unstable jobs could help explain the gender unemployment gap. We capture this effect by including the share of women holding fixed-term jobs.

As we have seen, not only job destruction but also greater labour supply can influence the unemployment rate. Rising female labour-force participation can increase the unemployment rate since the newcomers may be unemployed in the short-run. The effect will depend on the distribution of the female newcomers between employment and unemployment. For instance, Niemi (1977) found that an increase in female labour-force participation increased the relative female unemployment rate. Hotchkiss and Robertson (2006) and Queneau and Sen (2008) argue that women respond to positive and negative changes in labour-market conditions differently, while men respond in the same way. As a result, we might expect that women will react more symmetrically to labour-market conditions as they become more attached to the labour market.

Niemi (1977) and Seeborg and Deboer (1987) show that education is an important determinant of the gender unemployment gap for younger age groups, as they suggest that male enrolment is more volatile than female enrolment. However, in Spain, enrolment volatility turns out to actually be quite similar for men and women. We did include in the model male and female school-



enrolment rates separately, and that of women relative to men. All of these produced similar results. The retained specification, as in the previous literature, includes male school enrolment only.

Another potential group of explanatory factors are institutional features such as the unemployment-insurance system, family benefits, and the wage gap. However, we do not consider such institutional factors here as we want rather to focus on a simple model.

We present the results in Table 1. We use quarterly Spanish data from the second quarter of 1987 to the fourth quarter of 2012 for the estimations. The first column shows the reference equation following Seeborg and DeBoer (1987), and columns 2 and 3 add the share of temporary employment (job instability).

**Table 1. Results for the female unemployment rate relative to male unemployment rate**

	(1)	(2)	(3)
<b>Aggregate Unemployment rate</b>	-0.039***	-0.039***	-0.028***
<b>Enrolment rate<sub>MALE</sub></b>	0.928	-1.08	0.89
<b>Labour force participation<sub>FEMALE</sub></b>	-0.042***	-0.047***	-0.055***
<b><math>\Delta</math> Employment<sub>MALE INDUSTRIES</sub></b>	3.424	2.354*	1.229
<b><math>(\Delta \text{ Employment}_{\text{MALE INDUSTRIES}})^2</math></b>	-7.713***	-5.744***	-1.72
<b><math>(\Delta \text{ Employment}_{\text{MALE INDUSTRIES}})^3</math></b>	-61.239*	-43.629**	-19.766
<b>Temporary<sub>GAP</sub></b>		-1.363***	-1.807***
<b>Temporary<sub>MALE INDUSTRIES</sub></b>			-0.460***
<b>Constant</b>	4.049***	6.067***	6.993***
<b>Observations</b>	99	99	72
<b>R-squared</b>	0.9	0.93	0.96
<b>Adjusted R-squared</b>	0.89	0.93	0.95

\*  $p < .1$ , \*\*  $p < .05$ , \*\*\*  $p < .01$ .

Note: We include quarterly dummies accounting by seasonality.

As might be expected, the aggregate unemployment rate attracts a negative estimated coefficient which is significant in all specifications: the unemployment gap is pro-cyclical, and is lower in recessions. This is consistent with female unemployment being

less cyclically-sensitive than male unemployment (Seeborg and DeBoer, 1987).

From the demand side, the change in employment in male-dominated industries attracts a positive coefficient, meaning that a negative shock to employment in male-dominated industries will reduce the gender unemployment gap. Nevertheless, the fact that square and cube of this variable are negative indicates that large sectoral changes in employment patterns have much smaller effects on the gender unemployment gap. These findings are consistent with the importance of the segregation hypothesis in explaining cyclical changes in female employment: the concentration of women in less-cyclical sectors reduces their job losses and so the unemployment gap in recessions.

From the supply side, the share of men in education turns out to be insignificant in all specifications. However, this variable is arguably more important for younger age cohorts (Niemi, 1977; Seeborg and DeBoer, 1987).

Female labour-force participation is negative and significant in all specifications, so that rising female labour-force participation does not necessarily lead to a worsening in the relative unemployment position of women. These results are consistent with Seeborg and DeBoer (1987).

Finally, we include the share of women relative to men holding fixed-term contracts to see whether gender differences in job instability affect the unemployment gap. This variable attracts a negative and significant coefficient, so that more female temporary jobs relative to men reduces the unemployment gap. This could imply that the buffer effect for men is higher than that for women, perhaps due to the combination of segregation and temporary work in the sectors that are first hit in recession. Male-dominated sectors such as construction are, at the same time, sectors with a great deal of temporary work. To test the hypothesis of a combination of segregation and temporary work, we include the share of workers holding fixed-term jobs in male-dominated industries relative to the average in total employment.<sup>19</sup> This

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19. Note that we only have data on fixed-term contracts by industry from 1992; as a result, the sample is reduced to 72 observations.

attracts a negative and significant coefficient: as the share of temporary jobs increases in male-dominated industries relative to the average in the economy, the gender unemployment gap falls. This is consistent with a greater buffer effect for men than for women due to being employed in sectors which are more affected by both temporary work and recessions.

#### 4. Conclusions

The labour-market situation of women has improved in Spain over the past two decades with respect to almost all outcomes: they have increased their education, employment rate and labour-force participation. However, as we have seen, Spanish women have not yet attained European levels in most of the categories.

Unemployment, one of the most important problems in the Spanish labour market, usually affects women more than men. Nevertheless, the female unemployment rate has become closer to the male rate during the current recession.

Analysing the changes in female employment since 1987, we have seen that there are a number of different explanations for job losses during recessions. While the buffer effect was important for women in the 1992-1993 recession, it seems to play no role in the current recession. Gender segregation in the labour market has to an extent spared female job losses in the ongoing recession, while it had reinforced the buffer effect in the 1992-1993 recession.

Our regression results shed some light on these differences with the. To explain the cyclical behaviour of the relative unemployment rate we consider both the demand side (general economic conditions and industry shifts) and the supply side (female labour-force participation, education, *etc.*). We should first underline out that the gender unemployment gap in Spain is countercyclical: a higher aggregate unemployment rate reduces the gender unemployment gap.

The estimation results confirm the segregation hypothesis, i.e. the concentration of women in less-cyclical sectors reduces both their job losses and the unemployment gap. In particular, negative shocks affecting employment in male-dominated industries will affect the male unemployment rate more than the female rate (i.e.

reduce the gender unemployment gap). The buffer effect for women is more difficult to identify in the estimation results. The share of women with fixed-term contracts relative to men actually seems to have a negative effect on the gender unemployment gap. One possible explanation is that the buffer effect for men is higher than that for women. Moreover, both the segregation and buffer effects could appear on the labour market at the same time. Our results show that a larger share of temporary jobs in male-dominated industries is associated with a lower gender unemployment gap.

Finally, from the supply side, we should emphasise that the rising female labour-force participation does not necessarily worsen women's relative unemployment position. On the contrary, the more women participate in the labour market, the more they stay in employment during recessions.

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## Appendix

Abbreviation	Industry 2 digits
A01	Crop and animal production, hunting and related service activities
A02	Forestry and logging
A03	Fishing and aquaculture
B05	Mining of coal and lignite
B06	Extraction of crude petroleum and natural gas
B07	Mining of metal ores
B08	Other mining and quarrying
B09	Mining support service activities
C10	Manufacture of food products
C11	Manufacture of beverages
C12	Manufacture of tobacco products
C13	Manufacture of textiles
C14	Manufacture of wearing apparel
C15	Manufacture of leather and related products
C16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
C17	Manufacture of paper and paper products
C18	Printing and reproduction of recorded media
C19	Manufacture of coke and refined petroleum products
C20	Manufacture of chemicals and chemical products
C21	Manufacture of basic pharmaceutical products and pharmaceutical preparations
C22	Manufacture of rubber and plastic products
C23	Manufacture of other non-metallic mineral products
C24	Manufacture of basic metals
C25	Manufacture of fabricated metal products, except machinery and equipment
C26	Manufacture of computer, electronic and optical products
C27	Manufacture of electrical equipment
C28	Manufacture of machinery and equipment n.e.c.
C29	Manufacture of motor vehicles, trailers and semi-trailers
C30	Manufacture of other transport equipment
C31	Manufacture of furniture
C32	Other manufacturing
C33	Repair and installation of machinery and equipment
D35	Electricity, gas, steam and air conditioning supply
E36	Water collection, treatment and supply
E37	Sewerage
E38	Waste collection, treatment and disposal activities; materials recovery
E39	Remediation activities and other waste management services
F41	Construction of buildings
F42	Civil engineering
F43	Specialised construction activities
G45	Wholesale and retail trade and repair of motor vehicles and motorcycles
G46	Wholesale trade, except of motor vehicles and motorcycles
G47	Retail trade, except of motor vehicles and motorcycles

H49	Land transport and transport via pipelines
H50	Water transport
H51	Air transport
H52	Warehousing and support activities for transportation
H53	Postal and courier activities
I55	Accommodation
I56	Food and beverage service activities
J58	Publishing activities
J59	Motion picture, video and television programme production, sound recording and music publishing activities
J60	Programming and broadcasting activities
J61	Telecommunications
J62	Computer programming, consultancy and related activities
J63	Information service activities
K64	Financial service activities, except insurance and pension funding
K65	Insurance, reinsurance and pension funding, except compulsory social security
K66	Activities auxiliary to financial services and insurance activities
L68	Real estate activities
M69	Legal and accounting activities
M70	Activities of head offices; management consultancy activities
M71	Architectural and engineering activities; technical testing and analysis
M72	Scientific research and development
M73	Advertising and market research
M74	Other professional, scientific and technical activities
M75	Veterinary activities
N77	Rental and leasing activities
N78	Employment activities
N79	Travel agency, tour operator reservation service and related activities
N80	Security and investigation activities
N81	Services to buildings and landscape activities
N82	Office administrative, office support and other business support activities
O84	Public administration and defence; compulsory social security
P85	Education
Q86	Human health activities
Q87	Residential care activities
Q88	Social work activities without accommodation
R90	Creative, arts and entertainment activities
R91	Libraries, archives, museums and other cultural activities
R92	Gambling and betting activities
R93	Sports activities and amusement and recreation activities
S94	Activities of membership organisations
S95	Repair of computers and personal and household goods
S96	Other personal service activities
T97	Activities of households as employers of domestic personnel
T98	Undifferentiated goods- and services-producing activities of private households for own use
U99	Activities of extraterritorial organisations and bodies



# WOMEN AND MEN'S EMPLOYMENT IN THE RECESSIONS OF THE 1990s AND 2000s IN SWEDEN

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The segregation hypothesis predicts that women are sheltered in recessions, since they are over-represented in the public sector and this sector is less affected by the economic cycle, than are male-dominated manufacturing and construction. Gender segregation in the labour market is strong in Sweden, especially as the local government sector is big and many women work in this sector. It could then be expected that women's employment should be protected relative to men's. However this has not been the case. On the one hand, employment has been lost in local government, while on the other hand women have found jobs to a greater extent than men in the private sector. This is partly because of employment transfers from local government to the private sector, due to privatisation, outsourcing, etc. But structural transformations towards a bigger private service sector and the recruitment of employees with higher education may also benefit women.

*Keywords:* Sweden, Recession, Gender segregation, Employment, Public sector, Private sector.

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At the onset of an economic recession, men tend to lose comparatively more jobs than women. The reason is that the labour market is gender segregated, with a greater concentration of male workers in cyclically sensitive sectors, such as construction and manufacturing. In contrast, women are over-represented in less volatile areas such as care, health, education and the public sector in general (Applebaum, 2011; Bettio *et al.*, 2012; McKay *et al.*, 2013; Rubery and Rafferty, 2013). In fact the overall level of gender segregation in a country is positively associated with

the difference in employment losses for women and men. In the EU-27, men experienced comparatively higher employment losses than women in countries where gender segregation was greater during the recession of the late 2000s.

If employment in care, health, education and the public sector in general shelter women in a recession, then women's employment in Sweden could be expected to be relatively secure. Gender occupational, and especially gender sectoral, segregation is higher in Sweden than for average EU-27, although declining (Bettio and Verashchagina, 2009, p. 33–34).<sup>1</sup> Sweden, together with other Nordic countries, has the highest share of employees in the public sector of the OECD-countries (Statskontoret, 2011, p. 23) and a very big majority of those working in the public sector are women.

However, for the same reasons that women may be protected in a recession, they may be at a disadvantage in the aftermath of a recession. Stability in employment is a benefit during the downturn, but the downside may be that the increase in employment is slower when recovery sets in. Another concern of the above-mentioned researchers is the risk that budget consolidation and austerity policies will mean cuts in public employment, which will affect women more than men. A highly gender segregated labour market, a big public sector and women's over-representation in this sector may then turn into a disadvantage especially for women in Sweden. The aim of this article is to assess and compare the development of women and men's employment between 1990 and 2013 with a focus on two recessions: one in the first half of the 1990s and the other in 2009. The article also deals with whether women have fared better or worse relative to men in the whole economy and in three different sectors: the private sector, local government and the state sector. It examines whether there is any evidence that employment in the public sector has shielded women.

The next section deals with economic approaches to gender and recessions, including theories and methodological issues. Section 2 presents the Swedish context concerning economic policy and employment in the whole economy, and Section 3 deals with

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1. The IP index for occupational segregation for Sweden, in 2007, was 27.0 and 25.9 for the EU-27: for sectoral segregation for Sweden it was 21.3, and 18.4 for EU-27 (Bettio and Verashchagina, 2009, Figure 2 and 4).

women and men's employment in the private sector, local government and the state sector.

## 1. Economic approaches to gender and recession

Research into the gender effects of recessions began to develop in the context of the 1970s and the development of women's and gender studies (Benston, 1971; Bruegel, 1979). A number of theories have been developed to explain why – and measure how – women and men may be differently affected by the economic cycle (Bettio *et al.*, 2012).

