

Social Polarisation in the Post-Fordist Informational Economy: Ireland in International Context¹

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ABSTRACT: *This paper examines the processes whereby post-Fordist economic restructuring is widely held to have led to growing social polarisation in the advanced capitalist economies. Conceptual fuzziness has clouded the polarisation hypothesis, and a review of international evidence shows no clear trend towards either occupational or earnings inequality. There is stronger evidence of growing household income inequality, due mainly to changes in household composition and national taxation and social welfare policies. In the case of the Republic of Ireland, there has been a more definite tendency towards occupational, earnings and household income polarisation in the 1990s, giving rise to important policy implications at a time of unprecedented national prosperity.*

Introduction

A vast literature has been generated by the economic and social restructuring associated with the transition, over the last 25 years or so, from the so-called 'Fordist' regime of capital accumulation which characterised the advanced Western economies in the immediate postwar decades, to what Castells (1996) terms a new post-Fordist 'informational' regime, in which information-related activities have become the driving force of an increasingly globalised economy. Among the profound changes in politics, social institutions, technology, occupations, markets, and geography which have attended this restructuring process, an apparent trend towards social polarisation has attracted particular attention among the academic community. Polarisation, it is argued, is reflected in changing occupational structures and in the distribution of earnings and income. The polarisation hypothesis, however, has not been uncontested, and a considerable debate has developed over the extent and socio-economic consequences of polarisation – and, indeed, over whether polarisation has been occurring at all.

The purpose of the present paper is two-fold: firstly, to clarify some of the conceptual and empirical issues surrounding the social polarisation hypothesis and, secondly, to examine the applicability of the hypothesis to the particular case of Ireland. The paper begins by outlining the changes in employment and

consumption patterns which have been widely associated with post-Fordist restructuring and social polarisation. It then addresses the problems of definition and measurement which have engendered considerable conceptual confusion in the polarisation literature, before moving on to examine the international evidence for polarisation in the advanced economies. Following this, the paper's focus shifts to the particular case of Ireland. An innovative occupational taxonomy provides evidence of recent polarisation, a trend which is supported by data on the distribution of earnings and household incomes. The paper concludes with some observations on the policy implications of these findings.

Post-Fordist restructuring

The epithet 'Fordist' has conventionally been applied to the period of prolonged growth in developed capitalist economies stretching from the 1940s to the 1970s. This period was characterised by the mass production of standardised consumer goods employing techniques first popularised by the Ford Motor Company. The corresponding mass market for these goods was built on low unemployment, high wages sustained by rapid productivity growth, and the creation of the welfare state which underpinned mass collective consumption of public services and provided income support for those outside the paid labour force (Harvey 1989).

From the early 1970s the continuous expansion associated with Fordism was replaced by recurring market instability and volatility in the advanced economies. Firms sought to respond to these new conditions of uncertainty by introducing greater flexibility into what had become very rigid production systems (Albrechts and Swyngedouw 1989; Malecki 1997). A rightward political shift, involving widespread curbs on trade union power, cutbacks in the welfare state, deregulation and privatisation, played a key role in this drive towards 'flexibilisation'. New technology, and particularly microelectronics-based new information and communications technology (ICT), also played a leading part in enhancing flexibility through the automation of many aspects of production and administration (Malecki 1997; Meegan 1988).

Occupational change and social polarisation

The technological and organisational innovations associated with economic restructuring have been accompanied by profound changes in the nature of both work and workers – changes which have been commonly seen as the key to the widely postulated process of social polarisation in advanced economies (Morris 1988; Sassen 1991, 1994; Dunford 1994). The semi-skilled and skilled craft 'blue-collar' workers who dominated the workplaces of large Fordist firms have increasingly been displaced by automation, outsourcing and relocation. The increasing utilisation of ICT by firms has required the recruitment of new types of technically-skilled workers. Corresponding to the growth of these well-paid and

functionally-flexible 'core' workers has been the parallel expansion of an unskilled and numerically flexible 'peripheral' workforce (Atkinson 1985).

