

The Polar Opposite: Gender Equality in Iceland

National Women's Council of Ireland

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'Iceland still has high unemployment and is a long way from a full recovery; but it's no longer in crisis, it has regained access to international capital markets, and has done all that with its society intact.

And it has done all that with very heterodox policies — debt repudiation, capital controls, and currency depreciation. It was as close as you can get to the polar opposite of the gold standard. And it has worked.'

Paul Krugman (2011). 'Iceland exits', *The Conscience of a Liberal*, NY Times blogs, September 1st.

<http://krugman.blogs.nytimes.com/2011/09/01/iceland-exits/>

Structure

- General background
- The Icelandic approach and its' effects
- The recession's impact on the labour market
- Gender equality policies and legislation
- Conclusion

Iceland: some general background

- Population 320,000
- Dual earner- dual carer society
- Welfare state: Largely in accordance with the Scandinavian model
 - but benefits are generally low (except for the parental leave) and means tested and spending on social protection in general, and families with children in particular, has traditionally been low.

The labour market

- The three main characteristics until the collapse were:
 - Unemployment almost non-existent (2%)
 - Employment rates among the highest in the world
 - The employment rate of men (over 15) was 85.3% and that of women 76.0% in 2007
 - Very long working hours
 - In 2007 men worked on average 46.9 hours a week and women 35.6 hours. (About 38% of employed women work part time , working 24.5 hours on average)
- The labour market is however very gender segregated
 - Women are overrepresented in the service sector and men in the industrial and production sectors
 - Women are also much more numerous in the public sector and men within the private sector

The Icelandic approach: A mixture of cuts and tax increases

- The tax burden was increased for the higher income groups whilst reduced for those on the lowest income.
- Over all, the total accumulated cuts in public expenditure are estimated as 8% of GDP (in 2011 prices) in 2009-2012 and the cuts will continue.
- But the basic unemployment benefit, social assistance allowance, minimum pension as well as the minimum wage, were all increased
 - by 31-41% in nominal values between 2007 and 2010 and thus raised above inflation (27.5%)

The effects: Change in real disposable earnings of couples by income deciles



Source: Ólafsson and Kristjánsson (2012) [Statistics Iceland and CSO]. *Umfang kreppunnar og afkoma ólíkra tekjuhópa*, University of Iceland: Social Research Centre, page 56.
The full report is being translated into English and will be available at www.ts.hi.is.

Cuts made in family benefits

- The spending on cash benefits to families and children (as measured in amount per capita) has been cut by 4% since 2007.
- Main areas of cuts:
 - The parental leave (which was very generous) has been cut three times since the collapse and the cap for full benefits is now only 60% of what it was in 2008 and has fallen below the average salary. The coverage of the leave has also been reduced.
 - The uptake of parental leave by fathers, albeit still very high, has been declining.
 - Child benefits: made more means tested and the marginal deduction rate increased.

The labour market effects

- The recession first hit male-dominated sectors (particularly the financial sector and construction) with other sectors to follow so unemployment rose quicker for men than for women and, for the most part, unemployment has been higher for men than for women throughout the period.
- The level of employment has also decreased more for men than women, or by 8.6 percentage points (ppts) in the period 2007-2011, while the costs in employment for women equalled 4.1 ppts.
- The gender pay gap declined in 2009 but rose in 2010 and 2011, both in the private and the public sector.

