

GENDER ISSUES OF THE RECENT CRISIS IN PORTUGAL¹

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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.

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.

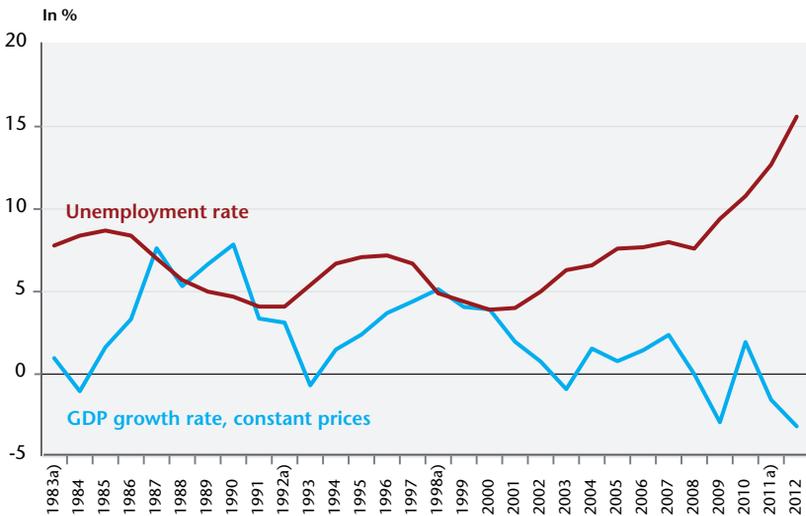
1. Putting austerity policies in context

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.² 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).³

3. See OECD (2004), pp. 61-125.

Following a process of negotiation with social partners,⁴ a tripartite agreement was signed in 2008,⁵ 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

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).⁶

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 2012.⁷

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-

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).⁸

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 EU27.⁹

Temporary contracts¹⁰ and false self-employment (*recibos verdes*) have been used in the Portuguese labour market as the main

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).¹¹

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.¹² 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.

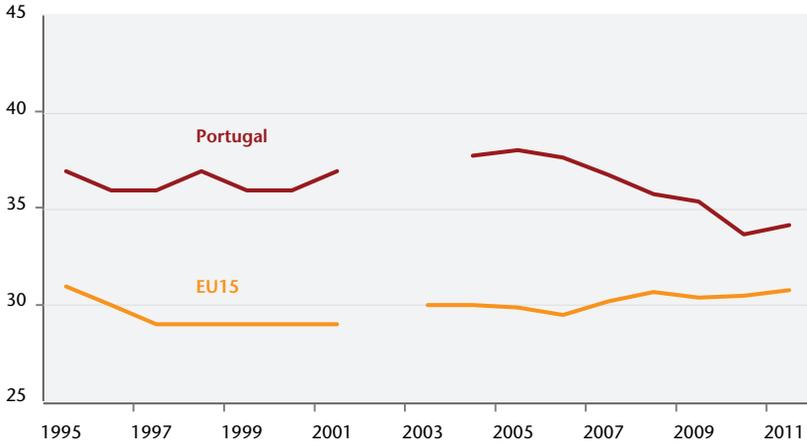
It is too early to see a clear reversal of the previously favourable trend, but it seems rather obvious that one thing has to do with the other. And as such, the evolution of inequality indicators will depend on the persistence (or not) of austerity as designed until now.

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_dii2].

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.

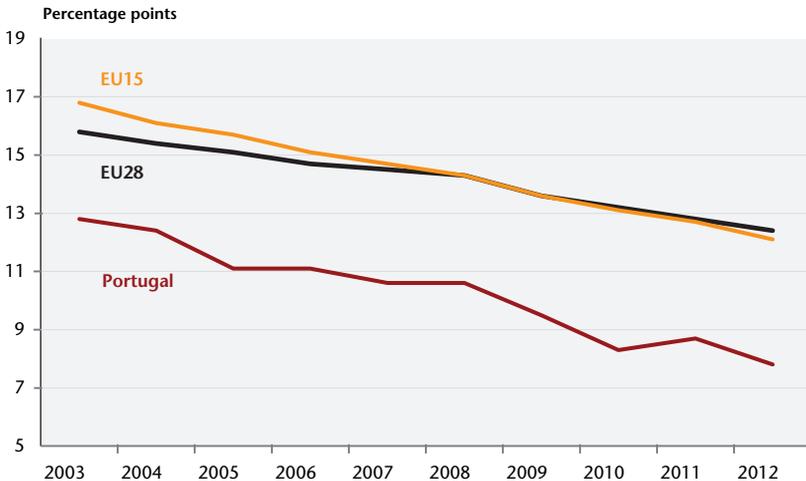
3. Gender equality in the portuguese labour market

