



# Economic Stress and the Recession

*Dorothy Watson, Bertrand Maitre,  
Christopher T. Whelan, James Williams*





# Background

- **Debate over ‘who suffered most’ in the recession (Whelan, Nolan & Maître, 2016a, O’Connor & Staunton, 2016, Social Justice Ireland, 2016; Whelan & Nolan, forthcoming).**
  - polarisation of inequality
  - equal impact on all groups or
  - ‘squeezed middle’
- **We draw on two waves of GUI data to investigate family experience of financial stress**

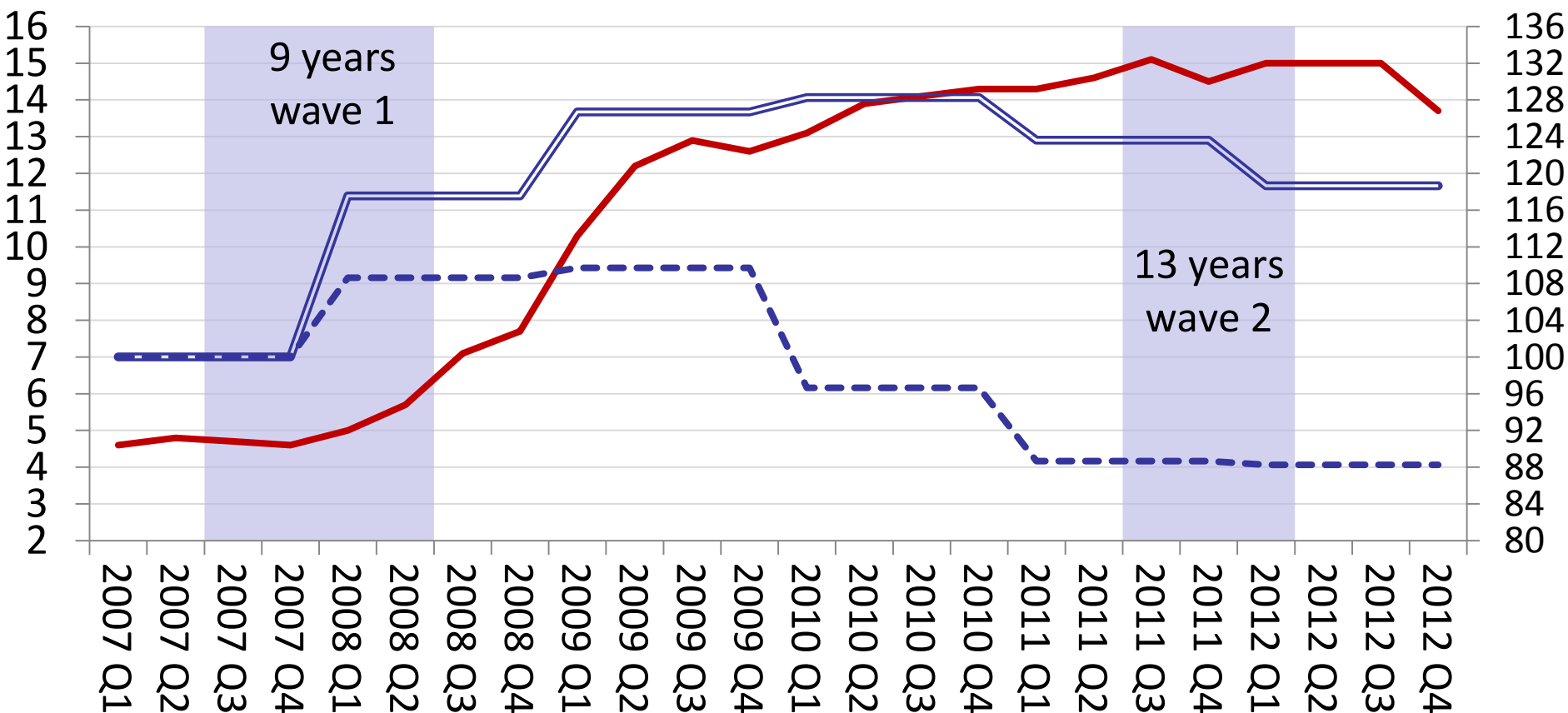


# Outline

- **The recession – timing and GUI 1998 cohort**
- **Methodology**
- **Descriptive analysis**
- **Model Results**
- **Conclusion**



# Timing of GUI 1998 cohort surveys



— Unemployment (%), Left hand axis

- - - Child benefit, per child (2007=100)

— One Parent Family with 1 child (2007=100)

