

To ensure economic recovery for women, we need Plan F

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Women's Budget Group

The effects on women of austerity

Economists Against Austerity network

Portcullis House, 4 March 2014

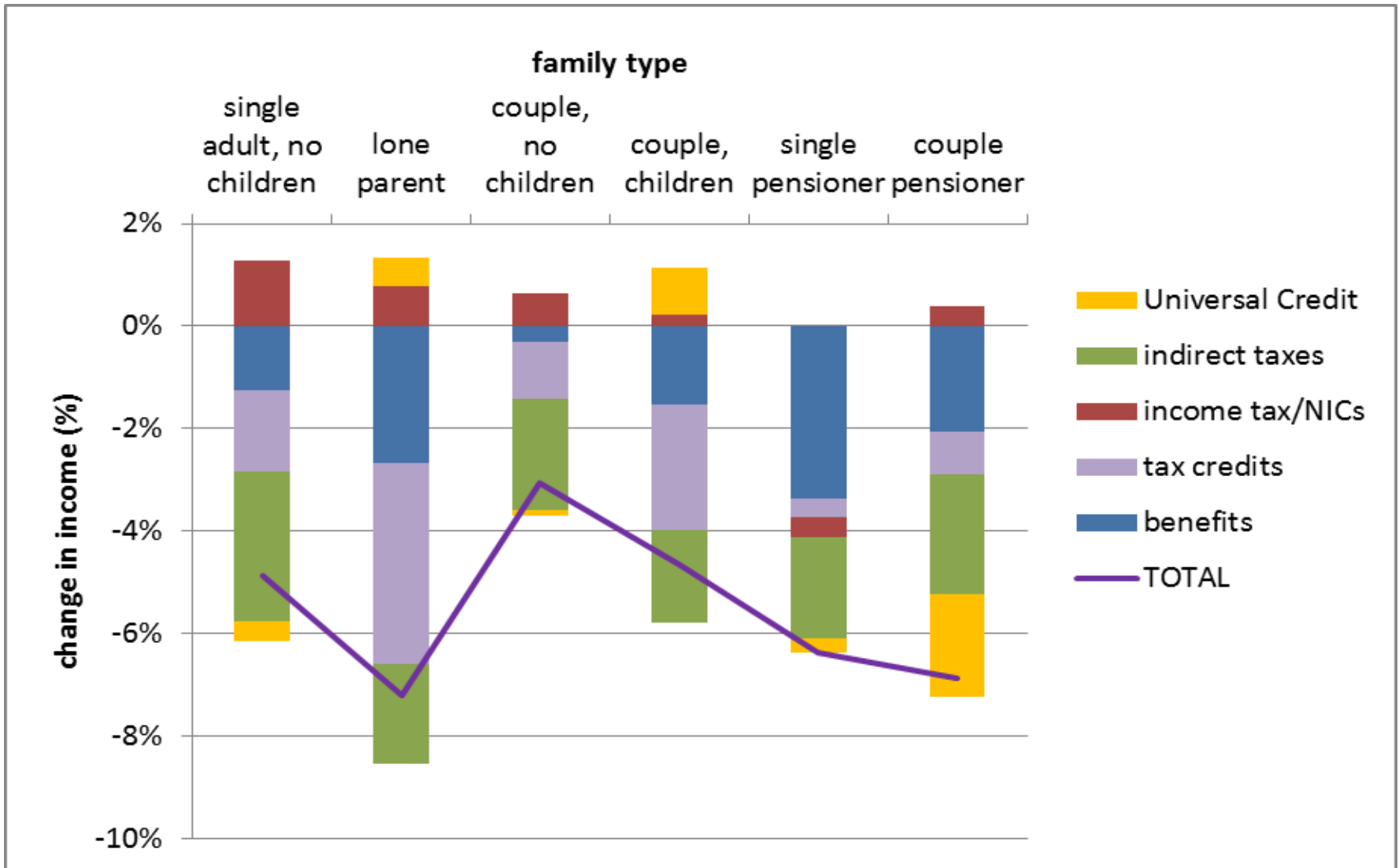
Outline

- Growth in national output but not women's incomes and well-being – gender equality not part of the current agenda
- Cuts in public services, public sector employment and social security benefits
- Outline of presentation:
 - Cumulative austerity cuts on different households
 - Employment changes
 - Other changes
 - Recovery plan F (Feminist Plan)