### 1.1. The segregation hypothesis

This article looks especially at the segregation hypothesis (Milkman, 1976).<sup>2</sup> According to this theory, segregation between women and men's work is strong and women's employment is protected to the extent that it is less dependent on cyclical fluctuations. Women's employment decreases less than men's, does not decrease at all or even increases in recessions. One reason is that women are over-represented in health, care and education, and in the public sector in general (Applebaum, 2011; Bettio *et al.*, 2012; McKay *et al.*, 2013; Rubery and Rafferty, 2013).

Bettio *et al.* (2012) chart the impact of the economic crisis on those working in the EU-27 Member States, as well as some other European countries. The report examines a range of issues including employment, and covers the period from the second quarter of 2008 to the first quarter of 2012. It was found that, in the first years of the recession, labour market segregation effectively sheltered women's employment. The segregation involves an over-representation of women in service employment (including public sector jobs) and an under-representation in manufacturing, construction and the male dominated branches of the financial sector. The overall level of segregation in a country is linked positively and significantly with the difference in employment losses for women and men. Men experienced comparatively

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2. But there are also other theories, including: the added worker hypothesis, the discouraged worker, the buffer hypotheses, the substitution, and the segmentation hypotheses (Bettio *et al.*, 2012).

higher employment losses than women in countries where segregation is stronger. But labour market segregation may eventually expose women to deteriorating labour market conditions more, when fiscal consolidation significantly curtails public sector jobs.

Rubery and Rafferty (2013) explore the immediate trends in women's employment during the recession and continuing government debt crisis in the three years from the end of 2007 in the UK. It was found that gender segregation across sectors is the prime factor shaping outcomes in employment. Women's jobs have traditionally been protected in the public sector, owing both to the type of work undertaken and the tendency for governments to maintain public expenditure to counteract recessionary effects. Up until the end of 2009, this recession was no exception as public sector jobs grew and women benefited in proportion to their sectoral employment share. However in 2009-10, the protective role of the public sector had already begun to decline. Women lost jobs in both the public and private sectors, while male employment recovered slightly before stabilizing. Although in 2011 men lost jobs, the female share of overall job losses remained higher than in 2007-09. Once the 2010 budget cuts in the public sector, estimated to lead to job losses by 2013-15, begin to bite, women's employment is expected to fall further. The authors point out that sectors protected in one period may become vulnerable or flexible in another. This is particularly evident in the recession of the late 2000s, where the crash was first concentrated in the banking sector – in the past an area of stability and growth – and now in the public sector. Although normally a source of protection, the public sector is poised to become a source of women's vulnerability to both job losses and downgrading.

Very similar conclusions are drawn by McKay *et al.* (2013). The initial impact of any economic downturn tends to be borne mostly by men because there is a greater concentration of male workers in cyclically sensitive industries, such as construction and manufacturing. Other sectors – particularly the public sector – are not as vulnerable to the effects of the economic cycle. Women's employment increased in both the health and education sectors in the initial phases of the UK recession, and overall within the public sector. However, what distinguishes the recession in the late 2000s from previous ones is not just its causes and severity but,

perhaps more importantly, the reaction of governments to the initial financial crisis. The UK Conservative-Liberal Democrat coalition government's approach to recovery has focused firmly on the reduction of public sector expenditure.

## 1.2. Methodological issues and indicators

In *The impact of the economic crisis on the situation of women and men and on gender equality policies* Bettio *et al.* (2012) use as an indicator the peak-to-trough variation in employment in a downturn: i.e., the difference between the highest employment value around the onset of the recession and the lowest ("trough") value reached after the recession has begun.<sup>3</sup> Subsequent developments are measured by trough-to-latest variation, which are the difference between the latest available figure and the trough value. However, the full gender impact of a recession cannot be assessed without taking into consideration not only the downturn but also the upturn. We need to know to what extent employment is restored after a trough and after how much time. Also, trough-to-peak indicators will be identified, i.e. the change in employment between the trough year and a new peak year, or in some cases latest available data (2013). In this article, data are taken from the Swedish Labour Force Survey compiled by Statistics Sweden (SCB), mainly from seasonally adjusted time series of monthly data for employment, by sector and for the whole of the Swedish economy. These data have been recalculated on an annual basis.<sup>4</sup> Thus, peak-to-trough indicators will rely on annual and not on quarterly data, as in Bettio *et al.*<sup>5</sup> Peaks and troughs are defined by identifying the year when the level of employment was at its highest, and the year when the level of employment was at its lowest in the recessions of the early 1990s and the late 2000s.

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3. A recession can be defined as "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retails" (National Bureau of Economic Research, 2014).

4. A formula for the recalculation was received from Jacob Hansson, Statistics Sweden, 12 April, 2013.

5. The main reason for using annual instead of quarterly data is that the recession in the 1990s stretched over several years. Another reason is that the timing of a recession differs between women and men. By using quarterly data there is a risk that the effects on men's employment is overestimated compared to women's.

First, the peak-to-trough and trough-to-peak indicators for women and men's employment (of the 16-64 year-old age group) will be investigated for the whole economy. Secondly, the peak-to-trough and trough-to-peak indicators will be identified for women's and men's employment in three sectors: the private sector, local government and the state sector. To assess whether women are doing better than men or vice versa, the percentage change in the number of employed women and men will be compared. If the negative percentage change is bigger for men in the downturn, then men are considered to do less well than women, and if the positive percentage change is bigger for men in the upturn, then men are considered to fare better than women. Additionally an increase in the share of women in employment in the whole economy and in the different sectors will be interpreted as women doing better than men. If the number of employed women in the public sector is maintained in recessions, then women's over-representation in this sector is understood as sheltering women's employment.

## 2. The Swedish context

To frame the discussion concerning the impact of recessions on women and men's employment in Sweden in the 1990s and 2000s, it is useful to consider some long-term changes in women and men's employment, as well as society's view on women's employment and gender equality.

### 2.1. Women and men's employment prior to 1990

In the 1960s, there was a discussion in Sweden whether the government should support women's care work by a cash-for-care allowance or by expanding publicly financed childcare centres and women's employment (Abukhanfusa, 1987; Hinnfors, 1992; Bergqvist and Nyberg, 2001; Klinth, 2002; Lundqvist, 2007). However, towards the end of the 1960s and in the beginning of the 1970s, a third alternative was being recommended – the dual-earner/dual-carer family. This alternative not only concerned women but men too. Not only should the government support mothers' employment, but also fathers' care for their children. In the 1970s, a number of policies were enacted in order to facili-

tate this kind of family, for example in 1971 separate income tax assessment for wives and husbands was introduced, and in 1974 maternity leave was transformed into parental leave and a decision to expand publicly financed childcare was taken. In 1979, rights to six hour day for parents with small children were established, and in 1980 a law against sex discrimination in employment and an Equal Opportunities Ombudsman was set up.

But the most important factor for women's employment was the rapid expansion of the public sector. Female employment has to a large extent been a positive response to growing demand within traditional areas of women's employment: education, health care, child and elderly care and social welfare. Considering the rigid sex-typing of occupations, industries and sectors, it is not surprising or contradictory that women's employment rate increased dramatically without big changes in gender segregation in the labour market (Jonung, 1997; Löfström, 2004). The public sector simultaneously created demand for female labour and facilitated the combination of paid work and a family by providing for example parental leave, child and elderly care. Between 1964 and 1990 employment in local government grew by around 870,000 employees, of whom 743,000 were women and 128,000 were men.<sup>6</sup> At the same time, the number of female employees in the private sector grew by 73,000, while the number of men did not increase at all. In the middle of the 1970s, half of the employed women worked in the public sector.

Women's employment rate (16-64 years) increased from around 50 percent in the beginning of the 1960s, when the first labour force surveys were conducted in Sweden, to 81 percent in 1990. Although the increase in women's employment rate slowed down in recessions, it did not stop but continued to expand. During the same period men's employment decreased from 88-89 percent to 85 percent (see Figure 1).

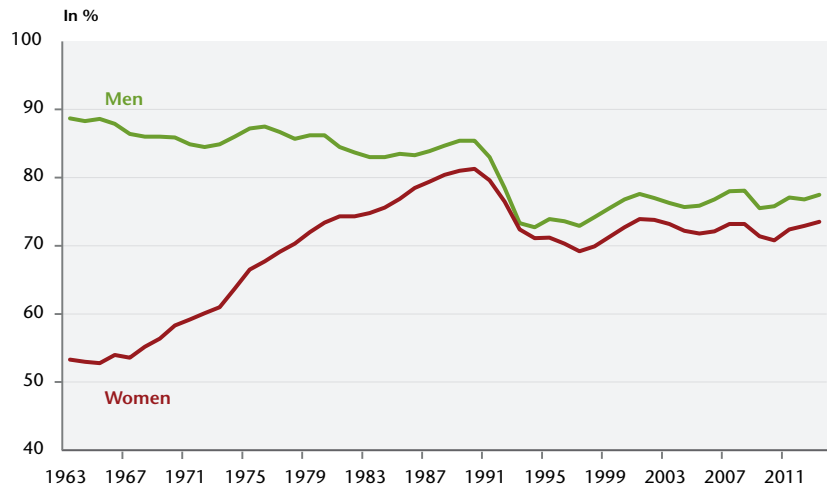
In 1990, men's employment rate was 85 percent and women's 81 percent. Then came the recession of the early 1990s and women as well as men's employment rates declined sharply. Thereafter, women and men's employment rates have followed each other

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6. Calculated from SCB 1978, Table 14A and 14B and SCB 2002.

relatively closely (the gap has been 3-5 percentage points). Besides dramatically increased unemployment, another important reason for the decline in employment in the early 1990s was that young people started to study much more, especially at university (Öhman 2011). Other reasons are related to the increase of both foreign-born persons and the elderly in the population, categories with lower employment rates, even though participation has been increasing among the elderly. The number of so called “housewives” is extremely low. In 1990, 4.3 percent of the women aged 16-64 declared that they were working in the home, a rate that fell to 1.4 percent by 2013.<sup>7</sup>

Figure 1. Employment rate of women and men (16-64 years), 1963-2013\*



\* There are breaks in the data series.  
Source: 1963-1986 Nyberg, 2013a, 1987-2005 SCB, 2014a, and 2006-2013 SCB, 2014b.

2.2. The Swedish economy from 1990-2012: including two recessions

Between 1990 and 2012, there were two recessions in Sweden in which there was a contraction of growth equal to 5 percent: one in the beginning of the 1990s and another in 2009 (see Figure 2).

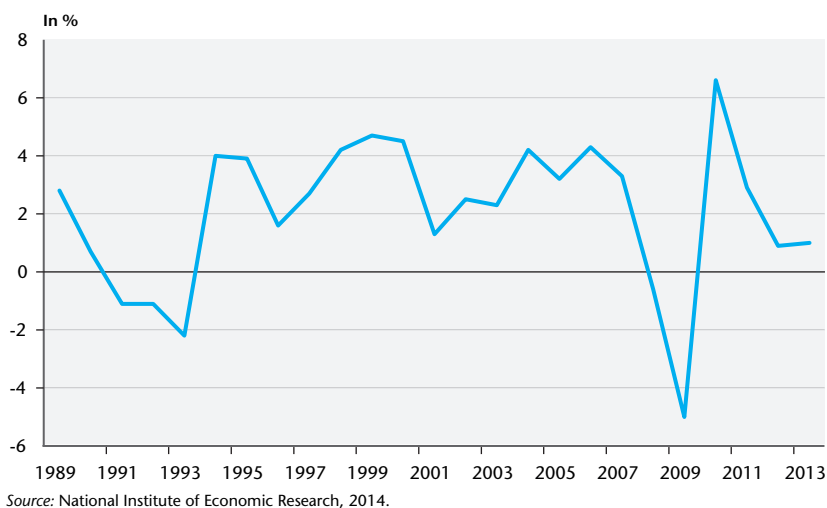
The development of employment losses in Sweden in the recession of the 1990s can be divided into three phases according to Per Lundborg (2000). Waves of employment losses affected different

7. Calculated from SCB, AKU, 1990, Table 1 and 31 and SCB, AKU, 2013 Table 1 and 16.



sectors of the economy at different times, and spread over the whole economy. The “international phase” was characterized by a combination of international recession and an internal spending crisis. The problems in the export sector were worsened by the policy of supporting a strong Swedish Krona (SEK): the loss of employment hit the export sector and its subcontractors hard. In the “real interest rate phase”, the fixed currency exchange rate policy pursued in a period of relatively high inflation led to high interest rates. This led to a fall in consumption and an increase in savings, which in turn led to employment losses, especially in goods producing sectors selling into the domestic market. When the Swedish krona was allowed to float in November 1992, employment in the export sector grew. The international phase of loss of employment ended, even though the real interest rate phase continued.

Figure 2. Annual GDP growth, 1990-2013



Substantial losses in private sector employment caused increased costs in unemployment and decreased incomes from taxes. This led to greater public expenditure, as well as reduced revenues. Budget consolidation measures were implemented, including cuts in public expenditure. These in turn intensified employment losses in the public sector. This became the third phase of the recession, the “budget consolidation phase”,

with high total employment losses in spite of the recovery of employment in the private sector after 1993. The Governments' main goal was to fight inflation rather than unemployment. According to Lundborg (2001) an alternative could have been an expansionary financial policy. Instead, budget consolidation was carried through by very harsh cuts in spending. This policy, introduced by a Conservative/Liberal/Centre/Christian Democratic government, was based on tough layoffs in the public sector. The latter was subsequently followed up very heavy-handedly by the Social Democratic government. It created long-term balance in the budget, but at the price of a reduction in employment in the public sector. There were cuts in resources to childcare, schools, elderly care and care for the disabled (SOU 2001:79, chapter 1.5) and the number of employees in health and social work declined considerably (Statistisk Årsbok 1997, Table 196 and Statistisk Årsbok 2002, Table 284). After the recession of the early 1990s, it was considered necessary to reform the fiscal policy framework in order make it sustainable in the long term (SOU 2011:11, p. 55). This led to wide-ranging work to develop the budgetary process. A number of retrenchment programs were carried through from 1993 to 1998, and by 1998 the budget had achieved a balance of revenues and expenditure comparable to the prevailing situation before the recession (Kautto, 2000, p. 31).

