

THE EXPERIENCE OF ECONOMIC STRESS AMONG FAMILIES WITH CHILDREN DURING THE IRISH RECESSION

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INTRODUCTION

The impact of the Great Recession in Ireland and the resultant austerity programs have provoked widespread debate about rising levels of poverty and economic stress, and changes in how these are distributed across the population. Previous research in Ireland found significant variation in the distribution of economic stress over the life course and by social class position. During the recession younger households experienced higher level of economic stress than older households. In this study we were particularly concerned with the experience of economic stress in families with children. We investigated how it varied by socio-economic position and how it changed over time in absolute and relative terms.

DATA AND METHODOLOGY

The study used the *Growing Up in Ireland* (GUI) survey, a longitudinal study of children and their families in Ireland. GUI follows the development and well-being of the same children and families over time. Here we used the 1998 cohort, who were interviewed in 2007/08, when the child was 9 years old, and again in 2011/2012 when the same child was aged 13. Thus, economic stress was measured before and during the recession.

ECONOMIC STRESS AND FAMILY CHARACTERISTICS

Economic stress was measured via a question to the child's primary caregiver (usually the mother) on the extent to which the family experienced difficulty in making ends meet. Those responding "great difficulty" or "difficulty" were categorised as experiencing economic stress. The analysis examined how

¹This Bulletin summarizes the findings from: Watson Dorothy, Whelan Christopher T, Maître Bertrand and Williams James(2016), Socio-Economic Variation in the Impact of the Irish Recession on the Experience of Economic Stress among Families, *The Economic and Social Review*, 47(4): 477-498.

economic stress varied by characteristics of the families, as measured at the first wave in 2007/08, including social class, family type and household income position. The social class scale was based on the occupation of the main earner. Family type distinguished lone parent, couples with 1 or 2 children and couples with 3 or more children. Finally, households were allocated into four income categories with one quarter of families in each group.

RESULTS

Overall, 94 per cent of families reported being affected by the recession, with 23 per cent “very significantly” affected. Among those affected, most experienced a reduction in earnings and/or social welfare payments and one quarter experienced loss of employment. There was a marked increase in the percentage experiencing economic stress, from 8 per cent in 2007-2008 to 23 per cent in 2011-2012. Importantly, the conclusions we would draw about which group experienced the greatest increase in economic stress depended on whether we examined the change in absolute or relative terms.

Looking at the change across social classes, income groups and family types the overall pattern is broadly one where the largest absolute increase was experienced by the most vulnerable while the smallest absolute increase was seen at the other end of the spectrum. For example, the unskilled social class experienced a 21 percentage point increase in economic stress while the professional/managerial social class experienced a 10 percentage point increase. However, in relative terms, this would amount to a six-fold increase for the professional/managerial social class – because they started from such a low level of risk – compared to ‘only’ a doubling for the unskilled social class.

Focusing on family type the major contrast was between lone parents and couple families. The largest risk in economic stress was experienced by lone parents while it was lower for couple with 1–2 children. While the absolute increase was here quite similar between these two groups of families the relative increase was fourfold for couples, with 1-2 children compared to a doubling of risk for lone parents. This resulted in a change in the composition of families experiencing economic stress. Pre-recession, such composition was equally divided between lone parents and couples but by the recession only 30 per cent were drawn from lone parent families.

A formal statistical model confirmed that the recession had a stronger impact, in relative terms, on the groups that had initially been more advantaged in terms of income, social class or family type. Further, the income differences between social classes account for much of the social class differences in economic strain.

CONCLUSION

This study extends previous research on the impact of the recession and the distribution of economic stress across the Irish population. However it is unique in its focus on families with young children and the use of the GUI survey allows us to follow the same children and their families over time. Seen in absolute terms, the largest increase in economic stress was experienced by the less privileged, that is those in the lower social class and income positions and lone parents. However examining the change in relative terms reveals a greater relative increase – albeit from a low base – for families who had initially been relatively insulated from economic stress. These findings do not clearly support the thesis of class polarization in the experience of economic stress during the Irish recession: it very much depends on whether the thesis refers to absolute or relative changes.

In terms of policy implications, the spread of economic stress across the population points to the need for more broadly-based policy responses, incorporating supports for housing, debt relief, childcare costs and improvements in the quality of public services.

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