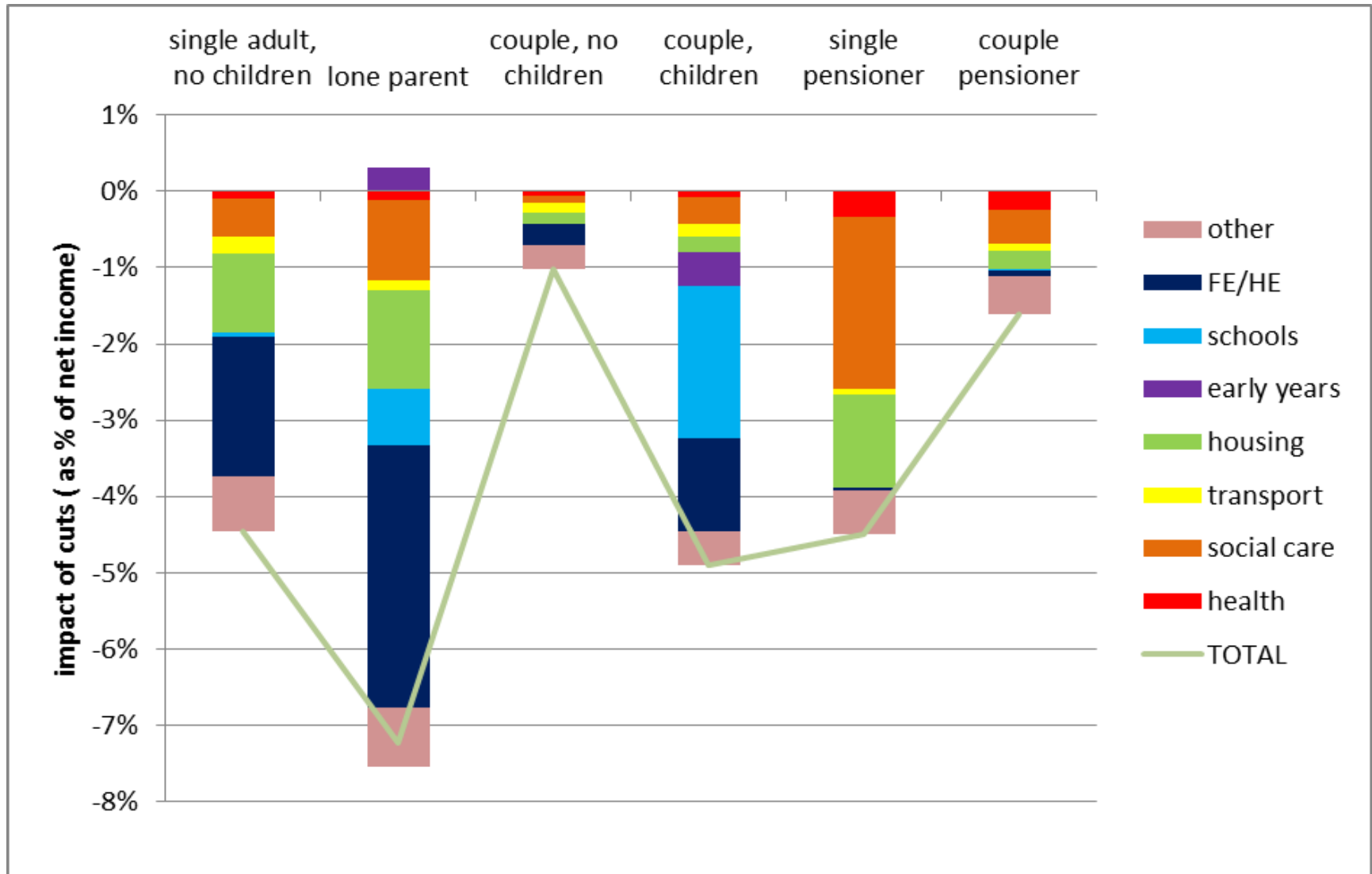
Austerity cuts 2010-15

- 85% spending cuts / 15% tax increases
- Rise in income tax threshold benefit fewer women (43% gainers are women)
- Rise in VAT affects everyone and is regressive
- Cuts in child benefits (real), lower uprating of other benefits
- Cuts in services, affecting women's employment, time and earnings (as likely substitutes), especially:
 - Social care (-23%)
 - Social housing (-34%)
 - ECEC (-19%)
 - Schools (-11%)
 - Higher and further education (-33%)