In 2009, GDP fell by 5 percent. At the beginning of the recession, the Alliance Government resisted stimulating the economy, but eventually allocated grants to the local governments and introduced labour market measures.<sup>8</sup> The floating exchange rate led to a fall in the krona during the recession, and boosted exports. Combined with a relatively expansionary financial policy (against the background of a relatively low public debt), this had a positive effect on the Swedish economy and recovery was fast: GDP increased by 6 percent in 2010 (McKinsey Sverige, 2012). The situation during this recession was very different and was also handled differently than the recession of the early 1990s. The changes in the fiscal policy framework led to a marked structural strengthening of public finances, which was helpful in the latter crisis.

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8. The Alliance consists of the Moderate (conservative), Liberal, Center and Christian Democratic Parties.

Despite the economic downturn in the late 2000s, there were only small budget deficits -0.9 percent of GDP in 2009 and -0.3 percent in 2010 respectively (Swedish Fiscal Policy Council, 2011; IMF, 2011).

The deterioration in Swedish public finances was thus surprisingly small. One of the main reasons was the relatively small decline in employment compared to the substantial fall in GDP. This maintained tax revenue. Another reason was due to the implementation of reforms resulting from a long-term strategy by the Alliance Government. Reduced state funding of unemployment insurance and lower benefit levels stopped unemployment expenditure from increasing sharply as employment fell. At the same time, the sickness insurance reforms led to a reduction in the number of sickness benefit recipients and in a decline of early retirement. Since local governments were affected by decreasing tax revenue, due to the fall in employment and the rise in unemployment, the central government granted them with temporary cyclical support, in order to maintain employment and the quality in welfare services (SALAR, 2011).<sup>9</sup> The local government sector ended up with a large surplus in 2010, partly because local authorities were surprised by a stronger than expected macroeconomic improvements, and partly because of the temporary grants. The Swedish Agency for Public Management has estimated that the temporary grants saved about 8,500 jobs in the local government sector, in 2010 (Statskontoret, 2012).

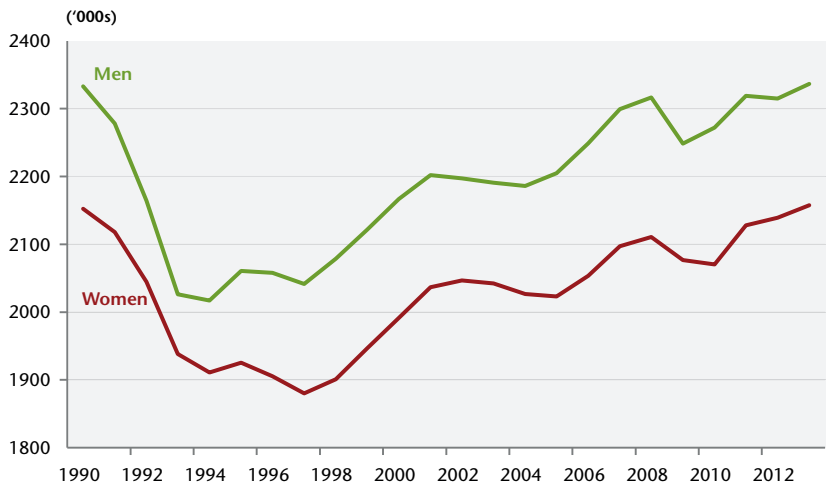
### **2.3. Peak-to-trough and trough-to-peak change for women and men, from 1990 to 2012**

As mentioned above, women's employment rate increased from the 1960s up to 1990 even in recessions. But in the beginning of the 1990s, not only did the employment rate of men decrease dramatically, but so did that of women (see Figure 3). This meant a reversal in the long-term upward trend of women's employment, and since then both men and women's employment rates have fluctuated with the economic cycle.

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9. The support accounted to SEK13 billion (around €1.3 billion) in 2010, and SEK3 billion (around €300 million) in 2011, provided to the municipalities (Prop 2010/11:100, p. 154). The county councils were given a temporary grant of SEK5.1 billion for 2009 and 2010 (SALAR, 2011, Table 20).

Figure 3. Number of women and men employed (16-64 years), 1990-2013



Source: Calculated from SCB, 2014c.

The first peak in the employment was in 1990, for both women and men. This was followed by the recession of the early 1990s, which consisted of three overlapping waves of employment losses (as described above). In 1994, there was a trough for men, whose employment dropped by 13.5 percent (about 316,000 jobs) between 1990 and 1994. The trough for women took place in 1997: their employment dropped by 12.7 percent (about 272,000 jobs, see Table Appendix A). In spite of a small peak in the middle of the 1990s, expansion did not really take off until after 1997. As expected, men’s employment grew faster than women’s. The second peak year for men was in 2001: men’s employment increased by 9.2 percent (185,000 jobs) compared to 1994. Women’s second peak year was in 2002, but the increase in women’s employment (up 8.9 percent or about 167,000 jobs) was slightly smaller than for men. The recession of the early 1990s lasted for a long time and it took more than ten years before there was a new peak. The decrease from peak-to-trough was much bigger than the increase in employment from trough to peak, which means that employment for both women and men was lower in the beginning of the 2000s than in 1990.

In 2004, the dotcom bubble had burst and economic growth slackened, but it was not negative and will not be discussed here in

spite of the fact that employment decreased somewhat. Also, recovery after the dotcom crash was rapid and employment rose. In 2008, there was a new peak, but already in 2009 there was a trough for men and in 2010 for women. In this recession the peak-to-trough change in employment was -2.9 percent (68,000 jobs) among men and -1.9 percent (40,000 jobs) among women. The highest absolute number of employed persons was then reached in 2013: men's employment increased by 3.9 percent (88,000 jobs) while women's employment increased slightly more with 4.2 percent (87,000 jobs). In this case, the number of employed was a bit higher in the second peak than in the first, and the number of employed is at about the same level as in 1990, but as the population has also grown the employment rate is lower (see Figure 1).

It can be seen that both women and men lost jobs in both recessions, but men lost jobs faster and more extensively than women. However, after the first recession, men gained employment faster and to a larger extent than women, though not in the second recession. Women were clearly faring better than men in the beginning of the 1990s – or rather men were doing worse than women. The share of women in total employment increased since losses of employment were bigger among men. This was also the case in the recession in 2009. In both 1990 and 2013, women's share in total employment was 48 percent. Whether this is in any way connected to the development of the public sector will be looked at below.

The timing of the peaks and the troughs differs for women and men. This is important to acknowledge when trying to establish if women are protected or not and to what extent. If 1994 and 2009 (the years of greatest GDP contraction) are used as trough years, then men seem to be more affected than women. If instead we use 1997 or 2010 as trough years, then the gender difference is smaller. Men's employment declines closer to the fall in GDP than women's, which may mean a male bias in the way a recession is defined.

### 3. Women and men in the private sector, local government and the state sector

Changes in the number of employed women and men will be investigated here in three different sectors: the private sector, local government and the state sector. Different peaks and troughs were identified above for women and men. As we have seen, there is a difference in timing of peaks and troughs between women and men in the whole economy, which mainly results from women and men being employed in different sectors. If we look at different sectors, then the peaks and troughs take place more or less at the same time for women and men. Here, common peaks and troughs will be identified for all employees: i.e. for women and men together, in the private, the local government and the state sectors.

The Swedish economy is export oriented, high-tech and diversified. Paper, pulp, steel, and water power were the foundation of the economy, which has since developed to include a big service sector, the IT industry, and telecommunications. Sweden has a small domestic market and is extremely dependent on trade with the rest of the world. Almost half of GDP was accounted for by the export of goods and services in 2012, compared to around 30 percent in 1990 (Ekonomifakta 2013). Sweden has one of the world's largest public sectors, both in terms of expenditure relative to GDP and in terms of the share in employment (Statskontoret, 2011). This is due to an extensive local government sector, while the central government state sector is relatively small. The activities of the central state include the judicial system, defence, international aid and foreign policy, higher education and research, and physical infrastructure (Statskontoret, 2011, p. 11). In contrast, Sweden's 20 county councils' main responsibility is health care. There are 290 municipalities, whose most important mandatory tasks are child, elderly and disability care, education before university (including adult education) and Swedish lessons for immigrants. Data about the number of employed are here divided into the private, local government (municipalities and county councils) and the state sectors. While changes in employment in the private sector are a result of changes in market demand, falls in employment in the local government and state sectors have several other sources. For example in rela-

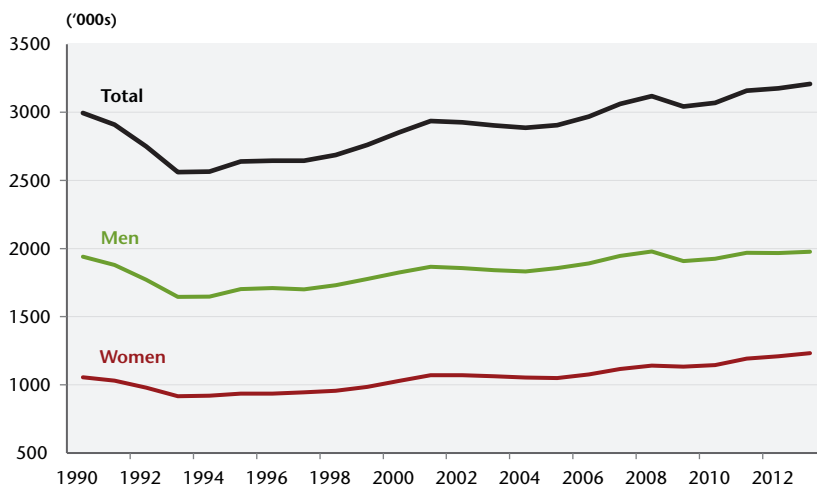
tion to shrinking employment in the private sector, policies may either aim at upholding employment in the public sector by expansionary financial policy, or at favouring budget consolidation which may decrease public employment.

Gender segregation in the labour market is an important explanation as to why women and men are affected differently in recessions. De-segregation has been going on in Sweden for a long time (Jonung, 1997; Löfström, 2004). However, even in the 1990s, Sweden was still one of the high-employment high segregation countries (Bettio and Verashchagina, 2009). The Swedish labour market has since then undergone further de-segregation, but it remains strongly gender segregated: as already mentioned, occupational and especially sectoral gender segregation is higher in Sweden than average for EU-27.

### **3.1. The private sector**

In the 1990s, Sweden experienced its worst economic recession of the post-war period, which led to significant restructuring and jobs disappearing from industry (ESO, 2013). For the whole economy, the trough took place in 1994, but in the private sector it occurred in 1993. Figure 4 below shows the development of the number of women and men employed in the private sector between 1990 and 2012. Between the peak in 1990 and the trough in 1993, the relative decline was bigger among male employees than among female. About 15 percent of men lost their jobs (295,000), while this was the case for around 13 percent of women (139,000) (Table Appendix B). It can be pointed out that the number of employees declined, while the number of entrepreneurs/self-employed increased. For the whole economy, we found that men's employment increased slightly faster than women's during the expansion following the recession in the 1990s. This is not the case if we only look at the private sector. Women's relative employment increased faster than men's: 16.9 percent (155,000) compared to 13.4 percent (221,000) between 1993 and 2001, the new peak year.

Figure 4. Men and women employed in the private sector, 1990-2013



Source: Calculated from SCB, 2014c.

The 2009 recession (after the GDP peak in 2008) was much milder, and recovery came faster than in the recession of the early 1990s (see Figure 4 and Table Appendix B). Men again lost more jobs than women in the downturn between 2008 and 2009, respectively -3.6 percent and -0.6 percent. Also, women gained more jobs than men between 2009 and 2013, respectively 8.7 percent compared to 3.6 percent. Women's employment even increased more than men's in absolute numbers: 98,000 versus around 69,000. The share of women among all employed women working in the private sector increased in both recessions, rising from 49.0 percent in 1990 to 52.5 percent in 2001, with a dip in between. This growth continued over the economic cycle in the 2000s, and the share of women rose from 54 percent in 2008 to 57.1 percent in 2013. Women did better relative to men in both recessions, and the share of women among all persons employed in private sector rose continuously from 35.2 percent in 1990 to 36.4 percent in 2001, and from 36.6 percent in 2008 to 38.4 percent in 2013.

The Expert Group for Studies in Public Economy (*Expertgruppen för studier i offentlig ekonomi* ESO, 2013) has recently presented a study concerning the restructuring of the Swedish economy during 1990-2009. The study does not focus on recessions and gender is not mentioned at all, but it does give some clues as to why women



were doing better than men during this period. It shows that the number of employed in the private sector, in firms with at least three employees, increased by about 350,000 persons between 1990 and 2009. This increase took place exclusively in services, while manufacturing lost employment. If firms with less than three employees are included, the increase in employment in the private sector is about 450,000 persons. During the period 1996-2009 (i.e. after the first crisis), the number of jobs increased by around 400,000 jobs in the service sector, while it decreased by around 100,000 in manufacturing. There are no data regarding the number of women and men employed in private service production, for the relevant time period. But we can safely conclude that the number and the share of women in private service production are higher than in manufacturing. For example, the share of women in manufacturing was 27 percent in 1990 and declined to 24 percent in 2004; in the retail sector, it was 67 percent in 1990 and 64 percent in 2004.<sup>10</sup>

The structural transformation towards services in the private sector is an important feature in this period, as is the increase of educational levels of employees (ESO, 2013). During the period 1991-2009, the number of employed with only pre-secondary education in the private sector halved, while the number of those with secondary education decreased at the beginning of the 1990s, before increasing subsequently. The number of people with post-secondary education grew continuously and more than doubled until 2009. After the turn of the millennium, there were more persons employed with post-secondary education than with pre-secondary education in the private sector. However the biggest category concerns persons with secondary education. Women's educational levels are higher than men's, both among the employed and in the whole population. In 2013, 12.5 percent of employed men and 8.5 percent of employed women had pre-secondary education, while 39 percent of the men and half of women had post-secondary education.<sup>11</sup> At university, 60 percent of students are women and 40 percent are men (Högskoleverket, 2012, p. 8). The share of the population which has taken a degree

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10. Calculated from SCB, 2014d, AKU. There was a change in definitions in 2005.

