

The Impact of Ireland's Recession on the Labour Market Outcomes of its Immigrants

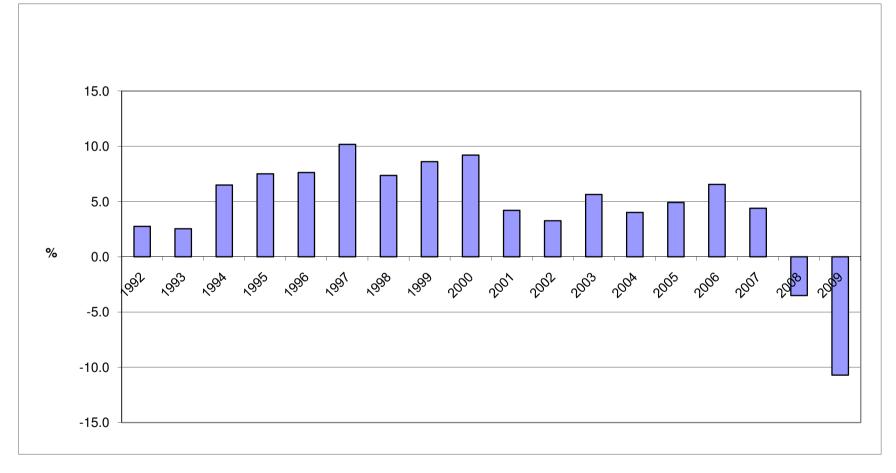
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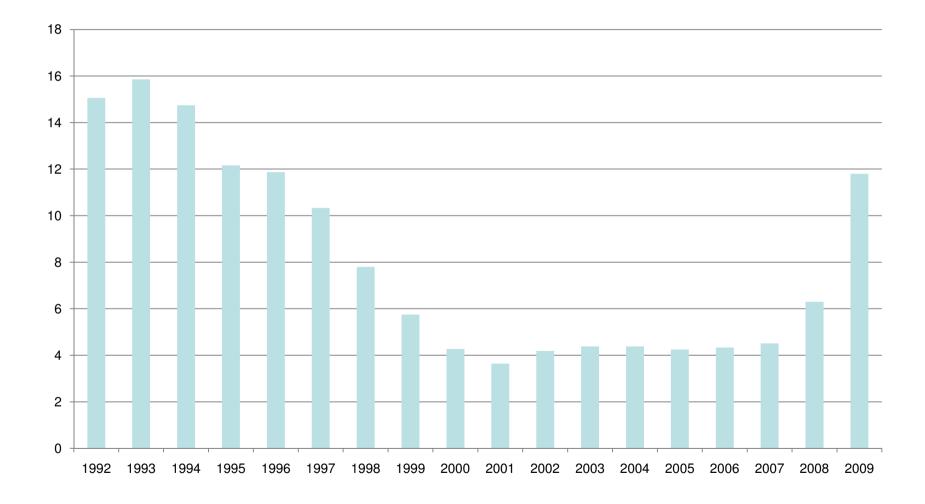
Structure of the talk

- Some pictures of Ireland's recession
- Then, a brief review of what was known about Ireland's immigrants before the recession
- We then use published data to look at trends in employment and unemployment through 2008 and 2009
- We go on to use micro-data to get a more refined sense of how the recession has impacted upon immigrants

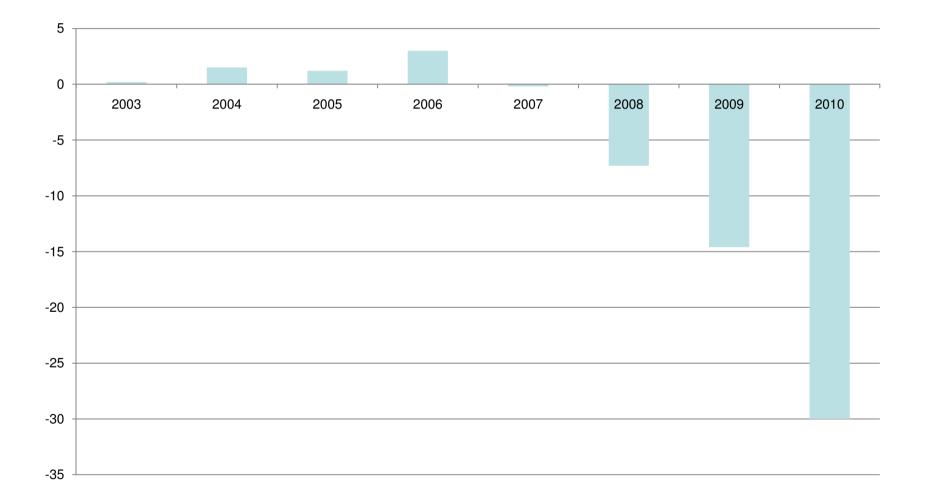
The Recession- Ireland's GNP growth rate