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 2012,¹³ 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).¹⁴ 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.¹⁵ 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 income¹⁶ in Portugal was 56.5 percent of that of EU27¹⁷). 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.¹⁸

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:

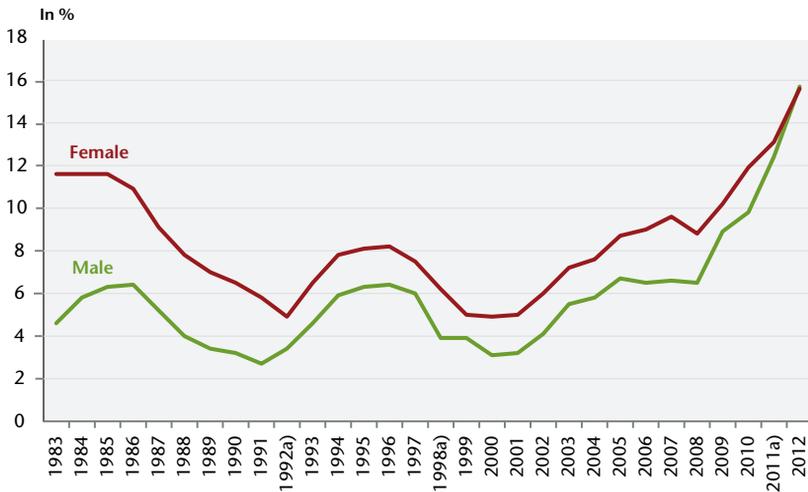
16. The equivalised disposable income as defined by EUROSTAT is the total income of a household, after tax and other deductions, that is available for spending or saving, divided by the number of household members converted into equalised adults: household members are equalised or made equivalent by 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).¹⁹ 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.

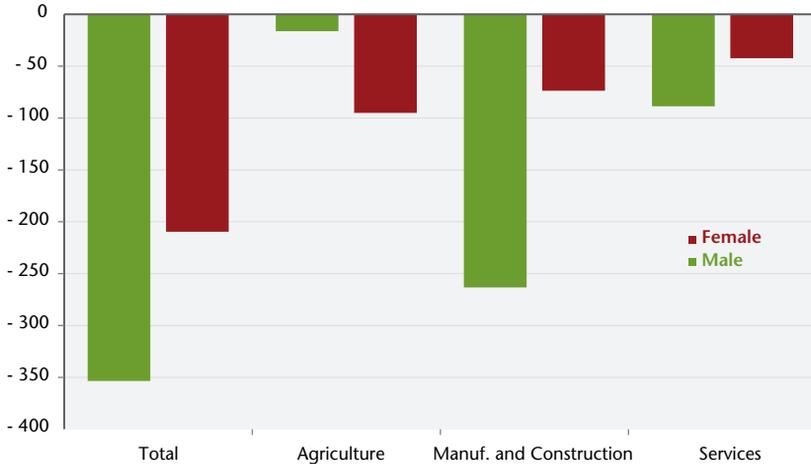
Source: INE, EE – 4th quarter 2012.