11. Calculated from SCB, 2013, AKU, Table 23.

after at least three years of study has increased considerably, especially among women: at the age of 35, 35 percent of women had such a university degree, versus 21 percent of men.

These two structural transformations (the shift to services and higher educational levels) favour women's employment, since the share of women in services is higher than in manufacturing, and women's educational levels are higher than men's. Judging from the share of women in private sector employment, women fared better than men both in the downturns and the upturns. The private sector has become ever more important for female employment. Contributory factors to this may be the expansion of the private service sector, where more women work than in manufacturing (a male-dominated and shrinking sector), and the demand for employees with higher education. There are other factors that will be discussed below.

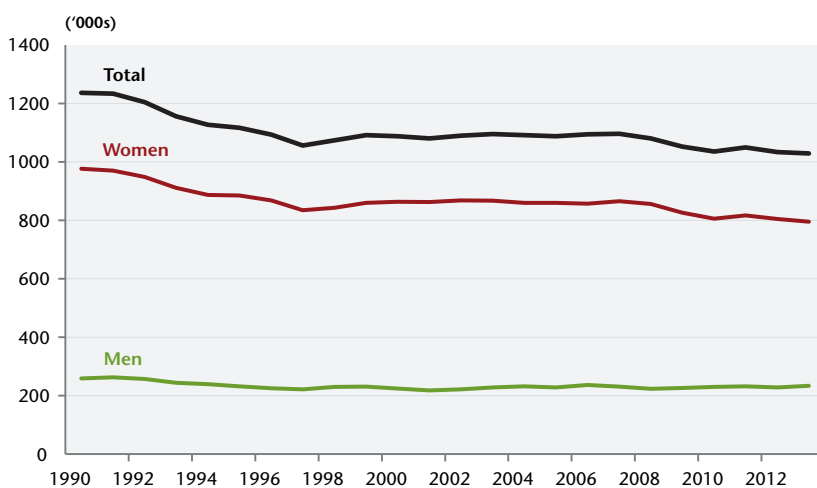
### **3.2. The local government sector**

Now let us turn to the local government sector, i.e. the municipalities and the county councils. The demand for welfare state services, which mainly consists of care, education and health, increased twice as fast as private consumption for several decades after World War II. The demand for publicly financed childcare has expanded continuously especially since the 1970s, so that today supply more or less meets demand (Nyberg, 2013b). Elderly care expanded in the 1960s and 1970s, but in the 1980s and 1990s the decrease was almost as large (Szebehely, Ulmanen and Sand 2013), while during the 2000s one in four places in homes for the elderly disappeared. The number of persons receiving home-help services increased, but this did not compensate for the reduction of places in homes for the elderly. This has meant a decreasing number of employees in local government, and increased pressure on relatives (see Figure 5).

As in the private sector, employment peaked in local government in 1990. But the trough came later in the local government, in 1997. In the downturn, the relative loss in employment was the same for women and men (14.6 percent), but in absolute numbers it was much higher for women, since this sector is female-dominated. Actually, women lost almost as many jobs in local government as they did in the private sector (Table Appendix B).

The occupational groups that were hit the most were occupations assisting nurses, of which more than 90 percent are women (Eliason, 2011; SCB 2012, p. 62). Between 1993 and 1999, employment declined in these two occupational categories by 34 and 38 percent respectively (Landstingsförbundet 2002). After the 1997 trough, the number of employees picked up somewhat, and a new peak was reached in 1999. Relatively, men gained a bit more than women (up 4.4 percent and 3.1 percent respectively). But the increase was much smaller for both sexes than earlier losses. At the end of the 2000s, there was a loss of employment from the peak year 2007 to the trough in 2010. This time, the relative decline in women's employment was much bigger than men's (almost 7 percent), while men hardly lost anything (0.2 percent). Recovery with a peak in 2011 was very modest, but a little better for women (1.5 percent) than for men (0.7 percent) (Table Appendix B).

Figure 5. Men and women employed in local government, 1990-2013



Source: SCB, 2014c.

If women were doing well in the private sector, this is not the case in local government, i.e. in the sector that produces care, health and education. The long term increase in the number of employed in the public sector, which has served women's employment well, ended abruptly in 1990. We can thus conclude that women have not been protected by the public sector. The number of female employees in local government fell in both recessions,

the recoveries were very modest and the share of women among all employed women working in local government declined from 44-45 percent in the 1990s, to 38.4 percent in 2011. In the local government, women did not do worse than men in the recession of the early 1990s, but their share in the sector decreased from 79 percent in 2007 to 77.9 percent in 2011.

Employment losses in the local government sector are a result of budget consolidation but also of other political decisions. Since the early 1990s, local government (municipalities and counties) has increased possibilities of outsourcing the production of welfare services to private providers (Hartman, 2011). The Conservative/Liberal/Centre/Christian Democratic Government in 1991-1994 opened up competition in local government. During the following years of Social Democratic government (between 1994 and 2006), changes slowed down but there were no serious attempts to reverse policy. When the Alliance government came into power in 2006, policies favouring more competition and private entrepreneurs again received impetus. As a consequence, local governments have been increasingly outsourcing welfare services to private operators. For instance, schools have been privatised, health care has been contracted out to private care givers and care companies have taken over elderly care. Some employees in the private sector are therefore financed by public money. But there has been an employment transfer: the number of employees in local government has declined, while it has increased in the private sector. This means that some of the employment losses in the public sector and gains in the private sector are not related to recessions, but result from changed political preferences.

Data disclosing how many employees are working in the private sector supply of welfare services (paid by the taxpayer) is not readily and continuously available. Several estimations have been made, but none of them distinguish between female and male employees. If the persons employed in the publicly financed companies are added to the employees in local government, the decrease in the number of employed is smaller. But there is still a reduction in the number of publicly financed employment in local government: between 2007 and 2009 it declined by around 33,000 persons, i.e. by 3 percent (von Greiff, 2010, p. 8). This can be compared to the estimated 8,500 jobs saved in the local govern-

ment sector in 2010, by the temporary grants mentioned above. In 2009, the number of publicly financed employees in the private sector reached around 122,000, which is about 11-12 percent of the number of employed in local government. Around 94,000 were financed by municipalities and 28,000 by the county councils. The total number of employed in elderly care, disability care, individual and family care, pre-schools and schools in non-profit organisations, public organisations and publicly owned companies was relatively constant between 2003 and 2010, while the number of employed in profit-making enterprises increased from 11.1 percent in 2002 to 17.2 percent in 2010 (Hartman, 2011, Table 1.1 and 258). The share is largest in care of disabled and young persons, as well as persons addicted to alcohol or narcotics, where almost half of the employees work in the private sector. The share is around 10 percent for schools and elderly care, and 20 percent for preschools.

The above figures demonstrate that it is delicate to conclude about changes in private and public employment, since some of the apparent employment losses in the public sector and gains in the private sector are mere employment shifts. The number of employees in the local government is smaller today than in 1990: 1,236,000 in 1990 compared to 1,028,300 in 2013. This is mainly a result of employment losses but also of employment transfers. We can assume that, due to the occupational gender segregation, a transfer of care workers and teachers for example from the public to the private sector will be a transfer of women workers, which to a certain extent explains the increasing number of employed women in the private sector. The relocation means that more women today work in the private sector, which may mean that they will be more exposed to the economic cycle.

Whether it matters for the employees if the employer is the municipality or a private provider is not clear. In elderly care for example, the costs reducing measures and decreasing resources have meant deteriorating quality both in public and private elderly care. The Swedish Municipal Workers' Union (Kommunal) (2012) has investigated differences between employees in elderly care in the municipalities and in private organisations. They did not find any differences between the two sectors in the share of employees who consider: i) low staffing to be a risk for the elderly, or a

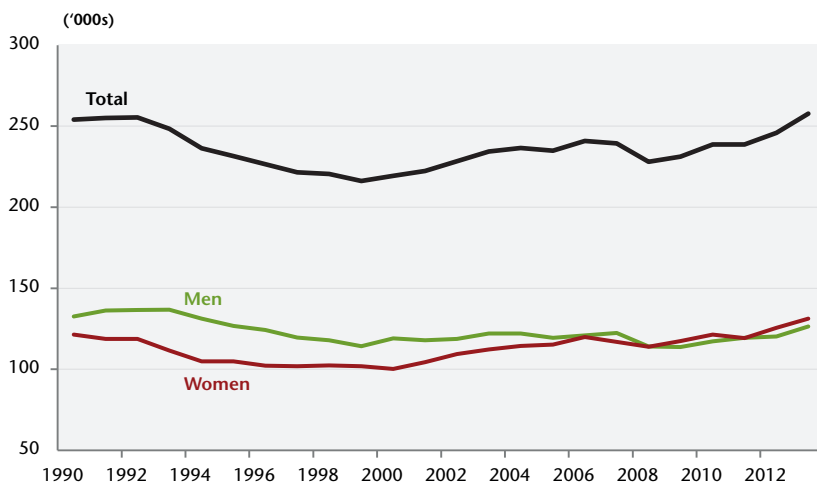
problem in attending to their needs, or ii) who feel employees face greater difficulties in taking a break, or finally iii) in the share of employees working part-time. Two smaller differences were found, namely that employees in municipalities felt more that staffing was inadequate, and they also tend to have a higher level education in elderly care than employees in the private sector. The National Board of Health and Welfare (Socialstyrelsen) (2012, Diagram 4) found that there were fewer employees per manager when the provider of elderly care was private than when the provider was a municipality, while the municipalities had a larger share of employees with adequate occupational education, a smaller share of employees paid by the hour, and lower staff turnover.

Women's employment in the public sector has been perceived as secure employment sheltering women in recessions and it is seen as an important factor as to why women have fared better than men. If this had been the case, then women in Sweden should have been protected since the public sector is large and many women work in this sector. But this is not the case. Local government could maybe be considered stable as long as it expanded, but starting in the 1990s layoffs and outsourcing became a reality. Additionally, in local government, working conditions are quite often not very secure since temporary employment, involuntary part-time work and relatively low wages are common.

### **3.3. The state sector**

The state sector is relatively small in Sweden. About 5-6 percent of employees work in this sector (see Table Appendix B). There had been a big decrease in staff numbers, beginning in the early 1990s and lasting until 1999/2000 (Figure 6). 1992 was a peak year and 1999 a trough year. Men lost relatively more employment in this sector than women (-16.4 compared to -14.2 percent) (Table Appendix B). Then there was new peak in the total number of employees in 2004; in the recovery women gained relatively more than men (12.3 and 6.9 percent respectively).

Figure 6. Men and women employed in the state sector, 1990-2013



Source: SCB, 2014c.

Before the crisis, there had been a peak in employment in 2006. The employment trough was in 2008, with a very similar decrease for women and men of around 5 percent. This decline can be related to the change of Government in 2006: the Alliance government that came into power aimed at lessening the state bureaucracy and the number of government authorities (Prop. 2006/07:1, p. 48). In their first Budget Bill, they proposed that several government organisations should be closed down starting in 2007. This was the case with the Immigration Institute (Integrationsverket), the Institute for Working Life (Arbetslivsinstitutet) and the Institute for Prevention of Cruelty to Animals (Djurskyddsmyndigheten). Additionally, the Swedish Work Environment Authority (Arbetsmiljöverket) was slimmed down considerably. However, by 2013 the number of employees had again increased, and women gained more than men: 15.2 and 10.8 percent respectively, between 2008 and 2013.

Employment in the state sector did not hold up in the recessions, but there have been increases afterwards. The total number of employees in the state sector fell after the recession of the early 1990s and did not return to its previous level until 2013. Also, in the state sector there have been movements to the private sector, not as a result of fiscal consolidation but due to political decisions aimed at deregulating and converting public utilities into

independent subsidiary companies. Large privatisations of state-run companies started in 1989. They have proceeded over time and have involved companies in a large number of areas: steel production, telecommunications, banking, forestry, medicine, production of liquor etc. (Calmfors, 2012). Employees in air traffic control, electricity generation and distribution, postal services, railway and other transport, who were previously considered as state employees, are today included in the private sector. These are areas in which male-dominated, full-time jobs, with relatively good wages and secure employment and even life-time employment before, existed even among workers. The data used in this article have been reclassified and the employees in state owned companies have been included in the private sector. However, if old data are compared with new reclassified data, we find that in the beginning of the 1990s almost 100,000 men and 50,000 women working in the state sector were turned into private sector workers.<sup>12</sup> For example in 1994, more than 50,000 persons employed by the Post office were transferred from state to private employment (SCB, 2002, p. 10).

Employment in the state sector decreased in both recessions, but women were doing better than men. The share of women in state sector employment increased during both downturns and upturns. The share of women was 46.5 percent in 1992 and 48.4 in 2004, and 49.8 percent in 2006. In 2013, they constituted a majority (51.0 percent) of state sector employees.