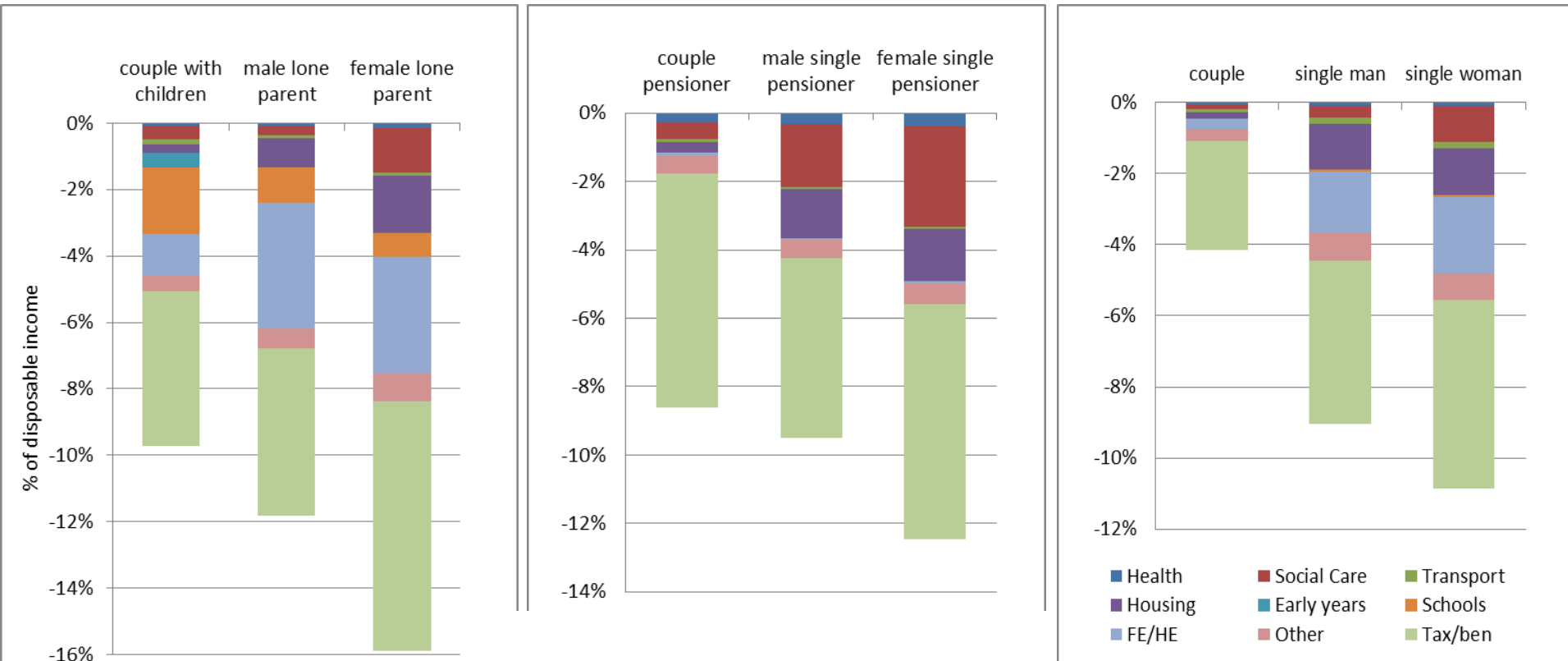
Tax-benefit changes 2010-15



Spending cuts 2010-15



Combined tax and spending 2010-15



Source: Landman Economics for the WBG (2013)

- Female lone parents most affected
- Tax-benefit changes biggest proportion of income
- Cut sin FE/HE for working-age adults
- Cuts in social care for pensioners

Changes in employment (2010-2013)