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).²⁰ 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.²¹ 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 2013.²²

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%),²³ while long-term unemployment rates are now higher than short-term ones (currently, the long-term unemployment rate is around 9%).²⁴ 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

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).²⁵ 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
Labour Force	27.5	57.1	42.4	31.0	6.6	-42.2	-2.0	-37.5	-48.4
Employed	4.8	-0.2	36.9	10.2	28.1	-143.7	-75.9	-141.2	-202.3
Unemploy.	22.7	57.3	5.5	20.8	-21.5	101.5	74.0	103.5	154.0
Inactive (15and+)	40.0	-2.7	-9.2	-6.9	21.9	67.4	0.0	53.5	22.6

Source: INE, EE, 4th 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),²⁶ and a participation effect (change in the labour force that would have occurred even if the working age population were kept constant),²⁷ 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,²⁸ and a reduction in the participation rate (the higher

25. INE, *Estatísticas do Emprego – 4º trimestre 2012*.

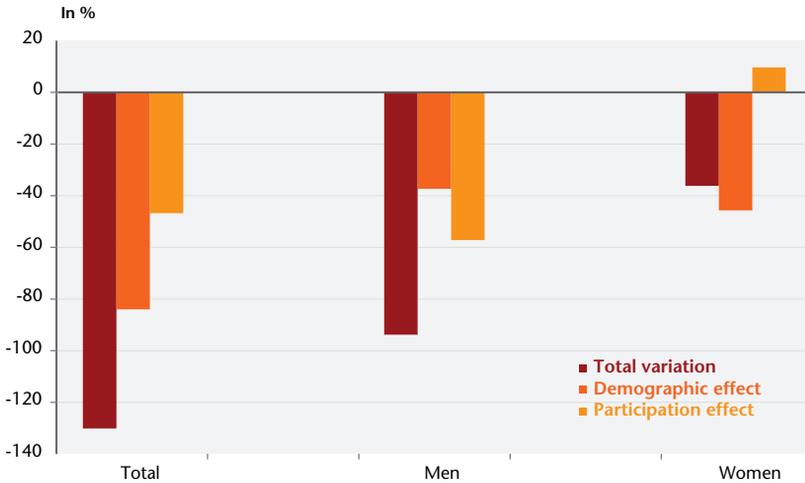
26. It refers to the changes in the working age population (aged 15 to 64).

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, 4th 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)

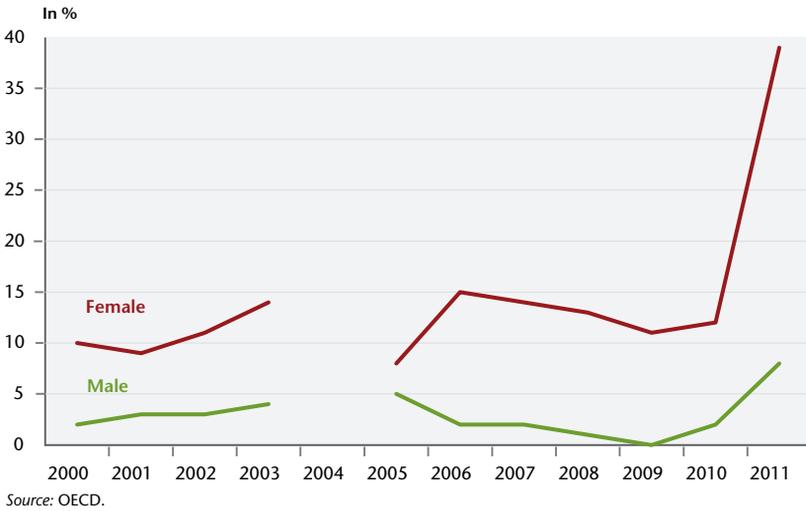
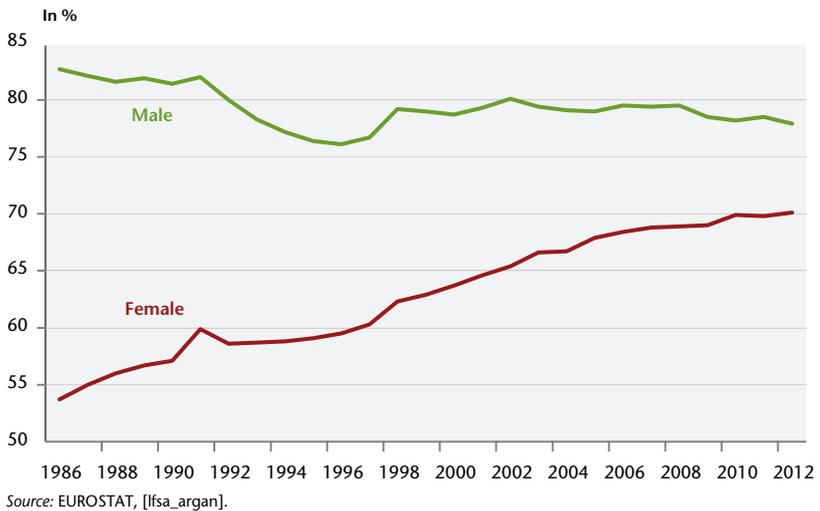