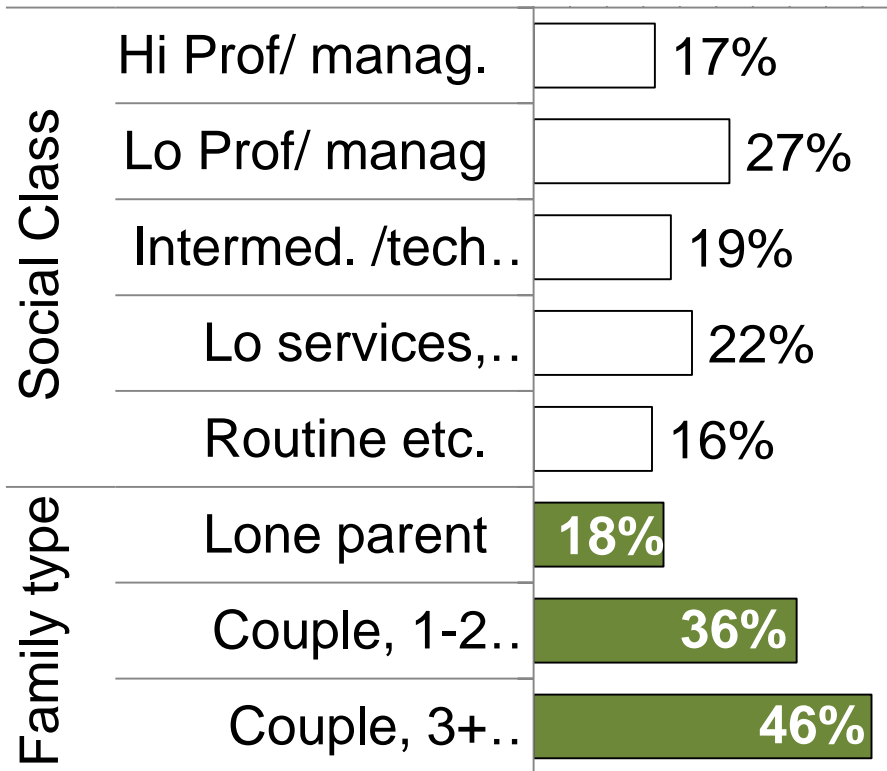


# Methodology

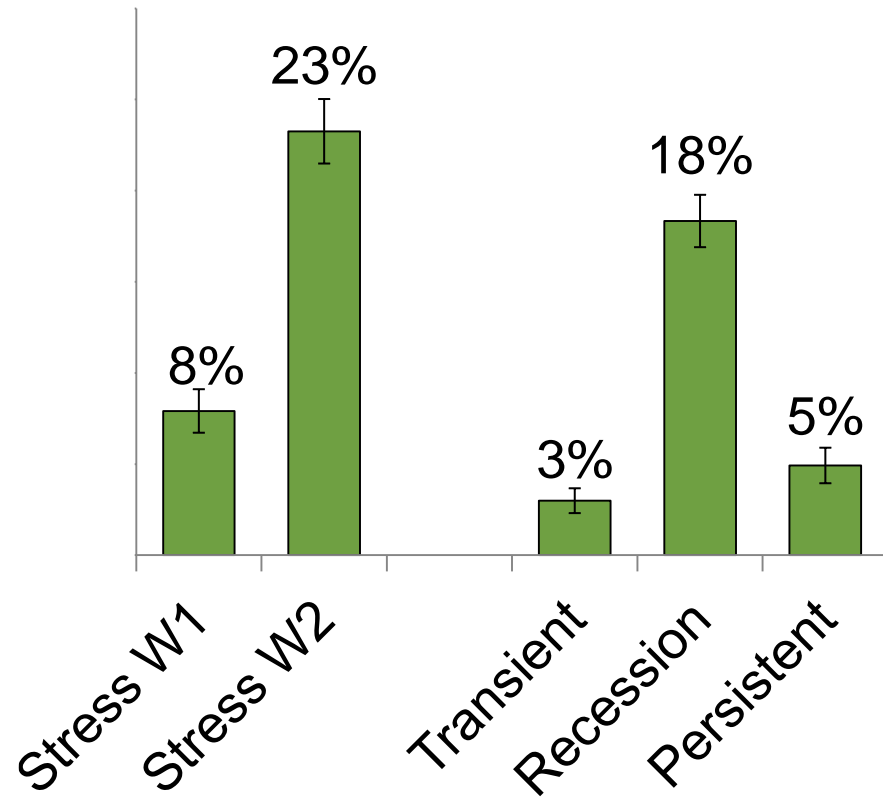
- **GUI data longitudinal sample of 1998 cohort (age 9 & age 13)**
- **Social class – European Socio-economic Classification (ESeC)**
  - Higher professional/managerial
  - Lower professional managerial
  - Intermediate (clerical, technicians) and self-employed
  - Lower services, sales; skilled and semi-skilled manual
  - Routine (unskilled) manual and service
- **Family Type (Couple with 1-2 children; couple with 3+ children, lone parent)**
- **Economic stress: ‘great difficulty’ or ‘difficulty’ in making ends meet.**

