



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

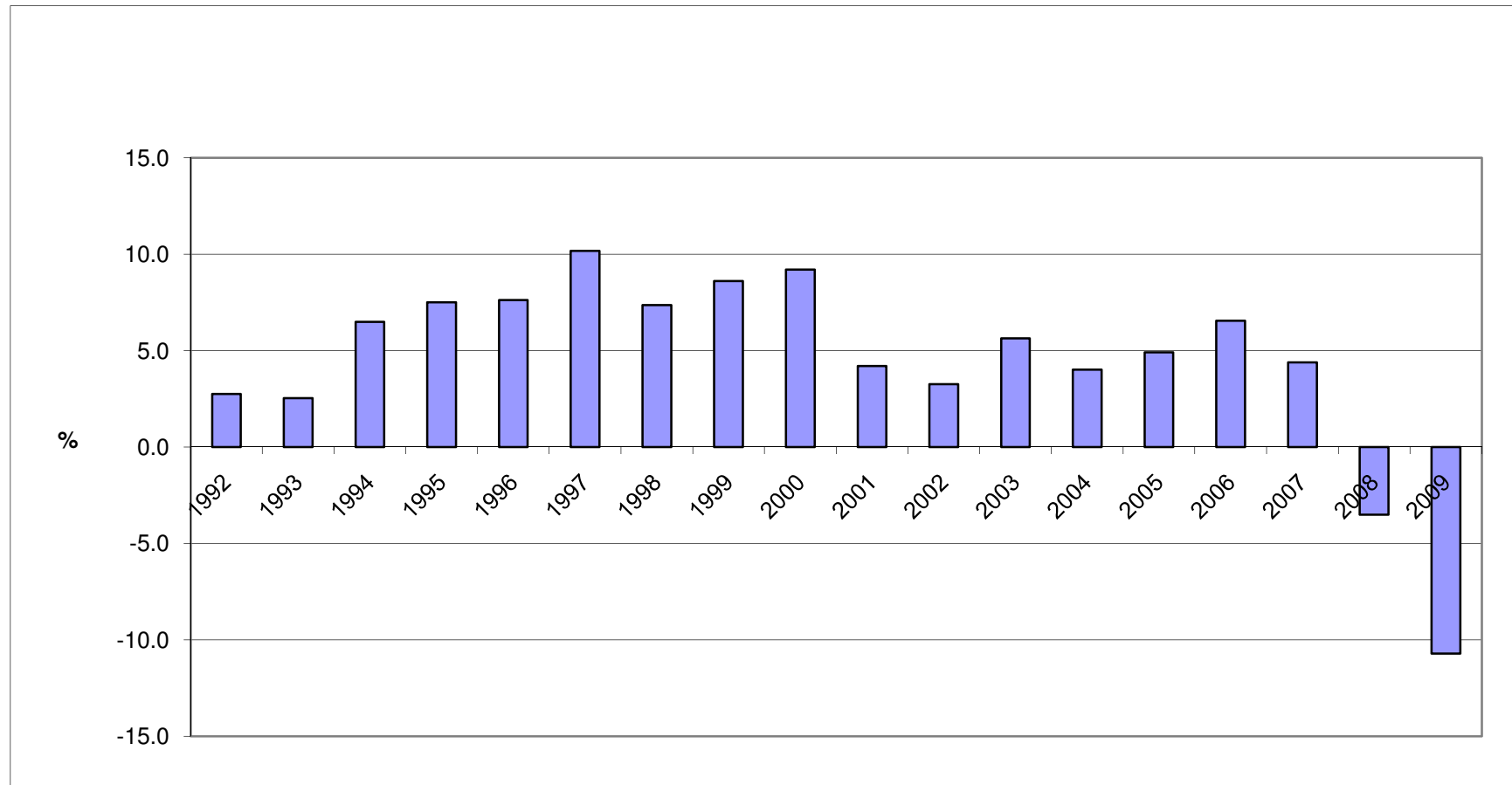