Meanwhile, in the services sector the main area of employment growth has been in business services, involving a growing range of professional and technical services, many of which are provided on an outsourced basis to manufacturing firms. The workers providing these services, along with the new and expanded categories of technical and professional workers in industrial firms, constitute a new social stratum of mainly young and affluent consumers with highly differentiated, fashion-conscious tastes. Much of the consumer spending of these affluent consumers is directed to services rather than manufactured products, thereby generating (it is argued) additional, mainly low-grade, employment in such areas as shops, restaurants, hotels, entertainment, domestic service, and security (Gregson and Lowe 1994). At the same time, another major category of service employment, the public sector – like the blue-collar sector, a traditional bastion of highly-unionised middle-income workers – has been experiencing contraction as a consequence of extensive privatisation and public spending cutbacks (Gallie 1996; Marshall *et al.* 1997). Meanwhile, in the private sector, the increasing use of ICT in offices has placed a brake on the growth of traditional clerical employment (Greenbaum 1995).

This contraction of middle-income employment in both the manufacturing and service sectors and the simultaneous growth of both high-level and low-level occupations are seen as underpinning the social polarisation process in advanced economies (Friedmann 1986; Sassen 1994). As Castells (1996: 279) puts it: 'societies . . . are becoming dualized, with a substantial top and a substantial bottom growing at both ends of the occupational structure, so shrinking the middle' More specifically, there has been 'a tendency towards the erosion of the intermediate segment of labour markets, with increasing numbers of higher-qualified, higher-paid employees on the one hand and of employees in part-time and secondary jobs on the other' (Knox and Agnew 1994: 242–3). According to Harrison (1997), there is almost universal agreement among economists, sociologists and journalists that such polarisation is taking place since the 1970s on a worldwide basis (albeit to different extents in different countries). As a result, the diamond-shaped income distribution which typified the Fordist welfare state has been replaced by an hour-glass shape, 'with an expanding upper end of well-paid professionals . . . , a growing mass of low-paid workers at the bottom, and a shrinking middle class made up of downwardly mobile former factory workers and middle managers' (Harrison 1997: 29).

Social polarisation: definition and measurement

While the view that a process of social polarisation has been occurring in advanced economies as a result of occupational change is widely held and cogently argued in theoretical terms, the empirical evidence in support of the argument is rather less clearcut. An undoubted contributory factor in this respect is

that much of the literature on social polarisation has been encumbered by problems of conceptual fuzziness and ambiguity, relating principally to a lack of clarity as to the precise meaning of social polarisation and how it should be measured (Hamnett 1994, 1998; van Kempen 1994). Strictly speaking (reflecting its origins in physics), the term 'polarisation' implies a simultaneous growth of numbers at both ends of the occupational spectrum, accompanied by contraction of those in between – the so-called 'disappearing middle'. This in turn is assumed to be reflected in increasing earnings, and therefore income, polarisation: indeed, frequently in the polarisation literature one tends to find occupational, earnings and income polarisation being referred to interchangeably as if they were the same thing.

However, when it comes to seeking statistical evidence in support of the polarisation thesis, several problems arise. In the first place, frequently measures of inequality (especially of earnings and income) are used as proxy polarisation measures, even though growing inequality does not necessarily reflect simultaneous growth in numbers at both ends of the social spectrum. Secondly, the analysis of occupational change is fraught with difficulty, due, *inter alia*, to the changing nature of occupational categories over time and the manner in which these categories themselves are constructed. Similarly, international comparisons of occupational structures may be rendered problematical by variations in definitions and particularly in remuneration levels for particular kinds of work. Nor is there any necessary correspondence between the distribution of earnings and that of income in an economy, due principally to the impact of non-earners and transfer payments on income distribution. These issues are explored in the following subsections, which review the evidence relating to the changing distributions of occupations, earnings and incomes in advanced economies and the links between these distributions.