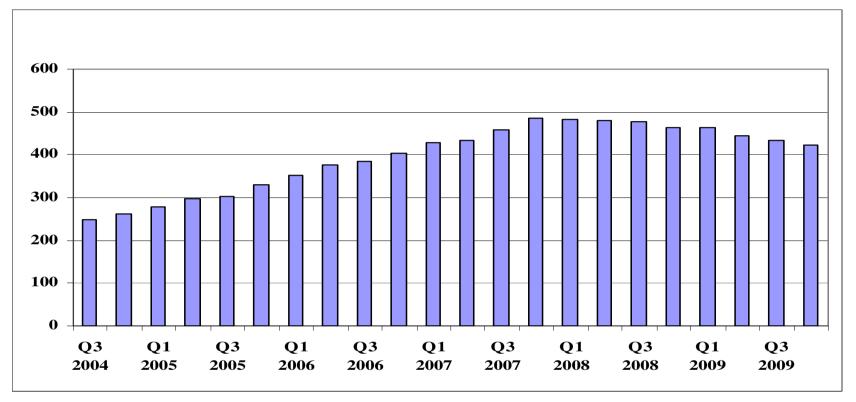
Ireland's Rate of Unemployment



Ireland's deficit as % of GDP



Non-national population numbers (aged 15 and over), Q3 2004 to Q4 2009



The number rises from 247,000 to 485,000 in Q4 2007. This meant that the non-national population grew from 7.5 percent in 2004 to almost 14 percent in 2007. The figure for Q4 2009 is 423,000, a fall of 62,000 from the peak or 13 percent.

Immigrant characteristics/experiences (1)

- On earnings, Barrett and McCarthy (2007) showed an immigrant earnings disadvantage of 18% relative to comparable natives, on average
- But no disadvantage for immigrants from English-speaking countries
- For accession state nationals, the disadvantage was 45%; larger than for any other group

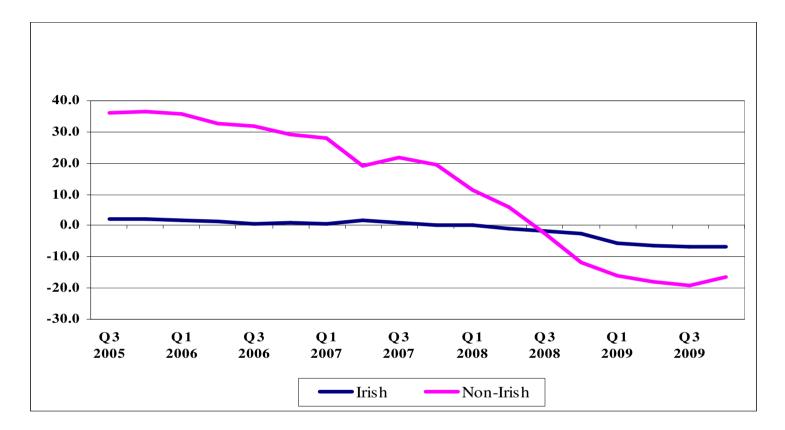
Immigrant characteristics/experiences (2)

- On occupational attainment, Barrett and Duffy (2008) showed the accession state nationals were about 20% less likely to be in higher-skilled jobs relative to comparable natives
- No evidence was found to suggest that this occupational gap fell as immigrants spent longer in Ireland

Summarising

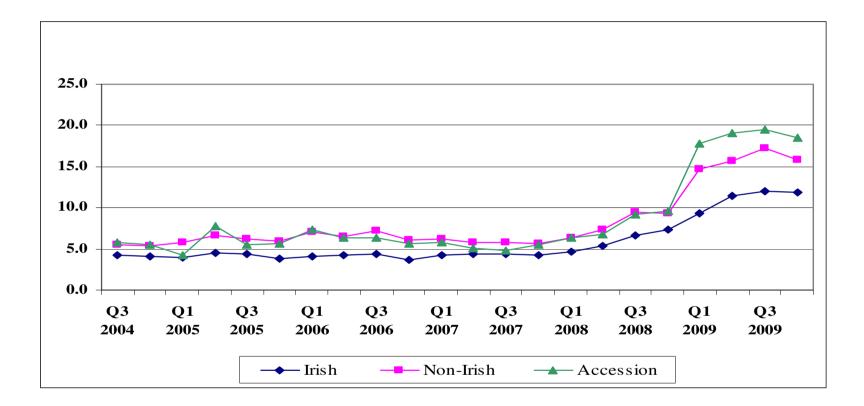
- Summarising
 - Immigrants from the NMS seemed particularly disadvantaged
 - Many recent arrivals among that stock of immigrants
 - Lower earnings and lower occupational attainment suggest lower "job quality"
- Hence, likely to be more vulnerable to employment losses