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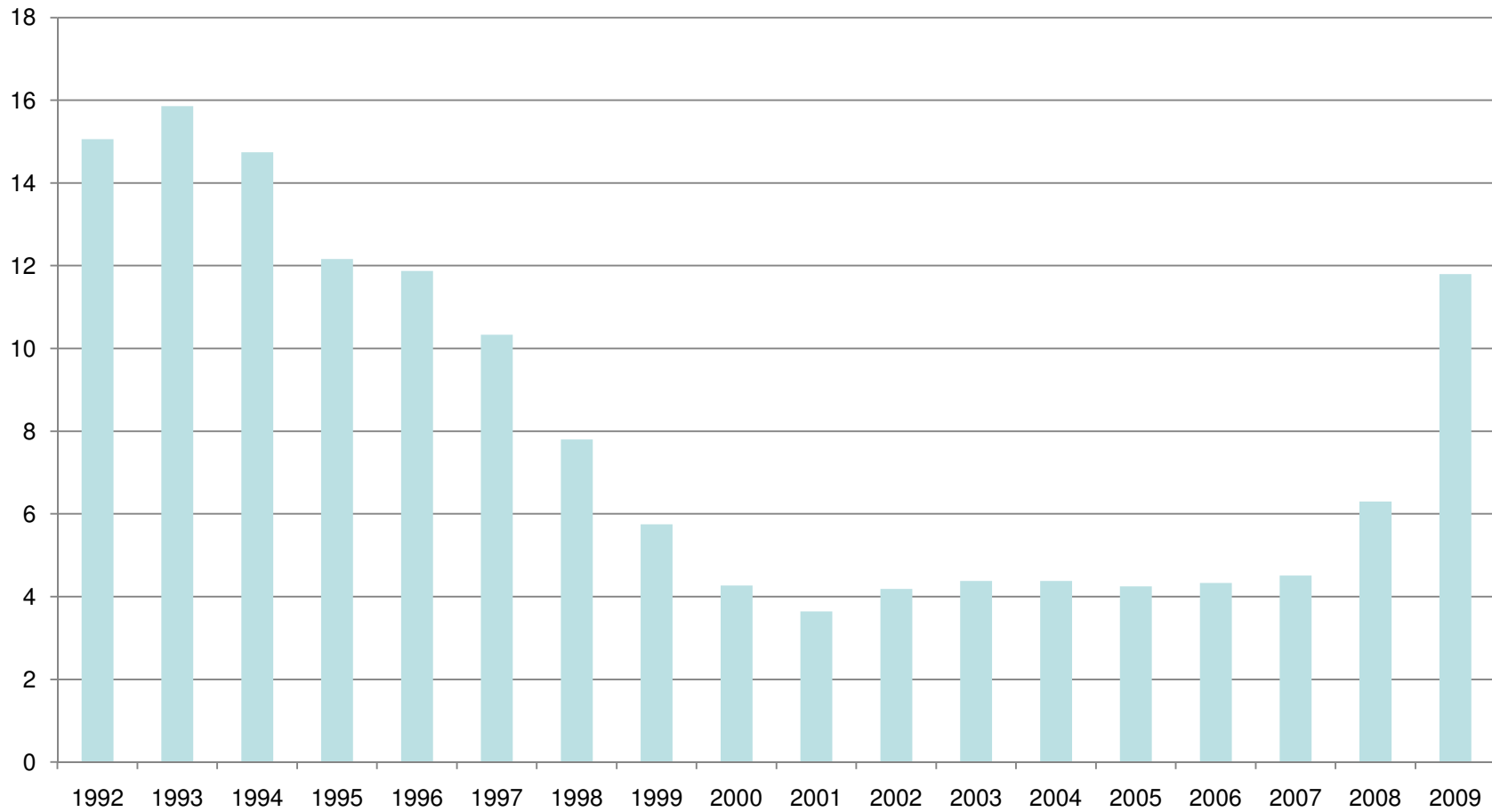
Structure of the talk