### 3.4. The three sectors

Let us finally look at the whole period and compare the overall peak year of 1990 with the latest year 2013, in each of the three sectors and the whole economy. Employment was lost in the private sector during the recessions, but there was also growth, and over the whole period of time, there has been an increase in the number of employed in this sector (see Table 1). Additionally women have been doing better than men in the private sector. The number of employed women increased much more than the number of men, which meant that the share of employed women rose in this sector. This was not the case in the local government

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12. Calculated from SCB, 2002, p. 10 and SCB 2014b.



sector, where both women and men lost jobs in the recessions, while the expansions were very weak. Seen over the whole period, the number of employees in local government decreased especially among women. Women lost slightly more jobs in local government than they gained in the private sector. For men, the situation has been the reverse, but the numbers are much smaller. However, some of the employment gains in the private sector are not true gains and some of the losses in local government are not true losses, but mere employment shifts from the public to the private sector. In the state sector, employment also declined in the recessions and the gains in recoveries were weak, until the last couple of years. For the whole period of time, men lost jobs, while women gained some. Some of the job losses in the state sector have also been the result of job transfers to the private sector.

Table 1. Change in absolute numbers ('000s) and percentage shares of persons employed, and share of women (in percentage points), 1990 to 2012

Change	Private		Local		State		Total	
	%	No.	%	No.	%	No.	%	No.
Total	7.1	212.9	-16.8	-207.7	1.5	3.7	0.2	8.9
Men	1.9	36.1	-10.1	-26.1	-4.7	-6.2	0.2	3.8
Women	16.8	176.8	-18.6	-181.6	8.2	9.9	0.2	5.1
Share of women	3.2		-1.7		3.2		0.0	

Source: Calculated from SCB, 2014c.

The number of persons employed in the whole economy increased by around 9,000, or 0.2 percent between 1990 and 2013. Men gained about 4,000 jobs and women 5,000: i.e. women and men lost about the same number of jobs. The share of women of all persons employed in the private sector and in the state sector increased by 3.2 percent and decreased in local government by 1.7 percent. The share of women in total employment was 48 percent in 1990, as well as in 2013. It should however be pointed out that even if the number of employed women and men did not change much between 1990 and 2013, the share of employed women and men declined quite substantially during the period, by about eight percentage points for both sexes, as the population has increased.

## 4. Conclusion

The segregation hypothesis predicts that women are sheltered in recessions because they are over-represented in the public sector and this sector is less affected by the economic cycle, than are male-dominated manufacturing and construction. Gender segregation in the labour market is strong in Sweden, the local government sector is big and many women work in this sector. It could then be expected that women's employment should have been protected in Sweden. However this has not been the case.

To start with, we can conclude for the whole economy that women did not lose more employment than men. However, the reason for this is not women's over-representation in care, health and education in the local government sector, which is a big and important sector in Sweden. Both in the recession in the 1990s and in the 2000s, employment declined in local government, as well as in the state sector, while recovery was weak in both sectors, except for during the latest couple of years in the state sector. Women also lost employment in the private sector during recessions. But in this sector, growth was strong and the number of employed women expanded more than for men. This is partly because of an employment transfer from local government to the private sector, due to privatisation, outsourcing, etc. But structural transformations towards a bigger private service sector and employees with higher education may also benefit women.

Women fared better than men in the recessions and the recoveries in both the 1990s and 2000s, in terms of an increase in the share of female employees among all persons employed: in the whole economy, in the private sector, and in the state sector, but not in local government. The downsizing of the local government sector and the state sector is both a result of budget consolidation, especially in the 1990s, but also of changed political priorities. For the 1990 to 2013 period as a whole, the most significant change has been the loss of female employment in local government, and the growth of female employment in the private sector. Female and male employment increased by about the same amount of jobs and the share of female employees (48 percent) was the same in 1990 and 2013. But, a significant change has been the decline in the employment rate of about eight percentage points for both sexes, in this period!

Appendix A

Table: Change in absolute numbers ('000s), and in percentage points between peak 1-to-trough and between trough-to-peak 2, employed men and women, and women's share of the employed: the 1990s recession and 2000s recession.

	Men		Women		Women's share
	Change		Change		%
	%	Numbers	%	Numbers	
Peak 1, 1990					48.0
Trough, 1994	-13.5	-315.7			48.6
Trough, 1997			-12.7	-272.3	47.9
Peak 2, 2001	9.2	185.1			48.0
Peak 2, 2002			8.9	166.7	48.2
Peak 1, 2008					47.7
Trough, 2009	-2.9	-68.1			48.0
Trough, 2010			-1.9	-40.2	47.7
Peak 2, 2013	3.9	88.2	4.2	87.1	48.0

Source: Statistics Sweden 2014c, seasonally adjusted monthly data, recalculated to annual data with a formula provided by Jacob Hansson, Statistics Sweden, 12 April 2013.

### Appendix B

Table: Change in absolute numbers ('000s), and in percentage points between peak 1-to-trough and between trough-to-peak 2, employed women and men, and women's share of the employed in the sector, share of employed women among all employed women, and share of employed men among all employed men: the 1990s recession and 2000s recession.

	Men		Women		Share		
	%	No.	%	No.	Women		Men
					% in sector	% all women	% all men
Private sector							
Peak 1, 1990					35.2	49.0	83.2
Trough, 1993	-15.2	-295.4	-13.2	-139.2	35.7	47.2	81.2
Peak 2, 2001	13.4	220.8	16.9	155.0	36.4	52.5	84.7
Peak 1, 2008					36.6	54.0	85.4
Trough, 2009	-3.6	-70.5	-0.6	-7.4	37.3	54.6	84.9
Peak 2, 2013	3.6	68.5	8.7	98.3	38.4	57.1	84.6
Local government							
Peak 1, 1990					79.0	45.4	11.1
Trough, 1997	-14.6	-37.8	-14.6	-142.3	79.0	44.4	10.9
Peak 2, 1999	4.4	9.7	3.1	25.6	78.8	44.2	10.9
Peak 1, 2007					79.0	41.3	10.0
Trough, 2010	-0.2	-0.4	-6.9	-59.9	77.8	38.9	10.1
Peak 2, 2011	0.7	1.7	1.5	11.7	77.9	38.4	10.0
State							
Peak 1, 1992					46.5	5.8	6.3
Trough, 1999	-16.4	-22.4	-14.2	-16.8	47.2	5.2	5.4
Peak 2, 2004	6.9	7.9	12.3	12.5	48.4	5.6	5.6
Peak 1, 2006					49.8	5.8	5.4
Trough, 2008	-5.6	-6.8	-5.0	-6.0	50.0	5.4	4.9
Peak 2, 2013	10.8	12.3	15.2	17.3	51.0	6.1	5.4

Source: Calculated from SCB 2014c.

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# GENDER EQUALITY AND THE IMPACT OF RECESSION AND AUSTERITY IN THE UK

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This article explores how the experience of recession followed by austerity in the UK has differed not only by gender but also by ethnicity. This is undertaken through examining labour market developments and government policy responses in the immediate recession and the phase of unfurling austerity. The findings highlight both the varying overall effects by gender and the tendency for ethnic minority women and men to have fared worse than UK born white women and men in the recession. Austerity policies, it is argued, are furthermore intensifying the underlying fault lines in the UK's high inequality economic model and will place future pressures that disproportionately affect women through public sector job and welfare cuts.

*Keywords:* Economic crisis, Gender, Austerity, Labour market, Unemployment, Public sector, Ethnicity.

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The international economic crisis that erupted in 2008 ushered in the longest period of economic downturn in the UK in modern history. Despite some commentators depicting the “Great Recession” as a “he-cession” both in many European countries (Bettio *et al.*, 2013) and the US (Albelda, 2013) due to its greater initial impact on male jobs and unemployment, more recent developments such as the ongoing programme of austerity in the UK as in many other countries have impacted more directly on women than men (Rubery and Rafferty, 2013a, 2013b). These effects have been felt both through cuts in public sector jobs which disproportionately affect women due to their greater representation in the public sector and through reductions in government policies that support female employment such as childcare and welfare (Rubery

and Rafferty, 2013b). Although the unemployment rate remains higher for men than women, by the end of 2012, continued downward pressures on female employment in both the private and public sector and a modest recovery for male unemployment also meant the unemployment gap between men and women narrowed again towards pre-recession levels.

Broad comparisons between men and women, although providing important insights into the gender equality impact of the crisis also overlook considerable differences in impact within the male and female population. This heterogeneity is likely to be linked to other dimensions of socio-economic advantage and disadvantage, such as ethnicity, social class, and education level. In assessing the gender equality impact, rather than just contrasting overall trends, the question therefore becomes to what extent have recession and austerity had differential effects on varying sections of the male and female population?

This article first draws on previous work on developments in the UK social model, gender relations and female employment in the UK prior to the economic crisis (Rubery and Rafferty 2013b, Rafferty and Wiggan, 2010; Grimshaw and Rubery, 2010) to provide the context for understanding the subsequent labour market and policy developments. The next section explores first the overall gender impacts on employment of the great recession and subsequent period of slow recovery and government austerity before examining diversity in experience among men and women or “intersectionality” (Collins, 2004; Brown and Misra, 2003) through analyses of ethnic differences in the labour market impact of the crisis. It is argued that although current austerity policies and the broader economic crisis have had a continuing negative impact on female participation in the labour market, they are unlikely to reverse substantially longer-term secular trends towards greater female labour market participation. Reductions in government support for equality and diversity issues more generally, however, come at a time when tougher labour market conditions may be increasing the salience of such matters.

## **1. The labour market and UK social model leading up to the crisis**

### **1.1. Social trends and women's employment**

Although the UK has been depicted as having a “residual” welfare state with comparatively low levels of social expenditure compared to “socio-democratic” and “continental models” (Esping-Anderson, 1990), some aspects of the system such as universal healthcare, or social policy reforms under the New Labour government (1997-2010) can be viewed to contribute to a more hybridised model. This has been referred to as “liberal collectivism” or “market collectivism” (Ginsburg, 1992; Clarke, 2004). The decade leading up to the crisis of 2007 under the New Labour government for example saw the development of the UK's social and gender model where neo-liberal free market elements of the prior Conservative government model (such as a continuing privatisation agenda and a supply side focus to labour market policies) were combined with new social investment and greater social support for working families, particularly through policies aimed at reducing child poverty (Rubery and Rafferty, 2013b).

Greater support for female employment under New Labour through measures such as increased childcare provision might also be viewed as responding to if not catching up with longer term secular developments. Female employment rates had risen since the 1970s although partly as a result of a lack of childcare infrastructure women in the UK exhibit comparatively high levels of part-time employment compared to some European counterparts. Female employment growth was paralleled by an equalisation in levels of educational achievement among women and men and the growing importance of female earnings to two-parent family earnings. Despite this, in 1997 prior to the election of New Labour, the childcare infrastructure and support for employed parents in the UK remained poor by international standards (Waldfoel, 2011).

A further trend witnessed within the family sphere shaping social policies affecting female employment concerned increases in the number of lone parents. This trend linked to broader changing social norms around the family and relationships. Rises in “divorced lone parents” gained momentum following relaxations to divorce laws during the 1970s. Increases in teenage pregnancy

and “never married single parents” appear partly linked to widening inequality and social exclusion during the 1980s and early 1990s (Rowlingson and McKay, 2001). Lone parents, the majority of which are women, experience a comparatively high risk of poverty in the UK and lower rates of employment than coupled mothers, raising their salience on the anti-child poverty policy agenda (Rafferty and Wiggan, 2010). The socio-economic issues particularly affecting lone parents were established much earlier in government reports (Finer, 1974). Much of the policy developments in the New Labour decade, particularly those seeking to reduce child poverty or childcare policies, nonetheless, can be seen as responding to a need to modernise social policy to better reflect social trends around gender and the family. Many of these social trends were arguably not fully responded to or in some cases, such as increases in lone parenthood or the decline of traditional female gender roles in two parent families, even morally accepted by sections of the prior Conservative government. At the same time, gender equality was not the major policy concern. An increased focus on the labour market activation of lone parents for example was packaged more in terms of anti-poverty measures. The absence of a greater focus on human capital development in labour market policies for welfare recipients furthermore points towards a policy agenda subordinated to neo-liberal macro-economic objectives around containing social expenditure and increasing labour supply to suppress wage growth.

Overall growth in female employment also concealed considerable differences between ethnic groups. Using UK census definitions of ethnicity, whereas Black Caribbean women had similarly or slightly higher levels of labour force participation to White women, Pakistani and Bangladeshi women had higher levels of economic inactivity (Dale *et al.*, 2008). Although such differences may partly reflect differences in cultural norms regarding gender roles and the family, evidence suggests that the expansion of higher education and increasing levels of educational attainment among more recent generations and cohorts has increased levels of labour market participation among a number of ethnic minority groups (Dale *et al.*, 2006). Evidence of continued discrimination or broader ethnic penalties in the UK labour market, however, also suggests that some of the differences in

employment patterns observed are likely to be the product of discrimination that may differ in qualitative nature and magnitude between ethnic minority groups and between men and women within specific groups (Rafferty, 2012; Riach and Rich 2002).

## **1.2. Specific policy developments under new labour**

Although issues of equality and diversity moved up the political agenda under New Labour, many of the initiatives which supported women in the labour market were not necessarily primarily sold or intended as gender equality measures. Under New Labour a number of major policy reforms nonetheless assisted women in the labour market. First the introduction and subsequent uprating of the national minimum wage improved women's wages, particularly for part-timers, although the absence of collective bargaining led to compression of differentials around the minimum wage so that women's opportunities for pay advancement with experience reduced (Grimshaw, 2009).<sup>1</sup> The second development benefiting female employment was the growth in public sector jobs, accounting for 84 per cent of women's job growth over the past decade compared to 39 per cent for men (TUC, 2011). The public sector as a major source of employment in health, social care and education has also been of particular importance for providing employment opportunities for some ethnic minorities, particularly for women (Heath and Cheung, 2006). Obligations were placed on public sector employers to promote and monitor progress towards gender equality and plans were laid to extend obligations to private sector employers to undertake gender pay audits. At the same time, the outsourcing of public sector jobs increased under New Labour, placing downward pressures on employment conditions.