Occupational change

Much controversy surrounds attempts at finding evidence of polarisation through the analysis of occupational change. Thus, Hamnett's (1994) analysis of evidence in both the London and Randstad regions found that, while there has been a relative growth in white-collar employment, there has been no corresponding growth in low-grade jobs. Accordingly, rather than polarisation at both ends of the occupational spectrum, there has, according to Hamnett, been a relative 'professionalisation' of the workforce (see also Belchamber 1996). Similarly, Castells (1996), in a detailed study of occupational change in the G7 group of leading industrial economies, found strong growth in upper-level, but not in lower-level, occupations. Indeed, while Cohen (1998) found that, in both France and the USA, there was growth in higher-level jobs such as industrial, medical and business services in the 1980s and 1990s, there was simultaneous *contraction* in low-grade jobs such as domestic service, cleaning and food service. In their more broad-ranging review, Nickell and Bell (1995) also provide evidence that there has been a general decline in the demand for unskilled labour throughout the OECD

countries since the beginning of the 1980s, a position supported by Hamnett (1994), Belchamber (1996, quoted in ACIRRT, 1999) and Badcock (1997).

There therefore appears to be little *prima facie* evidence in support of the thesis that there has been simultaneous growth of high-grade and low-grade jobs in advanced economies. However, in challenging Hamnett's professionalisation thesis, Silver (1993) suggests that, in comparing occupational categories over time, Hamnett has erroneously assumed that the relative status of similar categories (as reflected in remuneration levels) has remained unchanged. As Gallie (1996: 135) puts it: 'It might be the case that jobs in the expanding occupational classes were at the same time undergoing a process of deskilling'. Thus, according to Silver (1993), the growing feminisation of certain categories of white-collar employment has been associated with downgrading of their status (on this point see also McGuire 1993; Greenbaum 1995; and McDowell 1997). Hence, earnings polarisation has been more pronounced than occupational categorisations might at first indicate.

Polarisation of earnings

Given the problems arising from the use of occupational distributions as an indicator of social polarisation, it may appear more appropriate to look to trends in the distribution of earnings as an alternative source of evidence of polarisation in advanced economies. A problem in this respect is that most published studies of earnings distributions utilise inequality measures which focus on the ratio between the average earnings of high and low earners but give no information on the actual numbers in each of these two categories. This renders it impossible to gauge whether polarisation, in its strict meaning of simultaneous growth in both high- and low-paying jobs, is occurring. Thus, growing earnings inequality could reflect a variety of combinations of trends in both the numbers and average earnings of workers in high- and low-earnings jobs.

Nevertheless, the ready availability of international comparative data on earnings dispersion and the absence of alternative indicators leaves little choice but to use trends in the distribution of earnings as a proxy indicator of polarisation. As it happens, the available data present quite a mixed picture in this respect. Table 1 illustrates the trends in earnings dispersion (defined as the ratio between gross earnings of the top and bottom earnings deciles) between 1987 and 1994 in 15 OECD countries for which comparable data were available. Some clear patterns emerge from this table. Firstly, there is a very wide dispersion range in evidence, with dispersion in the USA (the highest) running at over twice that for Sweden (the lowest). Secondly, the dispersion trend is quite variable: between 1987 and 1994 earnings dispersion grew in nine countries and declined in the other six. Thirdly, in six of the nine cases where earnings inequality grew, the increase was very slight (less than one decimal point) – the exceptions being Austria, Ireland and the USA. For the nine countries for which 1997 data were available, inequality continued to grow in Sweden, Italy, Australia, the UK and the USA (in all cases by

less than one decimal point) and continued to decline in Finland and France, with Japan reporting no change. Only in Ireland was the 1987–1994 trend reversed.

Table 1: *Earnings Dispersion¹ in OECD Countries, 1987–97*

Country	1987	1994	1997
Sweden	2.10	2.18	2.27***
Italy	2.30	2.33	2.39***
Belgium	2.45	2.24**	n.a.
Finland	2.51	2.35	2.33***
Netherlands	2.53	2.58	n.a.
Australia	2.81	2.86	2.95
Germany	2.83	2.80	n.a.
New Zealand	2.83*	3.03	n.a.
Japan	3.15	3.01	3.01
France	3.18	3.08	3.06***
United Kingdom	3.31	3.39	3.41
Austria	3.47	3.65	n.a.
Ireland	3.68	4.06	3.93
Canada	4.45*	4.18	n.a.
United States	4.24	4.52	4.61

¹ Earnings dispersion measured as the ratio between the gross earnings of the top and bottom earnings deciles.