- 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

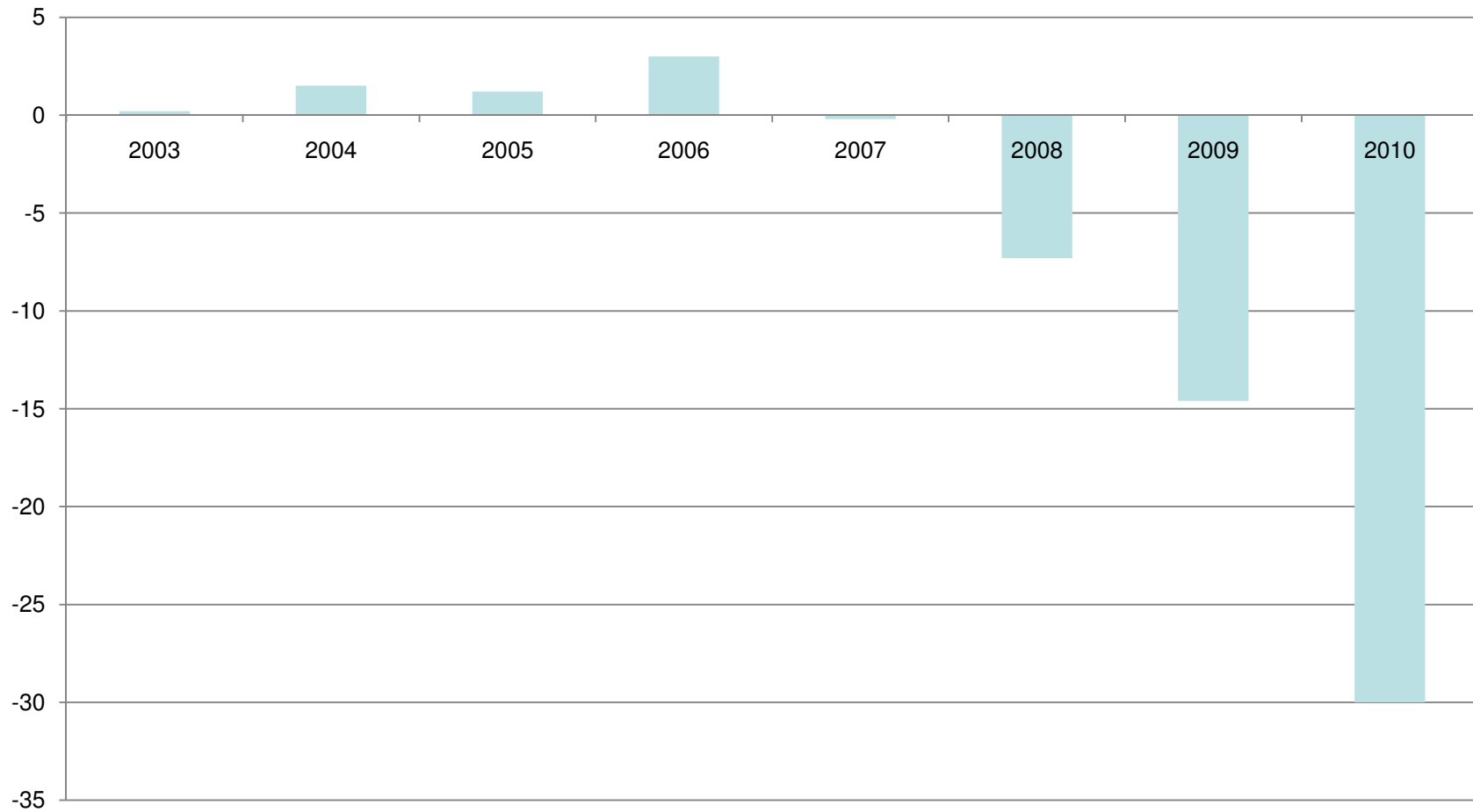
The Recession- Ireland's GNP growth rate