- Men accounted for 60% of headcount reduction in public sector employment between Mar 2010 and Dec 2013
- But men also accounted for 60% of total employment increase over the same period
- **Women's unemployment increased by 5% while men's decreased by 15%**
- Both decreased since Dec 2011 but faster for men (14% vs 9%)
- But still 50% higher than pre-crisis levels (41% for men)
- Although male unemployment is higher (incl. long-term) women are catching up
 - Share of **long term unemployment** shot up by 46% for women aged 18-24 (17% for men) and by 28% for women aged 50+ (18% for men), while the latter has decreased since 2011, it kept increasing for women

Changes in employment (2010-2013) (2)

- **Self-employment** increased faster for women than men (16% vs 9%); women now account for 31% of self-employed, compared to 27% in 2008. (50% of women and 21% of men among them are part-time)
- Men took up many more **part-time** jobs than women but women's share of part-time employment is still very high at 73%
- Same for involuntary PT employment (more than doubled since 2008 for men and doubled for women but women still 56% of all involuntary part-timers)
- **Temporary** employment also increased by about 10% for both (women's share if 52%)

Changes in real wages (2011-2013, 2011 prices)

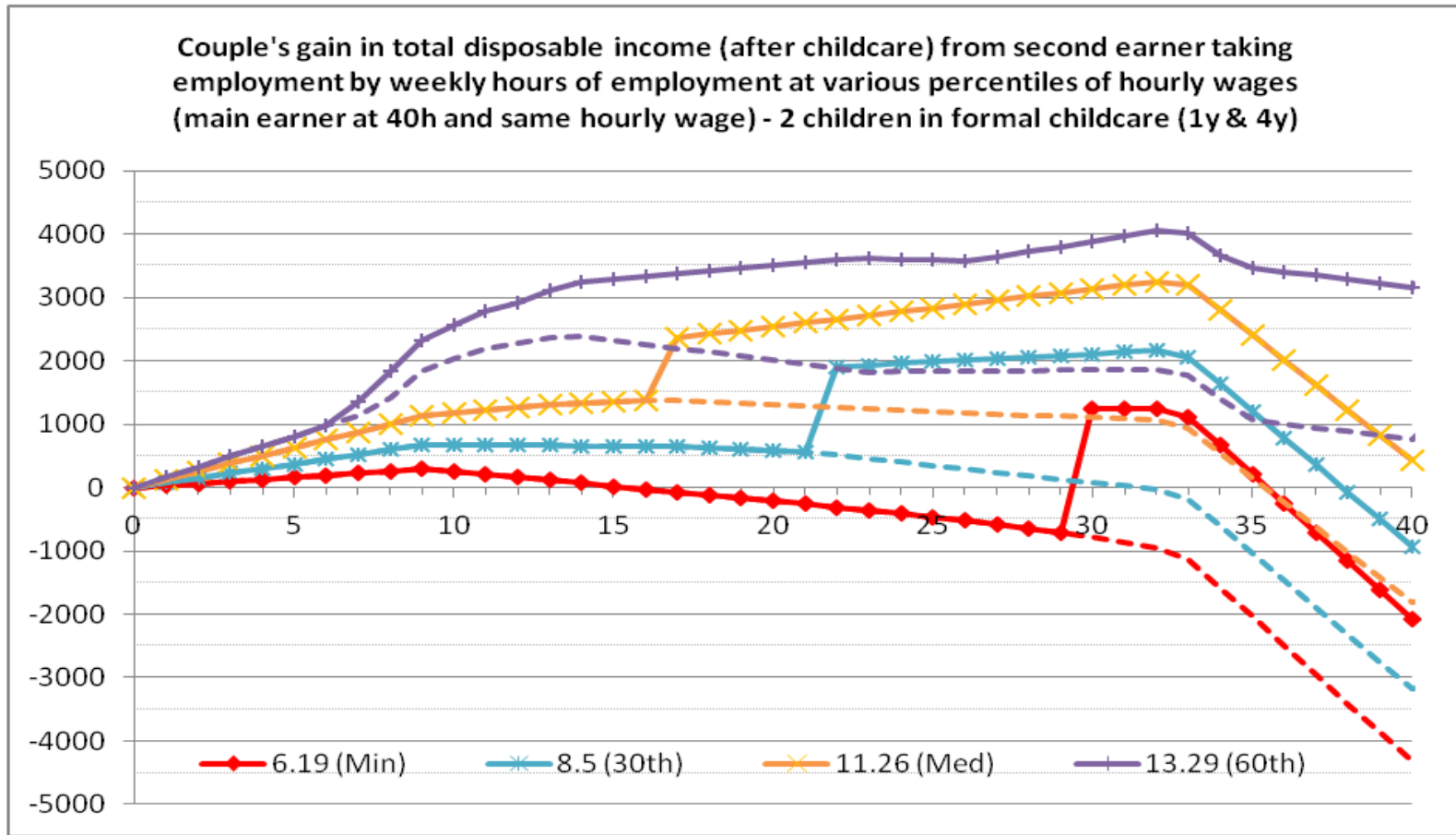
Real Wages	Weekly all		Hourly all		Weekly Full-time	
	2013	% chge	2013	% chge	2013	% chge
Men pub	558.0	-1.5%	15.11	-2.9%	590.9	-2.4%
Men priv	463.6	-2.2%	11.44	-0.7%	508.5	-1.7%
Women pub	386.2	-0.4%	12.50	-0.2%	508.4	-2.0%
Women priv	270.7	0.9%	8.32	0.1%	380.0	-0.4%
Wage Gaps	Weekly all		Hourly all		Weekly Full-time	
	2011	2013	2011	2013	2011	2013
Gender						
All	36.5%	35.5%	20.7%	20.4%	18.2%	17.5%
Public	31.6%	30.8%	19.5%	17.3%	14.3%	14.0%
Private	43.4%	41.6%	27.9%	27.3%	26.3%	25.3%
Pub-priv						
Men	16.4%	16.9%	26.0%	24.3%	14.5%	13.9%
Women	30.8%	29.9%	33.6%	33.5%	26.5%	25.2%