Annual percentage change in employment



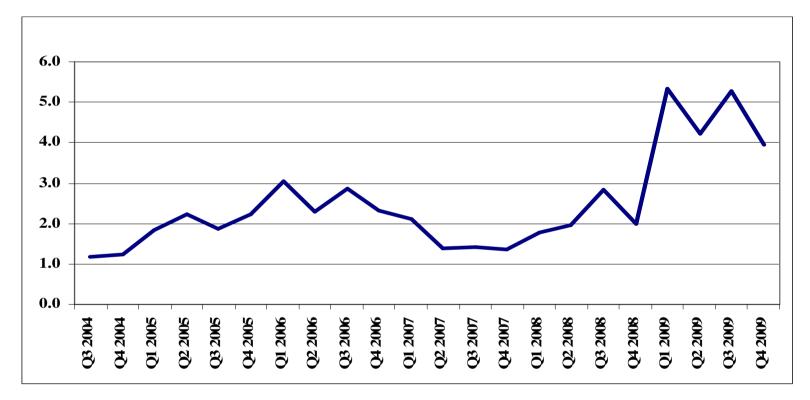
At Q3 2009, the annual rate of employment loss for non-nationals was almost 20 percent. For nationals, the corresponding figure was 7 percent. From the peak level of employment in Q4 2007, non-national employment had fallen by 26 percent by Q4 2009.

Unemployment rates



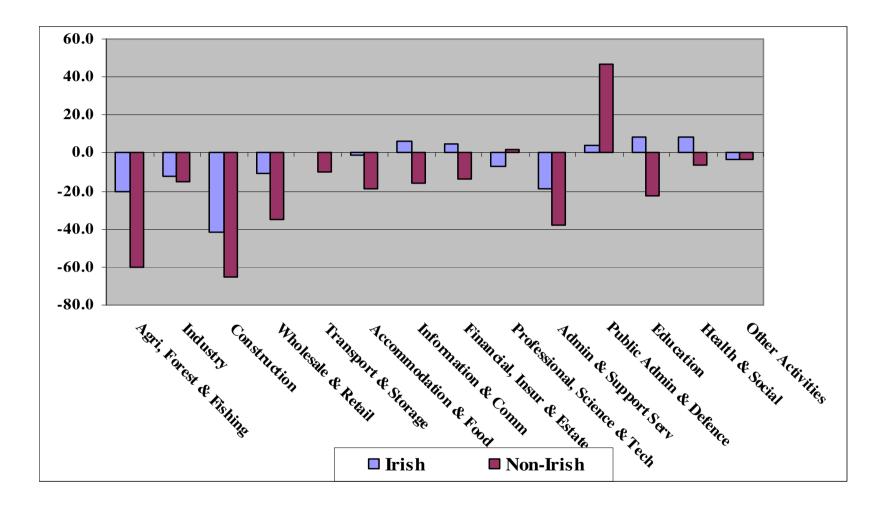
Through 2007, unemployment rates were clustered around 5 percent but a divergence begins in 2008, especially for accession state nationals.

The gap in national and non-national unemployment rates



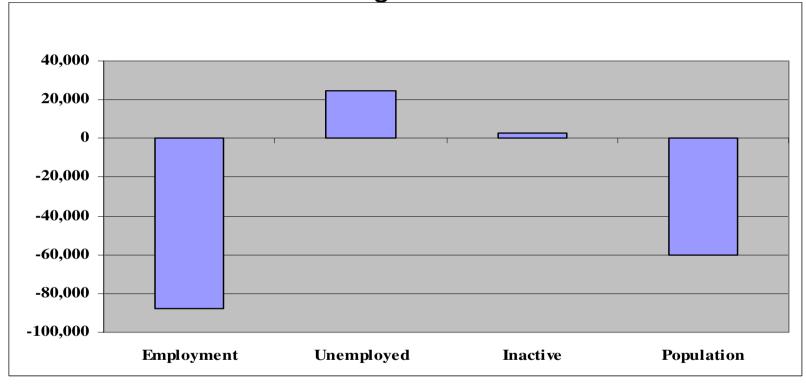
Reflecting the last slide, we see a particularly striking jump in the gap in early 2009.

Employment loss by sector, Q1 2008 to Q4 2009



Key point: loss of employment for non-nationals was not solely related to an over-concentration in construction.