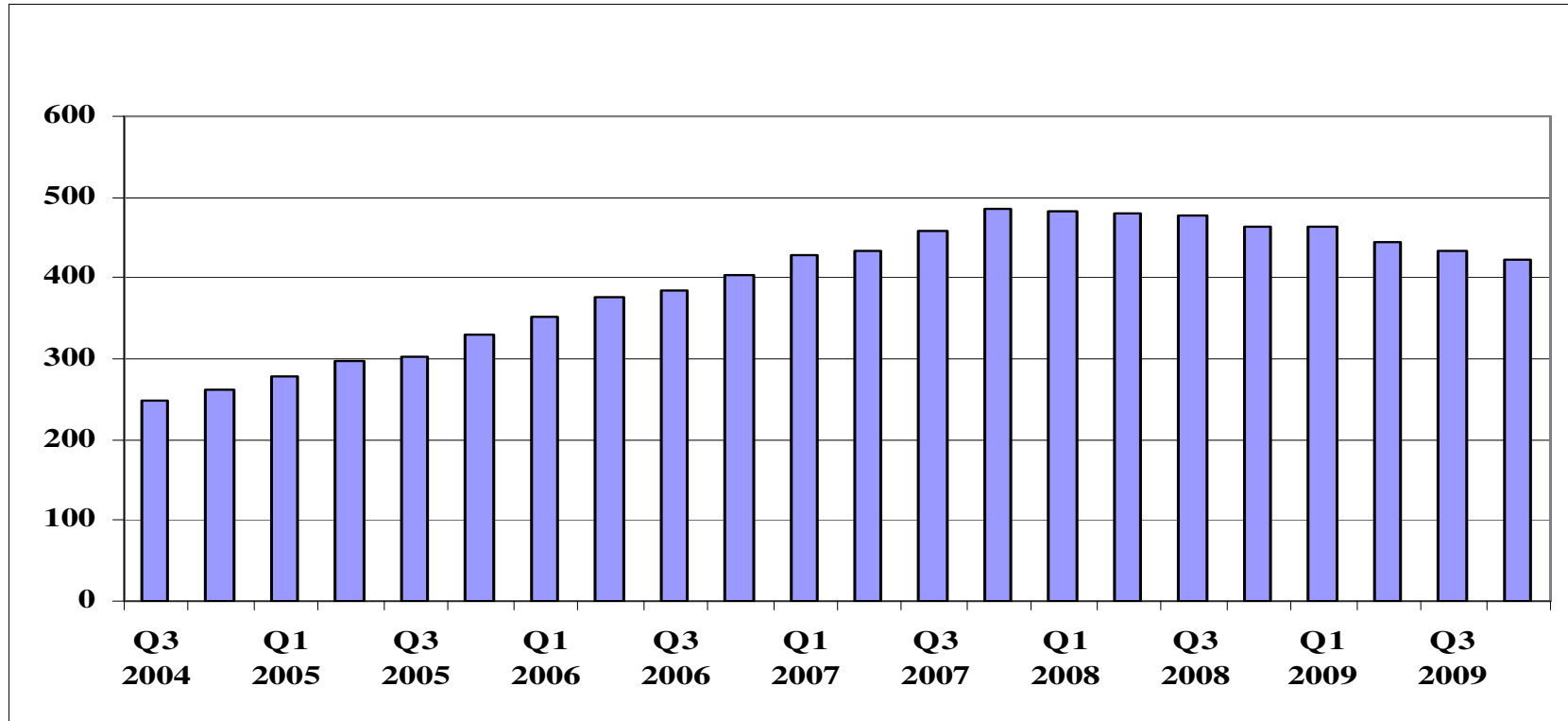
Ireland's Rate of Unemployment



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

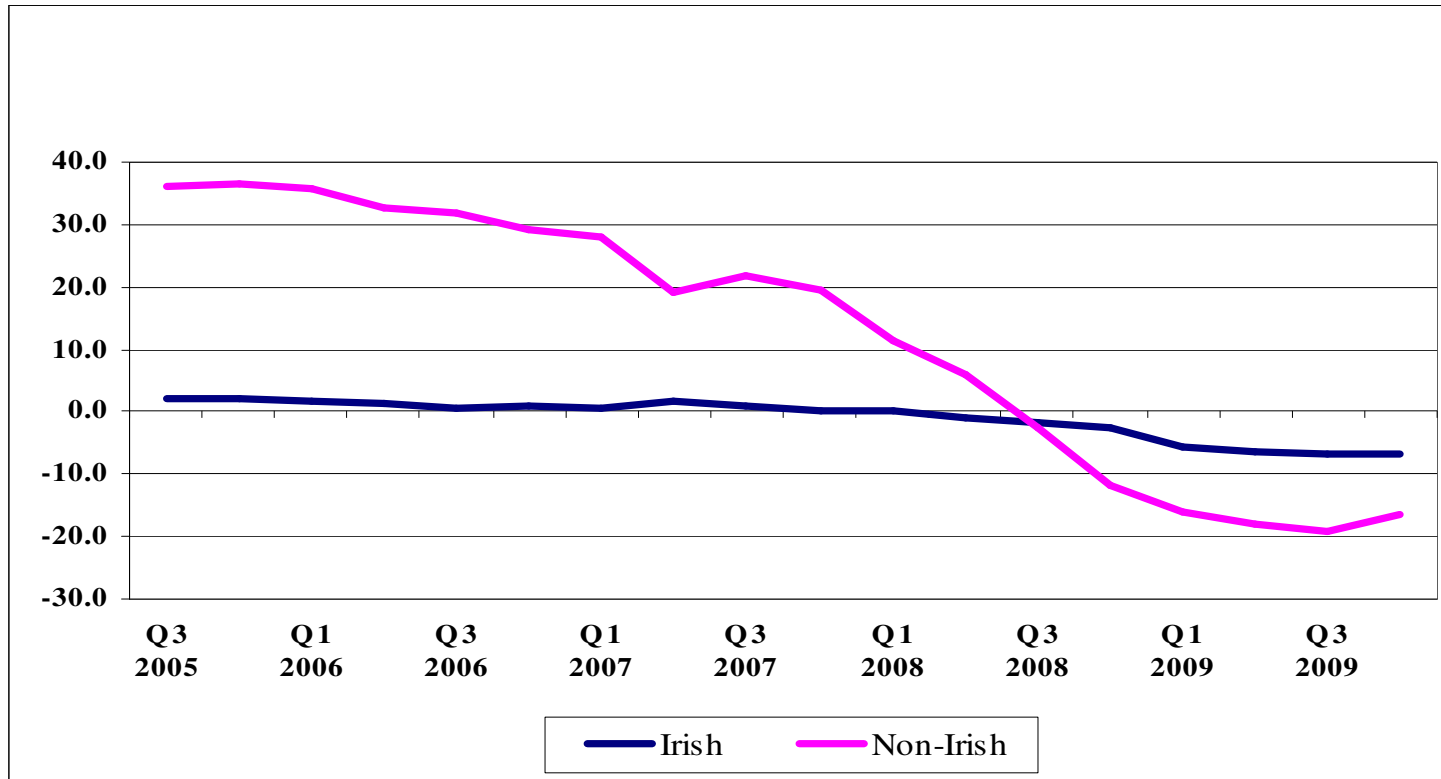
Immigrant characteristics/experiences (2)