The National Childcare Strategy and introduction of Surestart nurseries, targeted in principle at the most needy children in line with the child poverty programme, lead to a "sea change" in childcare provision in the UK (Waldfogel, 2011). After school and holiday provision for school-age children also grew, although run by third sector organisations and paid for by families, partly from

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1. In 2013, around 5.3% of the workforce was estimated to be on the minimum wage. This figure was higher for women at around 6-8% (Low Pay Commission, 2013).

their childcare tax credits (Rubery and Rafferty, 2013b). Although childcare services expanded they remained expensive and fragmentary while leave opportunities were extended but still low paid.

These policies to assist employment entry were accompanied, even before the change of government, by increasingly coercive mandated activation for key “economically inactive” groups of claimants of social assistance benefits (Rafferty and Wiggan, 2010). This applied to claimants of social assistance for reasons of ill health or disability (“Incapacity Benefit”) who were gradually moved to a new social assistance benefit called Employment Support Allowance, with a greater focus on mandatory labour market activation for those assessed as fit to undertake paid work, and restrictions to social assistance for people claiming benefits on the grounds of lone parenthood. The age of youngest dependent child at which lone parents were required to seek paid work was progressively reduced so that by the election in 2010 it had already fallen to age seven (reduced further to five years old in 2012 by the coalition government). However an unintended effect of the working tax credit system introduced by New Labour has been to increase the number of women in couple households who face high financial disincentives to enter work.<sup>2</sup> This is despite the rationale for the more generous tax credit system to create incentives to work. However, by retaining household means testing the impact has been to incentivise labour market participation among women as lone parents but not mothers in coupled households. The greater support for child raising costs through higher child benefits and support through both tax credits and some state provision for childcare costs nonetheless benefitted all mothers (Rubery and Rafferty, 2013b).

In the context of the UK’s hybrid social model, the extension of benefit rights towards a greater proportion of the population through tax credits and childcare support under New Labour could also be viewed as part of a broader political strategy of “progressive universalism” aimed at extending a political consensus regarding welfare and moving the UK towards a more socio-democratic social model (Rafferty and Wiggan, 2010). At the same time, much of social policy focus on supply-side measures for groups marginal to

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2. The marginal rate was reduced from 70 per cent but more families were in the net.

the labour market, such as lone parents, still firmly rested within the context of a neo-liberal approach to macro-economic policy. Increasing the effective supply of labour by “activating” lone parents through increased requirements to seek paid work among the non-employment would, in New Labour’s thinking, facilitate a rise in economic growth and expansion of employment without stimulating inflationary wage pressures (HM Treasury, 1999: paragraph 4.10). This would effectively occur partly by facilitating a greater supply of women to the low paid service sector, helping depress wages towards the minimum wage and so reduce labour costs. Policy developments such as “in-work benefits” and increases in childcare provision, although fitting with broader anti-child poverty strategies, could also be viewed as subsidies to low wages, partly countering the failings of the labour market.

The notion that longer term trends towards greater labour market participation or more recent social policies facilitated increased autonomy and equality between men and women further requires some qualification. Among the more socio-economically disadvantaged in coupled households, women have been increasingly under pressure to take on paid work as the wages of their partners- often low skilled men, have declined or failed to meet sufficiently rising living costs (including housing) (Rubery and Rafferty, 2013b). Increasing female labour market participation is thus in part both a voluntary development and an increasing requirement, at least to maintain consumption norms, enforced by socio-economic inequality and labour market polarisation. At the same time, despite a growing divergence in life chances occurring among both women and men by levels of educational attainment, gender gaps in pay persist across the income distribution, and disparities remain at the top in terms of women’s representation in managerial or board room positions (Fagan *et al.*, 2012).

Although changes in the UK social model in the decades leading up to the crisis are visible, the dominant cultural assumption remained that childrearing and domestic work generally are still largely a private issue and primarily female role (Kan *et al.*, 2011). Constraints on women’s progress in the labour market reflect the continuing effects of broader gender norms that shape attitudes and behaviour in both the private and public sphere. Within the private sphere, women still take on the majority of domestic work

and are thus more likely to experience competing pressures between paid work and parenthood or other care responsibilities. Within the labour market or organisational context, those who seek to combine paid work and motherhood may face employer discrimination around maternity and parenthood or experience occupational downgrading into lower skilled and lower paid jobs in order to find part-time employment (Blackwell, 2001). Recent evidence from the 2011 Workplace Employment Relations Survey also suggests if anything a hardening of attitudes among employers. In 2011, 76% of employers agreed or strongly agreed with the statement that “it is up to individual employees to balance work and family responsibilities”. This was up around 10% compared to 66% in 2004. Evidence further suggests that around 24% of men and 17% of women agree or strongly agree with the statement that it makes sense for women on maternity leave to be made redundant first (Government Equalities Office, 2009), reflecting broader societal attitudes that persist regarding female employment being secondary to male paid-work despite significant increases in the number of female breadwinner households.

The lack of greater transformation in the workplace also reflects that much of the approach to promoting gender equality under New Labour remained voluntary. Under New Labour the government endorsed and promoted the so-called “business case” for women’s employment and broader equality and diversity policy with a range of soft measures such as awards to companies to support work life balance policies. It further introduced a statutory right for parents of dependent children under six to request flexible working, later extended to 16 years and under (Hooker *et al.* 2007). Opportunities for flexible working were increased but not as right and were thus most applied in the public sector. Perhaps most importantly little was done to require private sector organizations to change behaviour and promote gender equality due to the voluntary nature of much of the legislation. Thus the changes introduced were largely reliant on government policies and so are easy to reverse under austerity. On entry to the economic crisis, despite gains in the relative economic position of women, the state of gender relations in the UK might best be described as an unfinished revolution (Esping-Anderson, 2009) where many women, and their wider families and children, face a state of purgatory



trapped in a society and economy that remains only partially adapted to the realities or aspirations for combining paid work and parenthood within modern family life.

Despite presiding over a period of economic growth unprecedented in recent history for a decade prior to the economic crisis, the New Labour government also saw some increases in income and wealth inequalities (Hills *et al.*, 2009). The income inequality was felt in the labour market, housing market, and broader patterns of wealth. People towards the top end of the income distribution in particular saw their incomes progress at a higher rate to the rest of the population with a stagnation of real incomes, beyond minimum wage intervention, experienced at the other end of the labour market. Although welfare reform and the minimum wage helped lift some of the poorest households out of poverty, overall New Labour failed to make significant inroads into broader patterns of inequality, which at the time of their election were unprecedentedly high in modern history.

By the time of the end of the New Labour leadership and incoming Conservative/ Liberal Democrat coalition government the Gini Coefficient for example remained in a similar position to when New Labour first came into office (see Brewer *et al.*, 2009). In terms of housing, many existing homeowners or the more affluent took advantage of rising prices and the availability of credit to secure new lending, leading to a boom in buy-to-let mortgages, further pushing up prices and contributing to an affordability crisis for the less economically advantaged and first time buyers. In a similar but perhaps less severe fashion to the US subprime crisis, it is necessary to contextualise many of the domestic contributory factors to the UK housing market crisis within the broader fault lines of economic inequality within liberal market economies. In short, broad-based attainment of consumer norms around home ownership and increasing living standards on which the boom relied became increasingly incompatible with rising inequality. Part of the social policy response can be seen as an attempt to mitigate broader growing inequality, with the government, together with personal debt, increasingly becoming the chief compensators for the failings of the labour market to provide a living wage for a sizeable proportion of households.

## 2. Gender differences in the labour market impact of the economic crisis and austerity

### 2.1. Overview

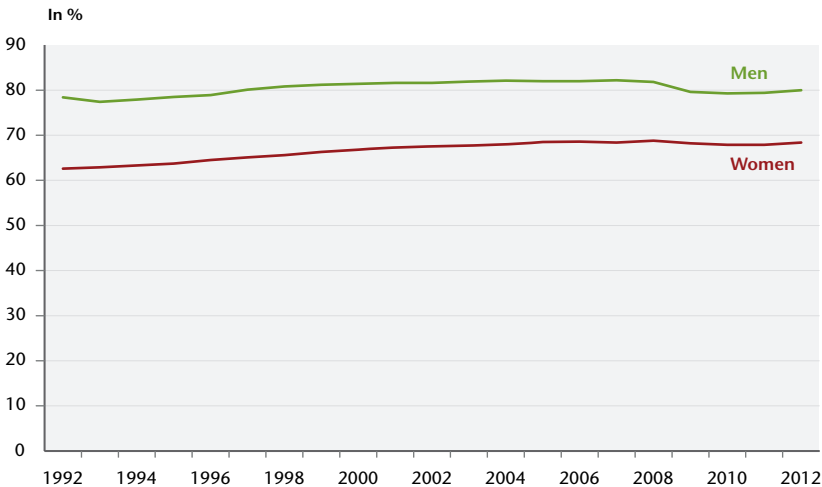
The following section goes on to consider differences in the labour market impact of the crisis and austerity by gender. Heterogeneity in the impact *within* the male and female population is further considered through exploring ethnic differences by gender. The likely effects of austerity measures are further differentiated among women, such as between coupled and lone mothers, due to different levels of economic reliance on welfare provision and broader social infrastructure.

### 2.2. Overall trends

Despite rising levels of participation leading up to the economic crisis, women still entered the 2008/9 recession with a lower employment rate than men (Figure 1), higher levels of “economic inactivity”, particularly for family reasons, and higher levels of part-time employment (Rubery and Rafferty, 2013b). In addition to greater full-time employment, male participation patterns were typified by marginally higher levels of unemployment than women by around 0.8 to 0.9 percentage points. As the effects of the broader financial crisis began to manifest themselves in the labour market around the beginning of 2008, unemployment began to rise at a faster rate for men than women (Figure 2). The disproportionate increase among men following the economic downturn saw this gap reach 2.6% by the middle of 2009. Following this time point however, male unemployment growth stabilised then witnessed a modest recovery. By the end of 2012, the gap between male and female unemployment consequently declined to 1%.

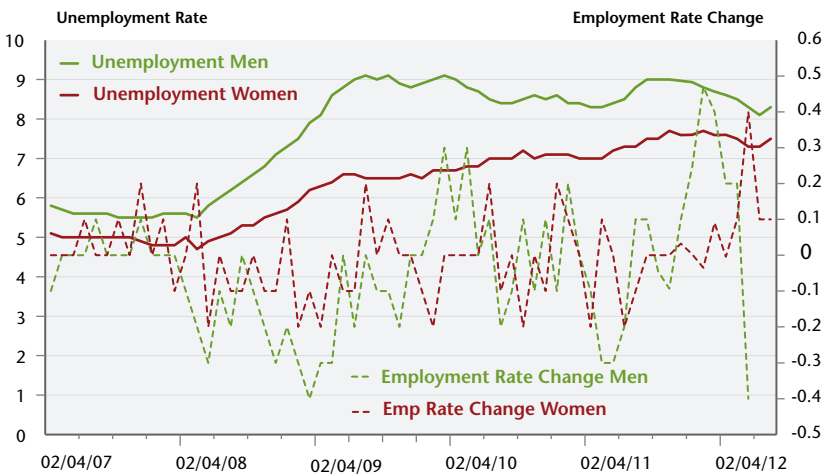
Time related underemployment is defined where a person is wanting at their same level of pay to increase the number of hours with their current employment, find an additional job, or find an alternative job with greater hours but is unable to do so. Figure 3 shows that although women experienced higher levels prior to the crisis, this gap narrowed during the initial economic downturn due to greater increases among men. However, by the beginning of 2013, the gap widened again toward pre-recession levels, similar to the greater recovery witnessed among male unemployment.

Figure 1. Long term trends in overall employment rates



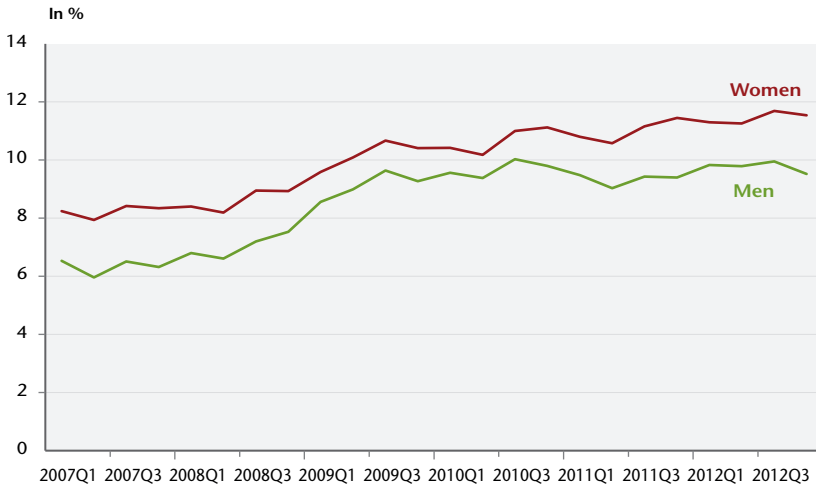
Source: UKLFS, own calculation. Men aged 16-64 years women age 16-60 years.

Figure 2. Unemployment and employment rate by gender



Source: Rubery and Rafferty, 2013b. Men aged 16-64 years women age 16-60 years.

Figure 3. Time related underemployment by gender



*Note:* Time related underemployment is defined where a person is wanting at their same level of pay to increase the number of hours within their current employment, find an additional job, or find an alternative job with greater hours but is unable to do so.

*Source:* UK LFS, own calculation. Men aged 16-64 years women age 16-60 years.