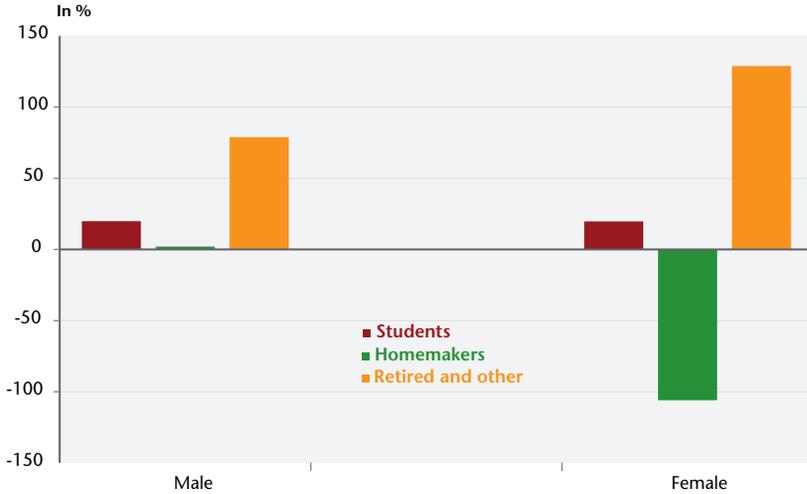
Figure 8. Participation rate by gender in Portugal



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, 4th 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).

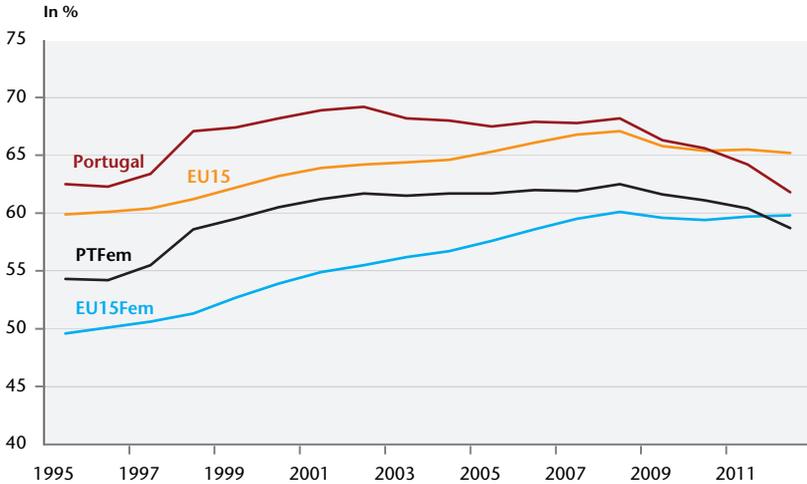
However, important differences remain alongside these recent trends, and deserve to be stressed:

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;²⁹

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



Source: EUROSTAT [lfsa_ergan].

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 education³⁰ have low and decreasing³¹ 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;³² 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).³³

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, 4th quarter 2012).

32. INE, EE, 4th 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.³⁴

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).³⁵

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 EU15.³⁶

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.³⁷ 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).³⁸ In contrast, in Portugal, the recent trend shows an increase (8.5% in 2007 to 12.5% in 2011).³⁹ 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).⁴⁰

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.⁴¹ 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*.