# Descriptive results

## Family type & social class (w1)

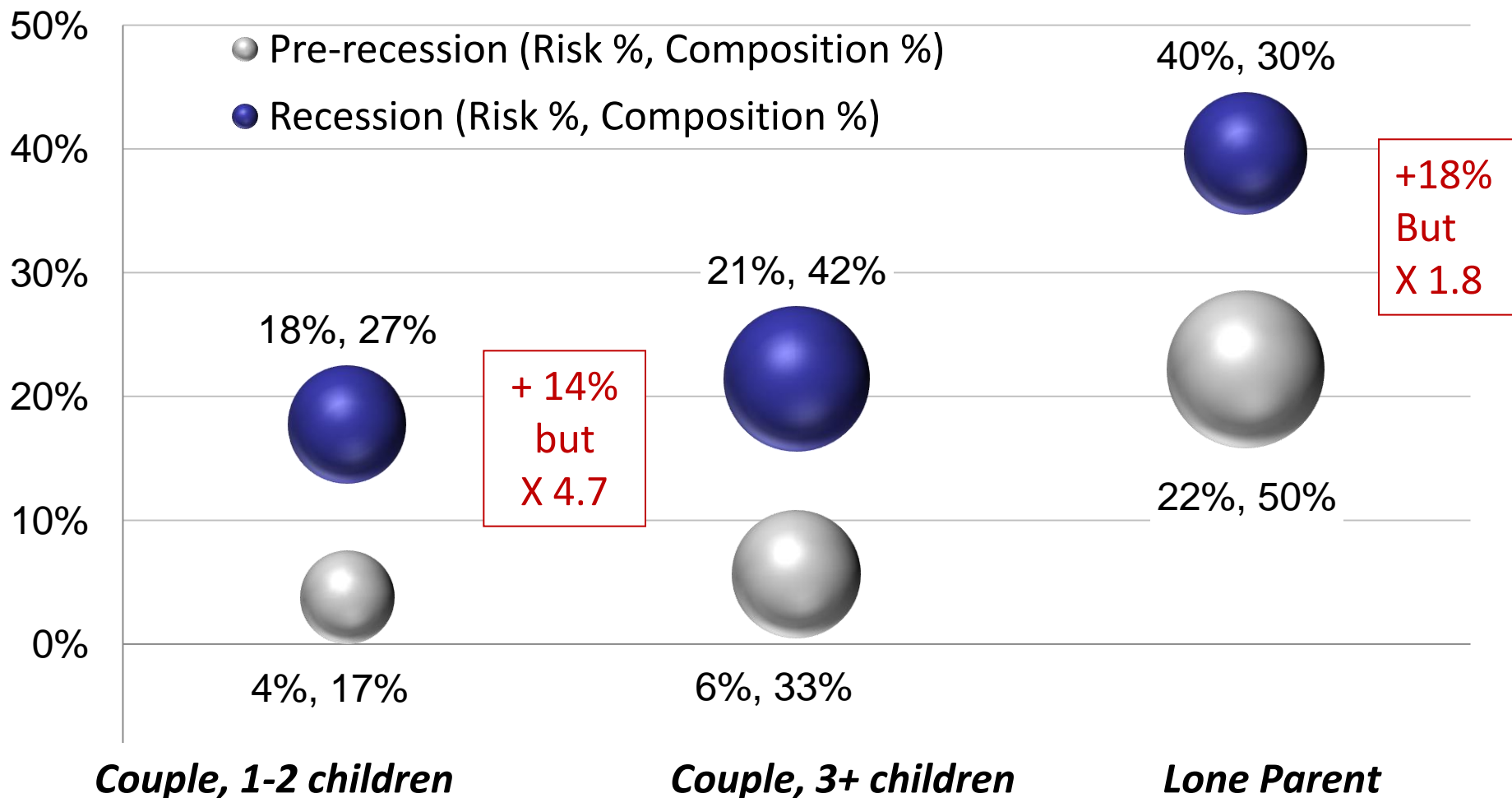


## Change in economic stress





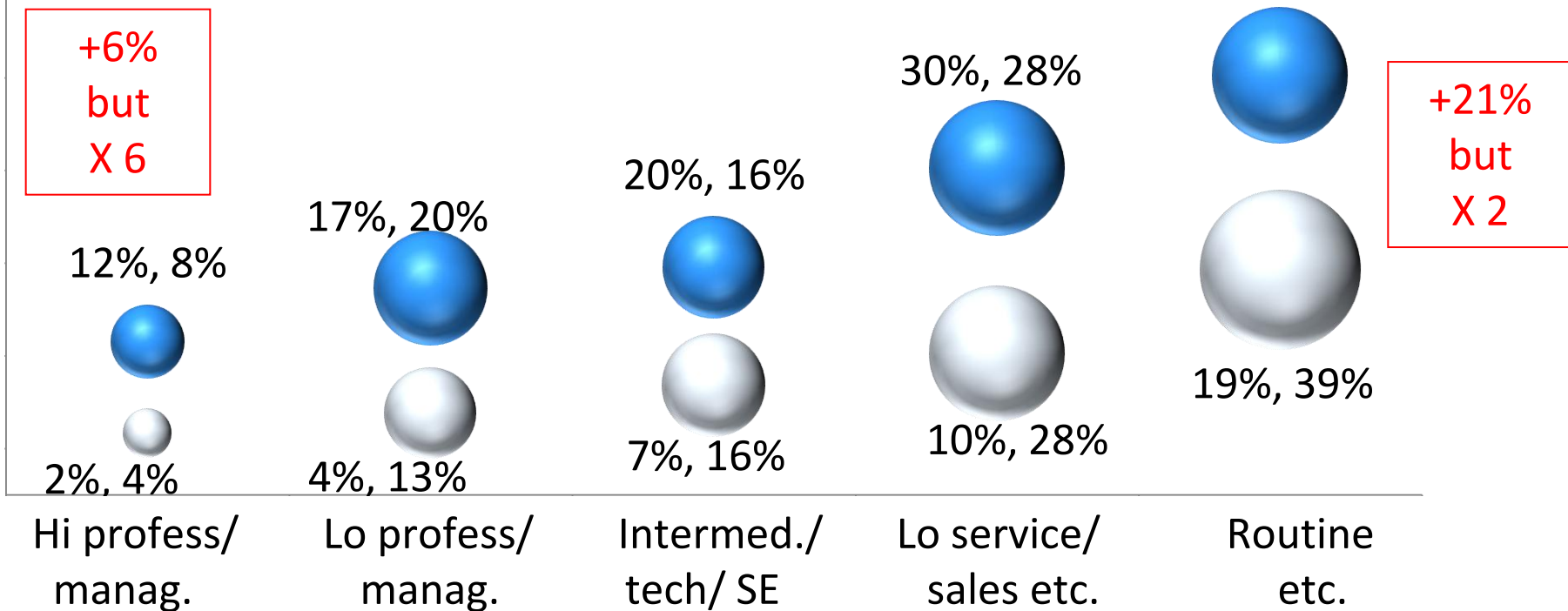
# Economic stress by Family Type





# Economic stress by social class

- Pre-recession (Risk %, Composition %)
- Recession (Risk %, Composition %)







# Model of Economic Stress (odds ratios)

		Main effect	Interaction with wave 2
Family W1 (Ref: couple, 1-2)	Lone parent	3.84***	0.51**
	Couple, 3+ children	1.27	
Class W1 (Ref: Hi profess./man)	Lo profess./manag.	1.45	
	Intermed. /tech/SE	1.90	
	Lo service etc.	2.68***	
	Routine etc.	3.59***	
Income W1 (Ref: Highest)	Lowest	8.97***	0.35***
	Q2	4.88***	0.46*
	Q3	2.68**	
Wave (Ref: Boom)	Recession	15.68***	



# Conclusions

- **Polarisation?**
  - Supported if look at absolute increase in stress by group: greater percentage point increase for more disadvantaged groups
  - But if viewed in relative terms, we see a reduction in inequalities
- **General Impact? Shift in the profile of economically stressed families**
  - more couple families and higher social class families than in W1
- **Squeezed middle? Middle and higher classes were not immune from the impact of the recession**
  - They experienced a level of stress that was new to them
  - Social protection system provided an important safety net to vulnerable families, narrowing the class and family type gaps