Patterns of sex segregation by industrial sector contribute strongly to the differential gender impact on unemployment rates as the initial 2008-2009 recession was most strongly felt in the male-dominated sectors of manufacturing and construction, as well as some more gender-mixed sectors such as Wholesale, Retail and Trade, as well as the Hotel sector. In contrast, the main public sector employment areas of administration, and education and health, the latter two being where women and ethnic minorities are more heavily represented, continued to grow in this period adding 300,000 jobs (Rubery and Rafferty, 2013a). This growth was the result of continued investment and counter cyclical public expenditure by the outgoing Labour government. In addition to fiscal stimulus, New Labour responded to the initial financial crisis with policies that prioritized and protected the interests of families and children; child benefits were uprated more and earlier than planned and public expenditure on services continued to rise (Grimshaw and Rubery, 2011).

However, by the 2010 election, New Labour was proposing stringent public expenditure cuts which, although more moderate than the subsequent coalition government's programme, would

have impacted on the support for working families implemented over the previous decade (Rubery and Rafferty, 2013b). After the 2010 election, the incoming Conservative and Liberal Democrats coalition introduced an “Emergency Budget”. Pointing towards the developing sovereign debt crisis in the Eurozone in countries such as Greece, an austerity plan was presented as a matter of economic necessity in order to calm the markets and stave off a similar crisis in the UK. Such logic, however, overlooked key differences between the UK and Eurozone crisis countries, such as the independence of control over monetary supply and relatively long dated government debt. The Conservatives and Liberal Democrats nonetheless sought to eliminate the so-called “structural” public deficit in one parliament by enacting a policy of intensified neoliberalism based on a shrunken and privatized welfare state (Grimshaw and Rubery, 2012). Attempts by politicians around the 2010 election to enhance feelings of crisis to legitimate such policies if anything may have helped sustain a period of low consumer confidence and in addition to austerity measures prolonged the economic downturn.

By 2012/13 public sector net debt as a percentage of GDP rose to around 74% (Figure 5) whereas the public sector deficit peaked earlier at around 11.4% of GDP in the 2009/10 financial year (Figure 6). The proposed austerity plan sought to cut budgets across a broad range of areas of departmental spending. This has major implications for women as they are more likely to be dependent on the public sector for employment opportunities (in 2007, 44% of women were employed in the public sector compared to under 16% of men),<sup>3</sup> and on the state for support for working mothers in both public and private sectors. Women overall are more dependent on benefits, particularly lone parents, and thus more affected by general cutbacks (such as the decision to uprate benefits by a lower index and more recently to cap increases at 1%), as well as to specific supports for children such as through childcare

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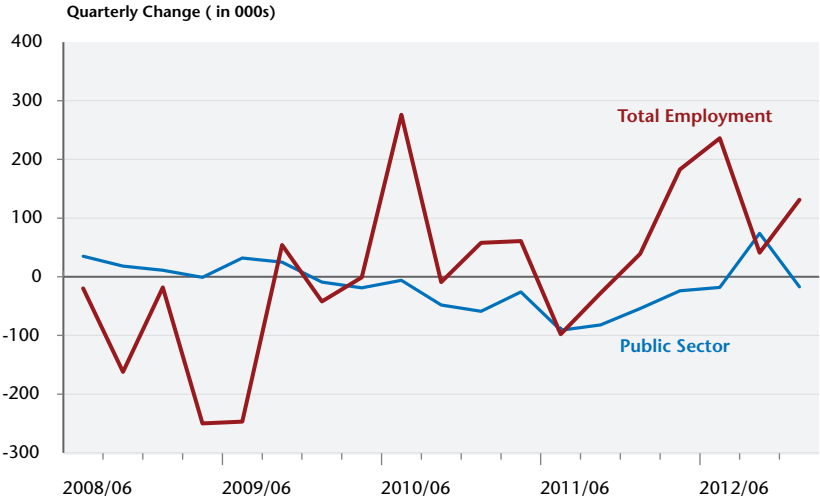
3. Based on percentage employed in public sector dominated sectors (SIC codes O, P, and Q). However, based on a alternative self-report definition using the UKLS micro-data 34 per cent of female employment is in the public sector compared to 15 per cent of male employment, with women accounting for 63.4 per cent of total public sector employment (October – December 2007). The differences between these two sets of figures largely reflect the inclusion of private sector health and education workers in the industry, based definition and that a larger proportion of male self-reported public sector employees work outside sectors O, P, and Q.

support in the tax credit system and cuts to *Sure Start* early years and nursery provision. Gender impact audits in 2010 and 2012 confirmed women were the main losers from austerity cuts putting women's share of the announced tax increases and benefit cuts in terms of being the primary recipients at 74% and 81% respectively (Women's Budget Group 2012). Women are also the most likely to take on the burden of making good any cutbacks in general support for care and social reproduction by the state even though the crisis may be putting more pressure on women to extend their involvement in paid work.

Public spending cuts are currently expected to lead to cuts of over 900,000 jobs between 2011 and 2018, that is to 16 per cent of government employment in 2010 (Office for Budget Responsibility, 2012). This exceeds original estimates due to successive downward revisions of growth estimates. Up until 2010 the public sector provided some protection against employment loss. After the change of policy in 2010 it was in 2011 that rapid job loss in the public sector job began with 110,000 public sector jobs lost in the second quarter of 2011 alone (Figure 4). Job losses in the public sector continued on into the middle of 2012 before stabilising. The majority of the predicted public sector cuts currently therefore remain unrealised (Rubery and Rafferty, 2013b). During 2010 and 2011, women's higher representation in the public sector combined with a sluggish private service sector both raised female unemployment rates. In addition to job losses, women are disproportionately affected by pay freezes (2011-13) and pay caps (1% until 2016) on public sector pay.

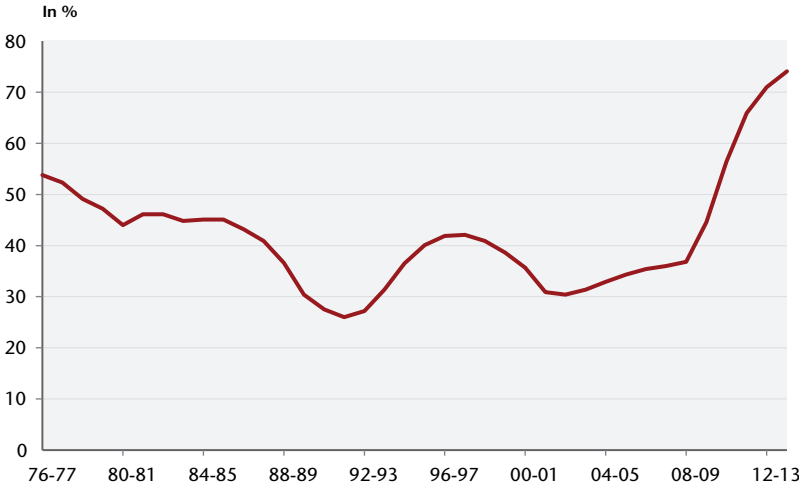
Cutbacks in support for child raising and childcare costs have been many and various. Child Benefit, a payment to families with children, has been frozen and is now means tested; grants for pregnancy and new babies have been cut back: Child Tax Credits have been reduced and the proportion of childcare costs that can be reclaimed via tax credits cut from 80 to 70 per cent (Hirsch, 2011). Local Authority childcare provision is being reduced in response to the loss of more than a quarter of Local Authority budgets (Daycare Trust, 2012). This applies both to care for preschool children and to the recent developments in after school and school holiday facilities.

Figure 4. Change in public sector employment and total employment



Source: UKLFS, own calculation. Men aged 16-64 years women age 16-60 years.

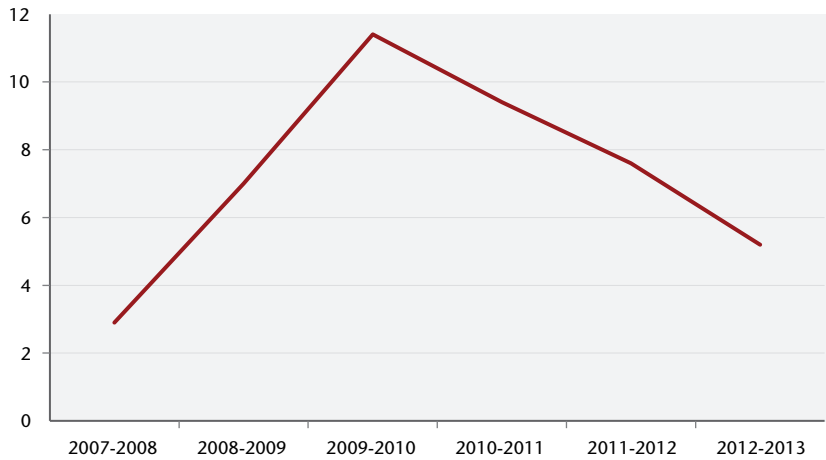
Figure 5. Public sector net debt as a percentage of GDP, 1975-1976 to 2012-2013



Notes: All data excluding the temporary effects of financial interventions. As a result of government interventions some banks and other financial institutions which were previously designated within National Accounts as private companies have been reclassified as public financial corporations. These institutions are excluded from the figures.

Source: ONS.

Figure 6. Government deficit as a percentage of GDP



Source: ONS.

The government is currently integrating all benefits into a single “Universal Credit”. Although the aim of simplifying the system is welcome this integration will also increase disincentives for second income earners even further, as a result of the proposed household means testing (DWP, 2011a; Goode *et al.*, 1998). Single women, mainly lone mothers, will also account for around 60% of those affected by cuts to housing benefits (compared to three per cent of single men) (DWP, 2011b). Pressures on benefit recipients to seek paid work have also increased even at a time of record rises in unemployment for women. Lone parents with a youngest child five or older now have to seek employment to claim benefits if assessed as fit to undertake paid work, whereas reforms to the disability benefit system have introduced more stringent and controversial fitness for work tests (Rafferty and Wiggan, 2010). Even if someone is not deemed fit for work, incapacity benefits are now household-means tested after one year. This will affect more women as disabled women are more likely than disabled men to have a working spouse (Rubery and Rafferty, 2013b). There is consequently a contradiction between measures that seek to put a greater pressure on people to enter paid work and cuts in policies that support the entry and maintenance of employment.

Nevertheless, the high burden of cuts towards women is unlikely to have been all a deliberate attempt to target women



generally but instead the outcome of women's greater reliance on the state as the preceding discussion indicates. Electoral strategists may yet chew over the electoral implications of specific measures, even if officially equality or demographic impact assessments are not acknowledged (EHRC, 2012). Indeed some more recent reliefs in childcare subsidy appear targeted in a strategic manner to appease certain socio-demographic sections of the female population amidst the broader childcare cost crisis that extends further up the income distribution to middle income families. Current policy, however, could be viewed to represent an attempt to disproportionately place the burden of austerity on the poorest and most disadvantaged members of society, who are also among the least likely to vote Conservative (Rafferty, *et al.*, 2013; Browne and Levell 2010; Brewer *et al.*, 2011). The coalition government have further sought to refocus attention away from the financial crisis towards the size of the prior Labour government's public expenditure and the prior social model as an underlying cause of economic weakness. The adoption of standard economic discourse in terms of defining the public deficit as structural (relating to longer term spending patterns) rather than cyclical conveniently fits with such a worldview. It is within this context that public sector and welfare expenditure reductions have become the targets of austerity, despite a proportion of government debt growth being linked to financial sector bailouts and economic stimulus enacted to fight the drop in economic demand in the earlier stages of the crisis.

### 2.3. Ethnic differences in the labour market impact of the crisis

Using categories harmonized from 2011 UK Census classification of ethnicity, Figure 7 shows that men and women from different ethnic groups exhibited varying levels of employment participation prior to the crisis. Among men, Pakistani/Bangladeshi and Black men (African Caribbean/Black African/Black Other) had some of the lowest employment rates. In terms female trends, Pakistani/Bangladeshi women had considerably lower employment rates than other women although have experienced an upwardly moving trend. Figure 8 shows discernible differences between men and women within ethnic groups in terms of growth in unemployment following the crisis. Whereas the highest increases in unemployment for men were for Black men, for

women, the highest increases were for Pakistani/Bangladeshi women, although Black women also experience substantial increases. From 2008 to peak Pakistani/Bangladeshi women experienced an increase in unemployment of 8.3 percentage points, compared to 2.5 percentage points for White UK born women.

In terms of time-related underemployment, although for men the highest increases witnessed following 2008 were for Pakistani/Bangladeshi men (8.6 percentage point increase compared to 3.3 percentage point increase for White UK born men), and men in the other ethnic groups considered experienced similar or lesser increases to White UK born men, the female members of all of the ethnic minority groups experienced higher increases than White UK born women (Figure 9). The highest increase for women was among Black women who experienced an increase of 6.4 percentage points compared to 3.3 percentage points for White UK born women. The findings thus demonstrate how the manner in which labour under-utilisation has manifest following the economic crisis varies both between ethnic groups and between men and women within ethnic groups.