- 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

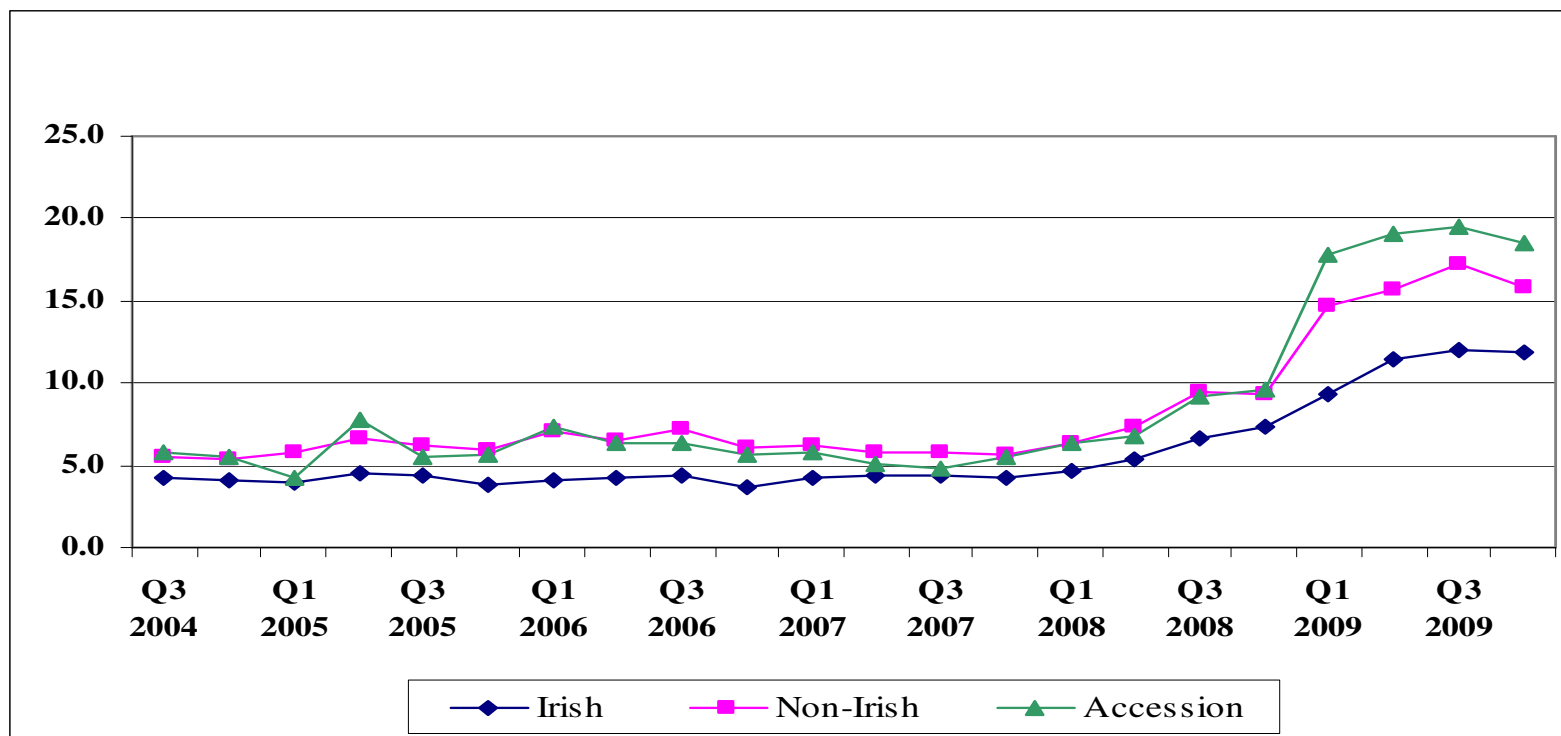
- Summarising
 - Immigrants from the NMS seemed particularly disadvantaged
 - Many recent arrivals among that stock of immigrants
 - Lower earnings and lower occupational attainment suggest lower “job quality”
- Hence, likely to be more vulnerable to employment losses