Source: Annual Survey of Hours and Earnings – 2011 and 2013 (SOC10 classification)

Other changes

- Spending on **infrastructure** announced in 2013 CSR
 - Mainly in sector with few women employed (energy, construction)
 - Needs to address gender imbalance and improve family-friendly schemes in those industries
- **Childcare** as social infrastructure also being cut
 - Not part of infrastructure plans (although changing)
 - Childcare costs remains hugely prohibitive (34% rise since 2008 compared with 8% for median gross FT weekly earnings) – now 46% of women's gross median earnings)
 - Childcare tax credit cuts (reforms in TFCC and UC only marginally improve support)
 - TTA money, wasted on men (85%) and very few married couples (31%) could be used to fund more support in UC for childcare

Childcare reform tax-free and UC



Note: Dotted lines represent the current situation (with UC implemented) and plain lines the situation after the TFCC and the raised 85% childcare coverage in UC for tax payers is implemented. (TFCC only kicks in for above median earners here).

Key to read the graph: at minimum wages (£6.19 - red), a second earner taking up 15 hours of work will not bring home any money after tax and benefits and childcare costs compared to staying home (0 hours). Under the current system, the couple would lose about £4000 a year if that second earner returned to work 40h. With the increased UC support, the couple will get an additional £1000 when the second earner works between 30 and 34h

Plan F – investing in a caring economy

- More and better paid/secured **jobs in care industry**
- More **social security** for unpaid/family **carers**
- **Duty of care by employers**: better employment conditions and pay (living wage)
- Thus government needs to:
 - Invest in high quality care services (rather than subsidise demand)
 - Stop cuts in public services (60% still to come)
 - Reform UC to remove second earner disincentives (bring 85% childcare support to everyone, not just taxpayers)
 - Raise minimum wage to living wage
 - Repeal social security measures that are destroying women's links with communities and family (bedroom tax, benefit cap)
 - Invest in social housing rather than subsidising lending for mortgages
 - Reinforce individual taxation

Plan F – funding a caring economy

- Social investment plan:
 - Building more **social housing** and **childcare places** is an investment for future generations so could be justified even through part debt funding (intra-generational transfer)
 - Social capital not just houses and childcare centres but **caring workforce**: some current expenditure to become capital expenditure
 - Socialisation of care and risks – can't be left for market or families → investment in a better society
- More and better paid **jobs** increase **tax revenue** (also multiplier effect for lower incomes)
- Improve **sharing of time** (reduction of full-time working hours and incentives for men to increase caring time)
- Tax **redistribution** between men (better paid) and women (eg. PAT, TTA, additional tax rate)

Thank you for your attention

To be continued...

More information: www.wbg.org.uk