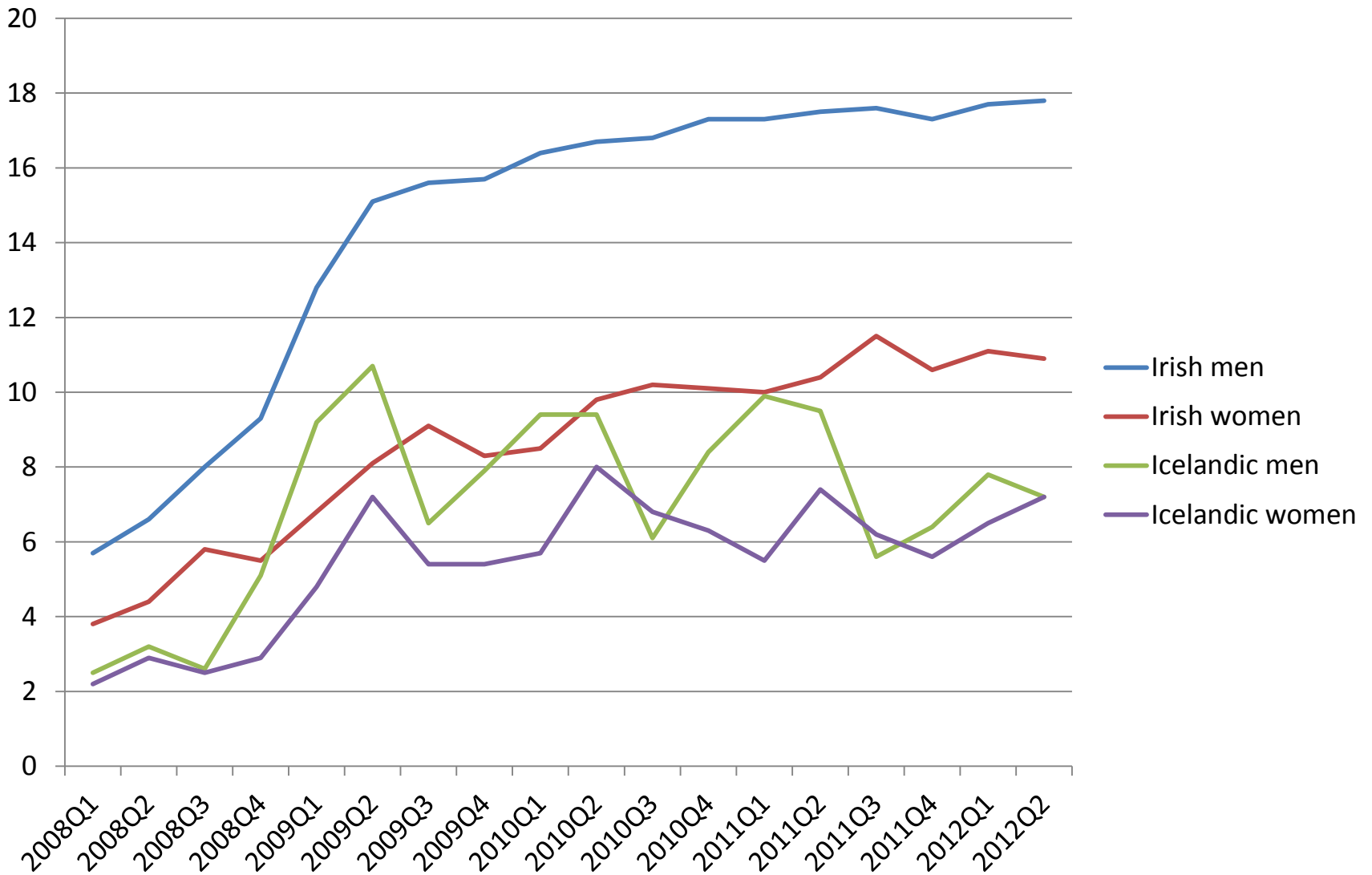
Trends in recession and recovery

- The trends in the two periods are of opposite nature.
 - In the recession, the employment contraction was almost exclusive to the private sector while the public sector was hardly affected. In the recovery however the opposite occurred, employment contracted more within the public sector
- The implication of these trends is a difference in impact for men and women

He-cession and he-recovery

- For men, most of the impact of the financial collapse occurred during the recession period
 - With unemployment peaking at 8.6% in 2009
- For women the impact rose more gradually
 - With unemployment peaking (?) at 6.7% in 2010
- Men's unemployment started to decline in the end of 2011 and the employment rate has risen somewhat, while women's situation seems still to be deteriorating

Unemployment in Iceland and Ireland by gender



Sources: Statistics Iceland and CSO.

Labour market policy

- There has been a five-fold increase in the budget for active labour market programmes which has been used to increase the number as well as the variety of labour market measures
 - » E.g. subsidised 'trial hiring' for firms as well as public institutions, opening of secondary schools to those under 25 who wish to complete their education.
 - » VAT rebates of maintenance work
- The focus in job creation and other measures to boost employment have however been more focused on male sectors (construction in particular)

Changes in gender equality policy

- No gender equality institutions or measures have been abolished since the collapse
- Important additions have been made:
 - Gender Budgeting (to be implemented in stages)
 - Gender Equality Watch appointed in the wake of the crisis to predict the gender effects (later submerged into the more general Well-being Watch)
 - Equal Pay Standard (being developed)
 - Legislation: purchase of sexual ‘services’ banned, Austrian way in domestic violence cases legalized, ban on strip clubs enacted, laws on gender quota in corporate boards passed

Conclusions and future prospects

- Gender equality has been protected and somewhat raised in this recession, due to a more gender egalitarian government
 - Especially with regard to the respect for women's bodies and gender awareness
- As unemployment has however been construed as a male problem, the solutions have been heavily male-biased and that, along with the recovery in the private sector, has led to a decrease in men's unemployment. Meanwhile, women's unemployment has been increasing.
 - The prospects for women's employment in the near future are thus bleaker than men's, especially with the continued cuts in public spending.

- For the future, the next governmental election (in 2013) is of vast importance
- If the present government will be re-elected, it seems clear that cuts will be rectified when possible
- That is however a very big IF.
 - According to the latest polls the government only enjoys the support of about 34% of the electorate while the parties in power before and during the boom, the Independence Party and the Progressive Party, get about 50% support combined.
 - It seems thus more likely than not that Iceland will take a neoliberal turn in the next election, the consequences of which can be drastic

Additional slides

The Icelandic Recession in short

- In 2009-2010 GDP contracted by a total of **10.8%**
- The annual average of the CPI rose by **27.5%** between 2007 and 2010
 - Total cut in real wages 2008-2009 was above 12%
 - Perhaps the largest cut experienced in Europe or USA in this recession
 - Household debt soared and was at 129% of GDP at its peak in 4th quarter of 2009 (has since fallen somewhat due to household debt measures)
- Private consumption fell by **22%** between 2007 and 2010.

Inflation and economic growth 2007-2011

	Economic growth	Inflation (peak)
2007	6.0	5.0 (7.4)
2008	1.3	12.4 (18.1)
2009	-6.8	12.0 (18.6)
2010	-4.0	5.4 (8.5)
2011	3.1	4.0 (5.7)

The Icelandic labour market by gender in 2007, 2009 and 2011

	2007		2009		2011	
	M	W	M	W	M	W
Employment %	85.3	76.0	76.9	72.1	76.7	71.7
Unemployment%	2.3	2.3	8.6	5.7	7.8	6.2
Average working hours – everyone	46.9	35.6	43.8	34.9	44.1	35.4
Average working hours- full time	49.4	42.1	46.8	41.6	47.4	41.3
Average working hours - part time	22.5	24.5	22.3	23.2	21.5	24.4
Part time workers: percentage of those in work	9.8	37.8	12.7	37.0	13.2	35.6
Women as percentage of workforce	45.5		46.6		47.6	

Sources: Statistics Iceland and OECD Stat Extracts.