Annual percentage change in employment



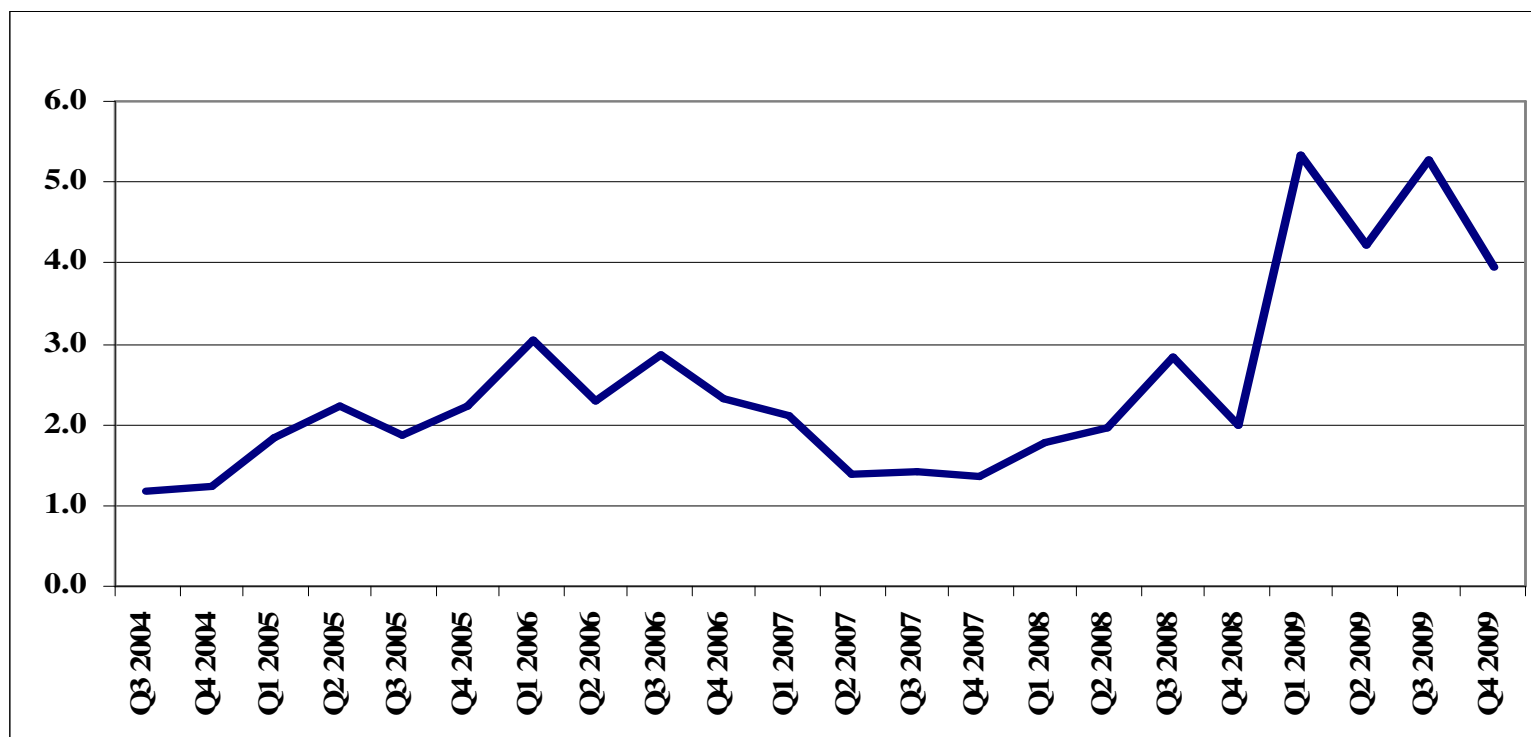
At Q3 2009, the annual rate of employment loss for non-nationals was almost 20 percent. For nationals, the corresponding figure was 7 percent. From the peak level of employment in Q4 2007, non-national employment had fallen by 26 percent by Q4 2009.