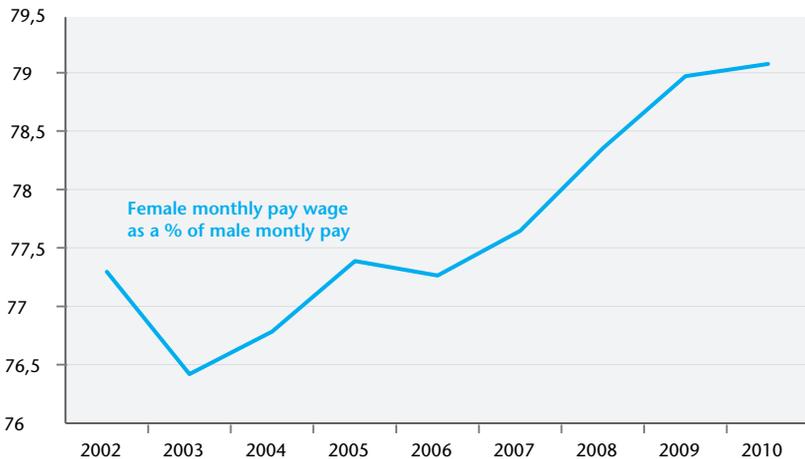
40. The gender pay gap calculated as the difference between monthly male and female pay, as a percentage of monthly male pay was 22.7% in 2002, 21.6% in 2008 and 20.9% in 2010 (GEP/MTSS, Quadros de Pessoal).

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.⁴²

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),⁴³ 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.⁴⁴ 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.⁴⁵

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 ¹	At-risk-of-poverty or social exclusion ² after social transfers
TOTAL		
2008	18.5	26.0
2009	17.9	24.9
2010	17.9	25.3
2011	18.0	24.4
2012 (provisional)	17.9	25.3
MALE		
2008	17.9	25.0
2009	17.3	24.0
2010	17.3	24.8
2011	17.6	23.8
2012 (provisional)	17.5	n.a.
FEMALE		
2008	19.1	26.8
2009	18.4	25.8
2010	18.4	25.8
2011	18.4	25.1
2012 (provisional)	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 [ilc_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%).⁴⁶ Provisional data show an increase in the risk of poverty in families with children in 2012, particularly for families with 3 or more children.⁴⁷

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].

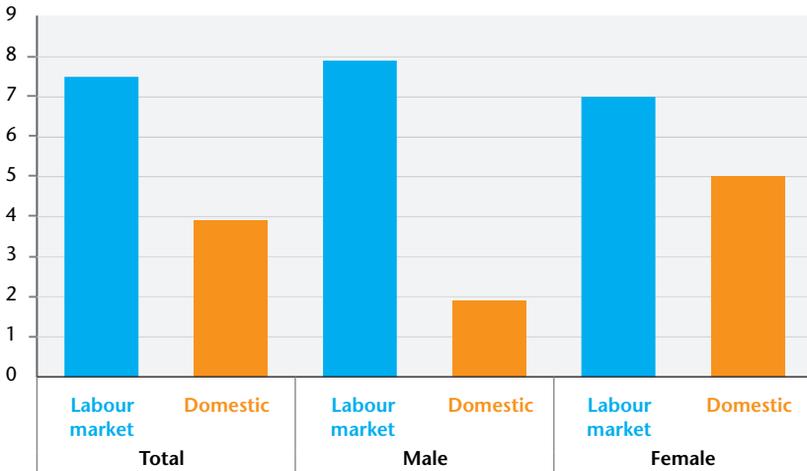
47. According to INE, for families composed of two adults with three or more dependent children, the at-risk-of-poverty rate was 41.2% (provisional value) in 2012.

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).⁴⁸ 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,⁴⁹ 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.

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).