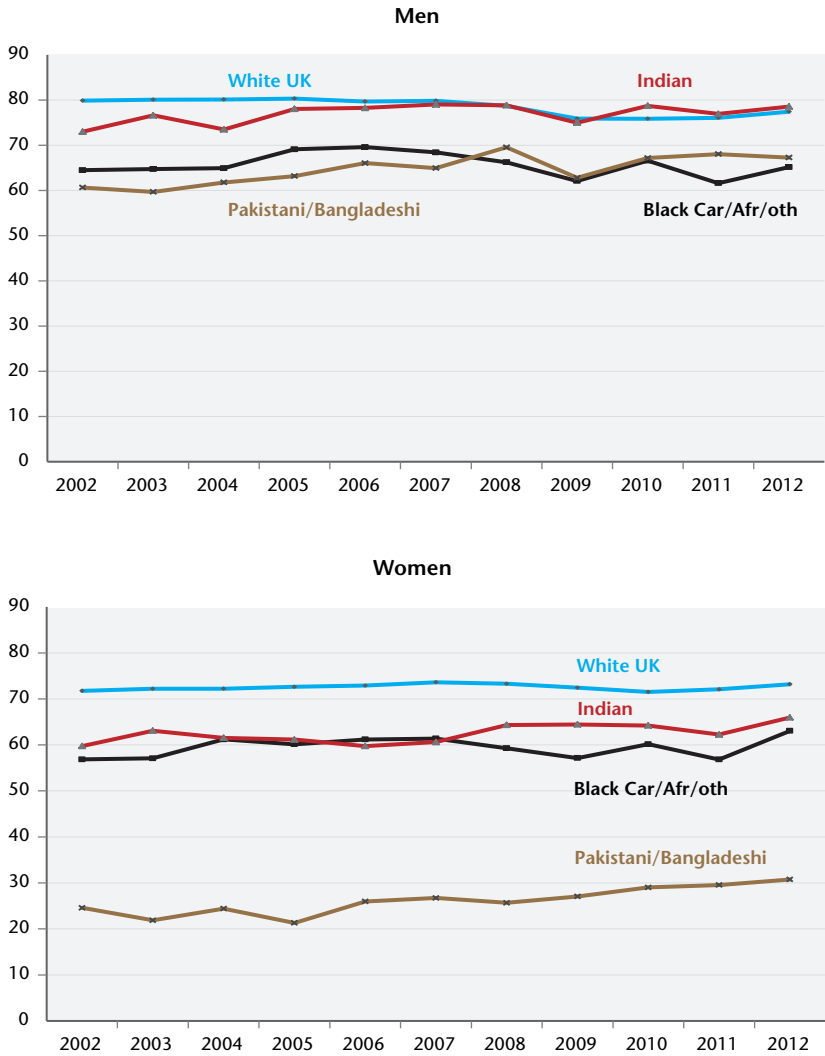
There are a number of reasons why ethnic minority or migrant workers are likely to be more exposed to increases in unemployment or broader underemployment. The first reason concerns lower levels of educational attainment (Dale *et al.*, 2008) among some ethnic minority groups restricting employment to lower skilled paid-work, which may in turn be more exposed to destruction during recession. For immigrant workers, the lack of recognition of overseas qualifications may play a role in increasing the risk of unemployment or language barriers or other factors related to assimilation (Dustmann and Fabri, 2003). At the same time, levels of educational attainment in several ethnic minority groups exceed or at least match those among the white UK born population, although among people with higher level qualifications ethnic minority men and women are more likely to attend less prestigious universities which affects employment prospects (Rafferty, 2012). An inter-related factor to educational attainment concerns patterns of occupational or geographical segregation such as the greater concentration of ethnic minority men and women into a small number of occupations (Heath and Cheung, 2006). For example, in the case of Bangladeshi men, the concentra-

tion in the restaurant sector may present a specific exposure to the recession as people cut back on non-essential expenditure. Parallels may be tentatively drawn here to how gender segregation shapes the impact of the recession on men and women. There is nonetheless also considerable evidence for the role of discrimination in the UK labour market such as derived from field studies of job applicants (see Heath and Cheung, 2006).

In terms of explaining differences by gender within ethnic groups, gender and ethnic minority status, as socially constructed categories, are not necessarily additive in terms of their impact on labour market disadvantage but may intersect to form unique forms of disadvantage (Brown and Misra, 2003). Prejudices and stereotypes affecting employer decisions and discrimination for example may differ between male and female members of different ethnic groups (Rafferty, 2012). Furthermore, within the private or family sphere, cultural norms and values surrounding gender may act to shape women's and men's identity and experience of ethnicity differently. These factors may affect the relative position of men and women vis-à-vis the labour market, prior to the recession and so the corresponding impact on patterns of employment following the economic crisis.

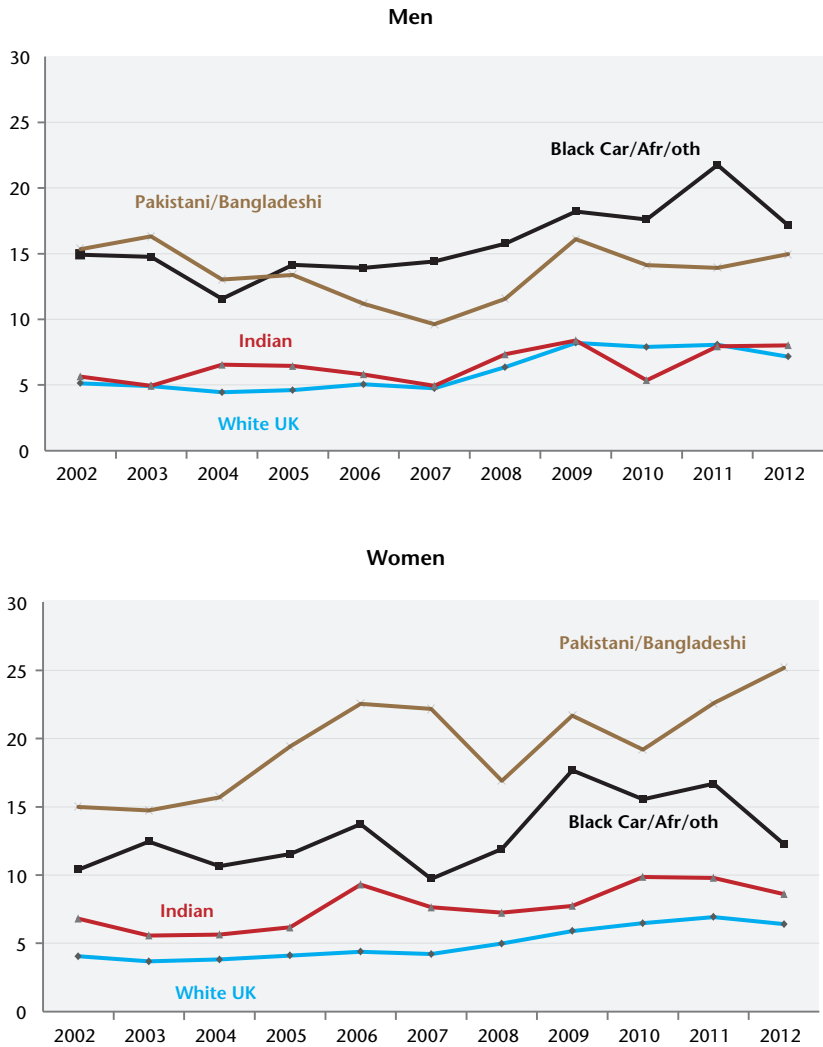
As well as undermining support for gender equality, a further potential risk of the economic crisis is that it may reduce support for the "business case" for broader equality and diversity policy or heighten discrimination across other dimensions in the labour market. A reduction in support for equality and diversity issues through cuts in funding to the Equality and Human Rights Commission, which monitors equality developments in the labour market may well send a signal to employers that the Coalition government sees such issues to be of a lower priority. The danger is that such developments occur at a time where the effects of discrimination or broader disadvantages become heightened in a more competitive labour market. Such impacts may not only relate to gender equality, but other equality and diversity issues such as linked to ethnicity, disability or sexuality. For example, recession may disproportionately impact on ethnic minority workers where discrimination places them either towards the front of queues in terms of redundancy decisions or towards the back of labour queues regarding employer hiring decisions.

Figure 7. Employment rate by ethnic group (2002-2012)



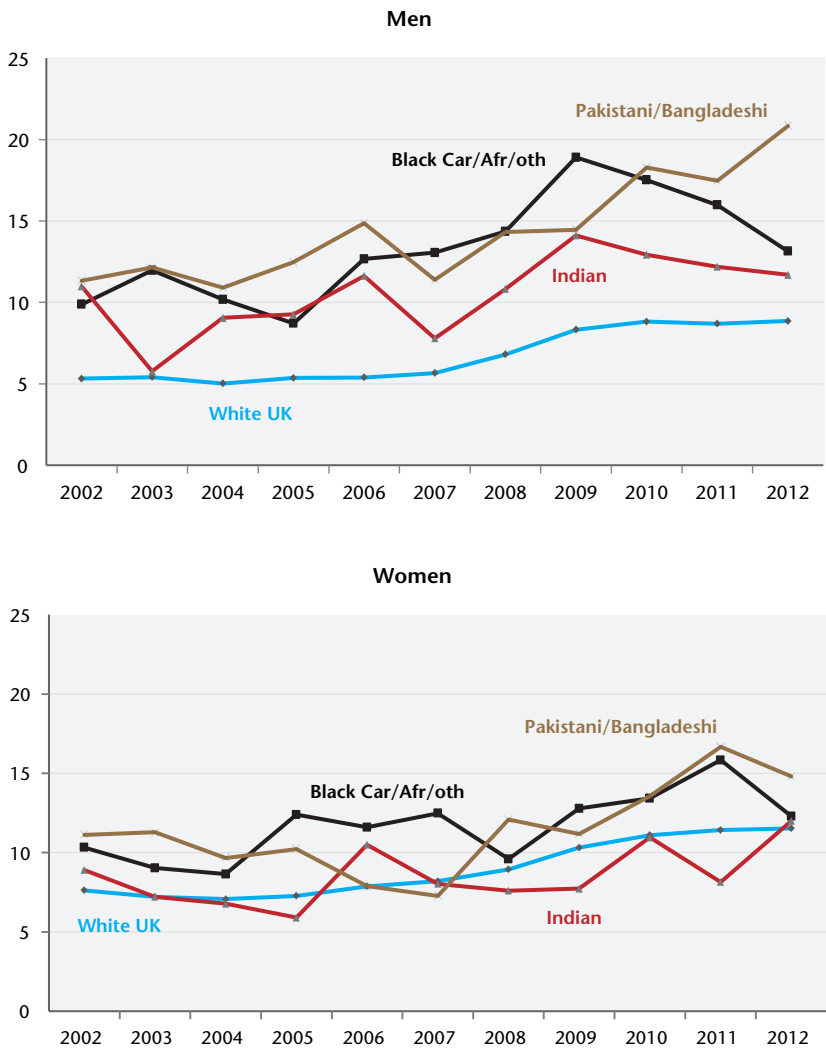
Source: UKLFS, own calculation. Men aged 16-64 years women age 16-60 years.

Figure 8. Unemployment by ethnic group (2002-2012)



Source: UKLFS, own calculation. Men aged 16-64 years women age 16-60 years.

Figure 9. Time-related underemployment by ethnic group



*Note:* Time related underemployment is defined where a person is wanting at their same level of pay to increase the number of hours within their current employment, find an additional job, or find an alternative job with greater hours but is unable to do so.

*Source:* UKLFS, own calculation. Men aged 16-64 years women age 16-60 years.

### 3. Discussion and conclusions

In addition to differential impacts by gender, the current article highlights how intersections with other social dimensions such as ethnicity are important to understanding the impact of the economic crisis. Although the initial economic crisis impacted more on male employment, the findings presented show that ethnic minority men and women overall fared worse than the white UK born majority. Among women, several ethnic minority groups experienced growth in unemployment and time-related underemployment in excess of that experienced not just by other women but the overall male population. These findings are of particular concern given government support to equality and diversity issues, not just around gender but more broadly, is being cut back at a time where tougher labour market conditions have possibly raised the salience of such issues.

A key question that arises from the discussion of the gender equality impact of the economic crisis is to what extent recent developments may have on-going and long lasting impacts on the labour market? Longer term trends in growing female labour market participation which have accrued over a number of decades are unlikely to be reversed by recent developments. In addition to changing gender norms and greater educational attainment these trends have further been underpinned by the shift from manual labour and manufacturing towards services in the economy, favouring women, and at the lower end of the income distribution by a corresponding stagnation in male wages. Indeed a squeeze on household finances may actually increase the desire for households to maximise their labour supply in the face of rising living costs and low or no wage growth. The evidence to date furthermore suggests that women are no more willing than men to withdraw from the labour market during the crisis (Rubery and Rafferty, 2013a).

At the same time, childcare and welfare support cuts create added difficulties or reduce the financial incentives to employment, whereas public sector job cuts or transfers into the private sector may reduce employment quality. Furthermore the use of a voluntary rather than compulsory legislative approach to equality policies (including flexible working, some aspects of the parental leave provision and equality and diversity policy) makes it easy for

organisations to dismantle progressive policies when labour surplus undermines some of the “business case” for equality and diversity policies. Following the economic crisis or “great moderation” (see Galí and Gambetti, 2009), women in the UK will nonetheless remain as committed to the labour market as before, if not more so, but many will likely have a rougher time of it. Although the same may be said for many men, specific attacks on public sector employment and aspects of social infrastructure, which support female labour market participation, make future impacts likely to be gendered in nature.

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# EUROPEAN LABOUR MARKETS IN TIMES OF CRISIS A GENDER PERSPECTIVE

edited by Anne Eydoux, Antoine Math and H  l  ne P  rivier

The economic crisis which began in 2008 has hit European countries diversely, causing economic and labour market disequilibria of more or less magnitude. As with past global crises, the current one has gendered implications. While women's employment was preserved relative to men's in the early stage of the Great Recession, austerity plans implemented in several countries to limit public deficits and debts seem to have affected female workers more deeply thereafter. How gendered are labour market changes in recession and austerity and how should cross-country differences be analysed? This special issue of the *Revue de l'OFCE* aims to shed light on the differences in the gendered dimensions of past and/or present crises and their related policy impacts on European labour markets. The issue includes several comparative papers that either deal with the effects of the crisis at a European Union level, or focus on events in country groups most hit by the crisis and austerity (the central and eastern European (CEE) countries). To complete the panorama, this issue also includes case-studies of several countries to help understand the great variety of crises and the gender impacts on labour markets of subsequent public policies.

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