Unemployment rates



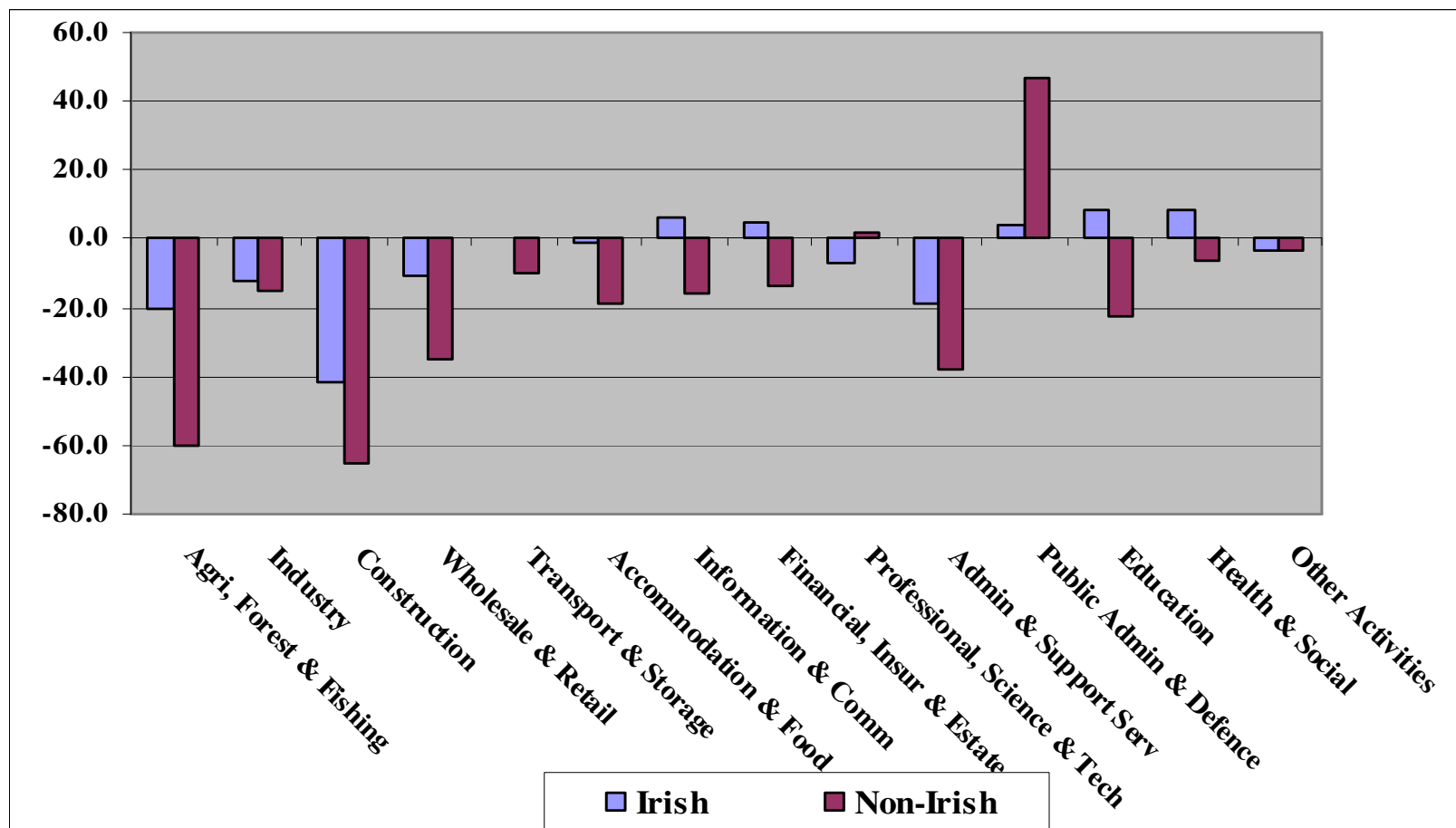
Through 2007, unemployment rates were clustered around 5 percent but a divergence begins in 2008, especially for accession state nationals.