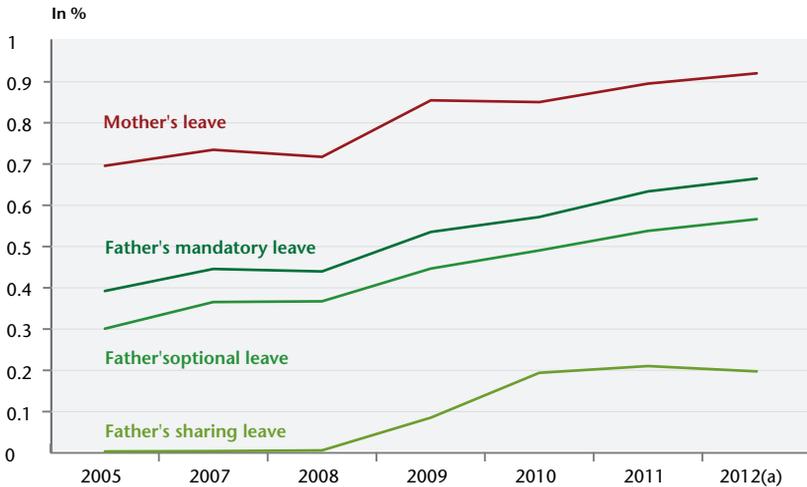
An extension of mandatory paternity leave, from five to ten working days, to be taken together with maternity leave (5 days immediately after birth and the other 5 during the first month after birth) has been defined. The father has also become entitled to two more weeks leave (at 100% pay), during the 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,⁵⁰ 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%.

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



Data for 2012 refers only to the first 9 months of the year.

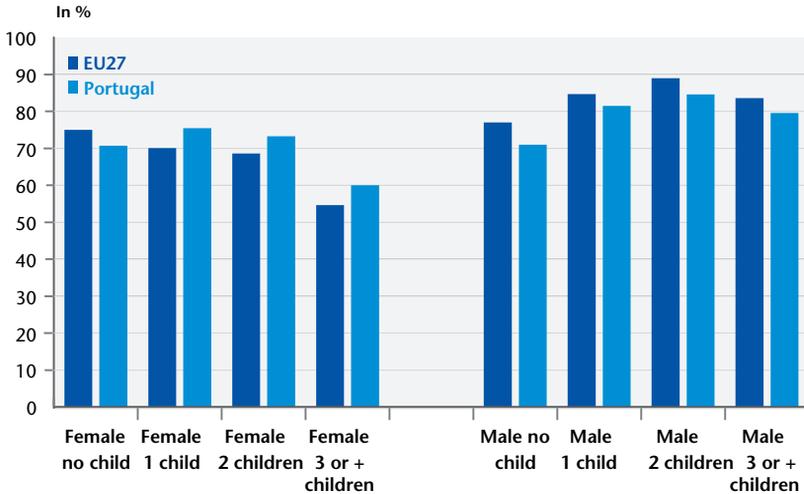
Source: CITE.

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.⁵¹

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.⁵²

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.⁵³ 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%).⁵⁴ 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

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.

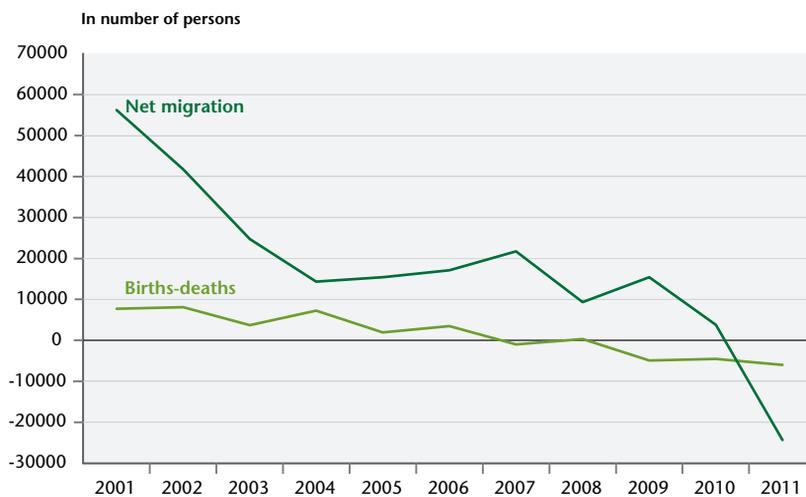
Nevertheless, the Portuguese case lends some support to the argument that previous achievements in gender equality have been sufficiently incorporated into the national labour market and in social and legal norms so as to ensure that they are not reversible.

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Appendix

Figure. Components of population change in Portugal



Source: INE, *Estatísticas demográficas, 2011*.