How was the employment loss among non-nationals distributed across unemployment, inactive and out-migration?



Between Q1 2008 and Q4 2009, employment fell by 87,500. The number unemployed rose by 24,500. The number of inactive non-nationals roses by 2,700. The net outflow was 60,200.

Next step (1)

- The employment of non-nationals seems to have been hit hard by the recession
- But so too has the employment of younger people
- In order to see if there was an immigrantspecific impact, we need to use regression analysis

Next step (2)

- We use micro-data from the Quarterly National Household Surveys of 2008 and 2009
- This is Ireland's labour force survey
- 13,000 households interviewed each quarter; 39,000 observations
- Usual socioeconomic data included, including nationality and place of birth; also year of arrival in Ireland
- It is known to undercount immigrants but representativeness seems ok

Next step (3)

- We estimate probit models of employment probabilities
- The dependent variable equals 1 if a person is employed and zero if they are unemployed or inactive
- We include dummies for immigrants and year (2009)
- We then interact the year and immigrant dummies to see if immigrant employment probabilities declined relative to natives in 2009, as the recession deepened

Some descriptives

| | Natives | Immigrants | |
|----------------|---------|------------|--|
| | % | % | |
| Employed | 65.3 | 68.5 | |
| Unemployed | 5.5 | 9.2 | |
| Inactive | 29.2 | 22.2 | |
| Female | 55.8 | 48.8 | |
| Degree holders | 18.5 | 25.7 | |
| UK | | 17.3 | |
| EU-13 | | 9.8 | |
| EU-NMS | | 42.8 | |
| Other | | 30.2 | |
| Ν | 62,182 | 8,469 | |

Regression results (1) – all immigrants and natives

| | Model 1 | | Model 2 | |
|--------------------|-----------|---------|-----------|---------|
| | Coef | SE | Marginal | SE |
| Immigrant | -0.047*** | (0.017) | 0.024 | (0.024) |
| 2009 | -0.156*** | (0.010) | -0.140*** | (0.011) |
| Immigrant *2009 | - | - | -0.133*** | (0.032) |

Regression results (2) – by national group

| | Coef | SE | Coef | SE |
|-----------------|-----------|---------|-----------|---------|
| UK | -0.327*** | (0.035) | -0.355*** | (0.049) |
| EU-13 | -0.033 | (0.051) | -0.058 | (0.074) |
| EU-NMS | 0.227*** | (0.025) | 0.405*** | (0.038) |
| Other | -0.231*** | (0.028) | -0.187*** | (0.041) |
| UK*2009 | | | 0.057 | (0.070) |
| EU13*2009 | | | 0.046 | (0.101) |
| EU- NMS*2009 | | | -0.324*** | (0.050) |
| Other*2009 | | | -0.081 | (0.055) |

Regression results (3) – by earlier and more recent arrivals

| | Coef | SE | Coef | SE |
|--------------|-----------|---------|-----------|---------|
| Recent | 0.010 | (0.028) | 0.084** | (0.038) |
| Earlier | -0.071*** | (0.019) | -0.167 | (0.056) |
| Recent*2009 | - | - | -0.167*** | (0.056) |
| Earlier*2009 | - | - | -0.107*** | (0.038) |

Regression results (4) – by arrival and national group

| | Coef | SE |
|---------------------|-----------|---------|
| UK recent*2009 | -0.149 | (0.182) |
| EU 13 recent*2009 | 0.213 | (0.163) |
| EU NMS recent*2009 | -0.179** | (0.082) |
| Other recent*2009 | -0.133 | (0.104) |
| UK earlier*2009 | 0.084 | (0.076) |
| EU 13 earlier*2009 | -0.067 | (0.129) |
| EU NMS earlier*2009 | -0.368*** | (0.065) |
| Other earlier*2009 | -0.074 | (0.064) |

Regression results (5) – NMS by gender

| | Male | Female |
|-------------|-----------|----------|
| UK*2009 | 0.198* | -0.063 |
| EU-13*2009 | 0.355** | -0.156 |
| EU-NMS*2009 | -0.504*** | -0.155** |
| Other*2009 | -0.033 | -0.102 |

Conclusion (1)

- Ireland's recession appears to have impacted severely upon its immigrant population
- The employment of nationals has fallen by about 10 percent since the onset of recession; for immigrants the fall is 26 percent
- However, the most severe impact appears to have been for the NMS
- This is consistent with a general finding of poorer labour market outcomes for this group
- This finding, when combined with others, suggests a very weak attachment to the labour market for this group; this isn't replicated in the UK

Conclusion (2)

- The employment fall has coincided with an outflow
- This has implications for how we view immigration into Ireland and its impact on the flexibility of the labour market