The gap in national and non-national unemployment rates



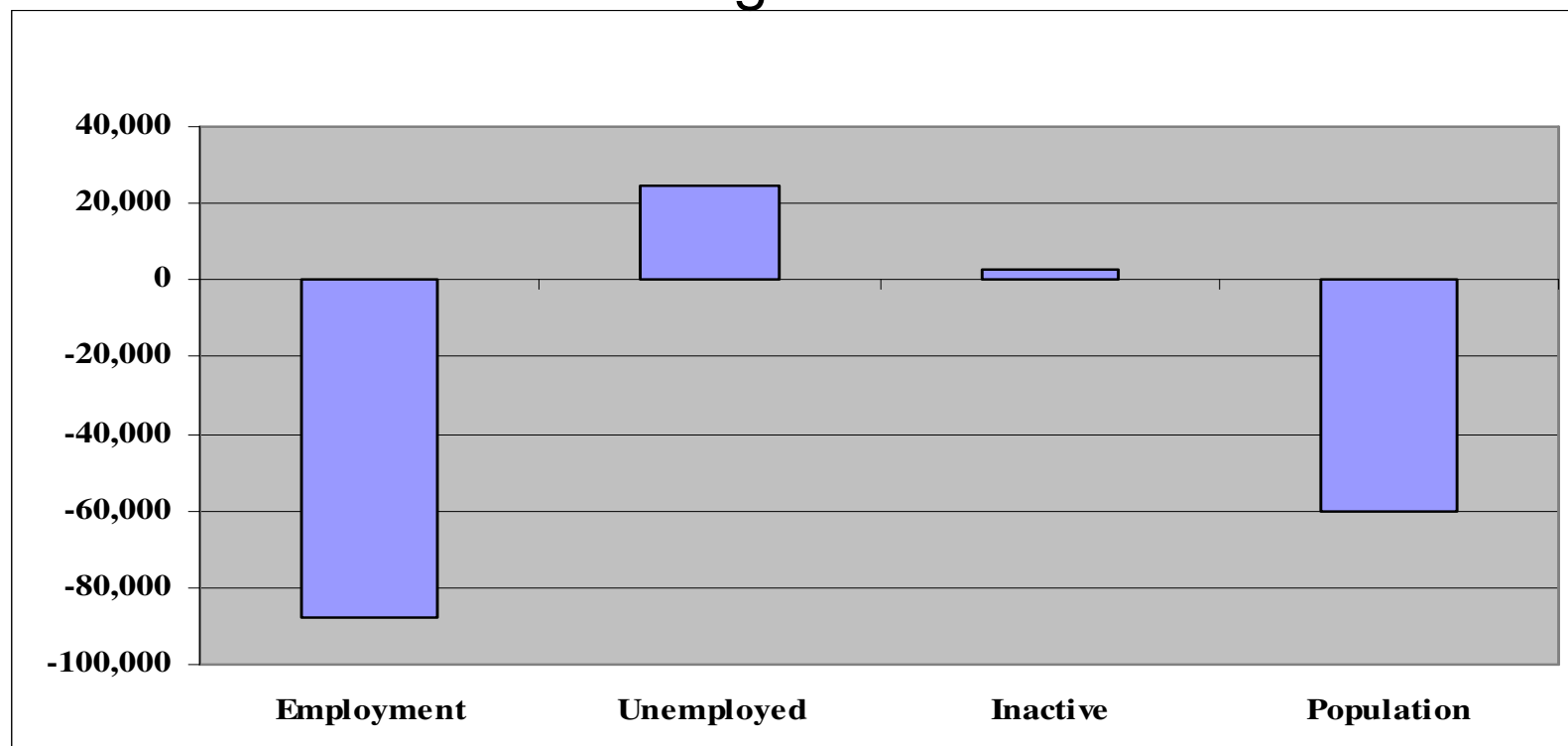
Reflecting the last slide, we see a particularly striking jump in the gap in early 2009.

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 rises 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 immigrant-specific 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
N	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