* 1986 ** 1993 *** 1996

Source: Barrett et al. (2000)

The high and growing earnings dispersion of the USA is hardly surprising, as that country has been experiencing sharply growing earnings inequality over the last quarter century. According to Castells (1998), all American workers except those in the top earnings quintile saw their average earnings falling in real terms in 1973–95, with the steepest drop being experienced by the lowest paid workers. Freeman and Katz (1994) argue that a relative shortage of college graduates in the USA has led to strong earnings growth among better-educated workers. In Europe, by contrast, there has been a relative surplus of graduates which, along with higher levels of trade union organisation, collective bargaining and social protection, has contributed to much lower levels of earnings inequality than in the USA.

Looking at the other end of the earnings spectrum, Hamnett (1998) suggests that, in the USA, low levels of government support for the unemployed forces many people to take low-grade jobs, while there has been a continuing large-scale inflow of immigrants prepared to take such jobs. In Europe, by contrast, higher

levels of social protection mean that many people opt for unemployment rather than poorly-paid work, thus restraining the growth of the latter.

The data in Table 1 serve to contradict, or at least temper, some national findings reported in the literature. Thus, while Silver (1993) reports an absolute fall in the real earnings of the lowest-paid workers in France in the 1980s, this is not reflected in Table 1, where the earnings dispersion in that country has declined consistently from 1987 to 1997. Similarly, while Murphy and Watson (1994) assert that in Australia there has been massive decline in middle level male jobs, and massive growth in both high and low-paying jobs (especially the latter) in terms of earnings, this again is not supported by the evidence in Table 1, where the trend in Australia's earnings dispersion, while positive, has been quite slight.

In the case of the UK, despite the assault of the Thatcher government on workers' rights, trade union power and the welfare state, the absolute earnings of the bottom quintile of workers still rose in real terms in the 1980s (Silver, 1993). Although more rapid growth at the top of the earnings distribution still meant a widening in earnings inequality, Table 1 shows that the change involved has been relatively insignificant. In other OECD countries, the very limited or even negative growth in inequality indicated by Table 1 has been attributed by Badcock (1997) to trade union movements and welfare state institutions which have proved resilient in the face of the pressures of post-Fordist restructuring.

Overall, therefore, the evidence indicates that there has been no pronounced general trend towards growing earnings inequality among advanced economies in the late 1980s and 1990s. While in the majority of countries for which data are available, earnings inequality *has* been increasing, apart from the USA and (to a lesser extent) Ireland, the rate of growth has been relatively slight. In addition, among a substantial minority of countries the trend has been in the opposite direction. Furthermore, where there *has* been growing earnings inequality, there is little support for the argument (corresponding with the social polarisation hypothesis) that this has been linked to strong growth in low-paying jobs (again, the USA being an exception).

Polarisation of household income

While the utilisation of earnings indicators may provide a clearer picture than occupational change of polarisation trends in the paid workforce, their adequacy as a measure of broader social polarisation is open to question, on the grounds that a focus on earnings alone excludes from consideration both those who are not part of the paid workforce and the varying household circumstances of earners. Thus, Van Kempen (1994) has argued that household income (from all sources, including rent, interest, dividends, pensions and social welfare transfers) should be the basic unit of analysis in the study of social polarisation.

Households, of course, vary enormously in terms both of their composition and income sources, and it is the relation between these two variables which determines

not only the living standards but also the life chances of household members. The social impact of the changing employment and occupational structures of the post-Fordist economy, therefore, is strongly influenced by the intersection of these structures with the increasingly variegated household configurations of modern society. Thus, for example, the rapid growth in female participation in the paid workforce has been one of the key features of the post-Fordist occupational structure. However, rising female participation has impacted on households in various ways (McDowell 1997). At one extreme there is the part-time unskilled worker supplementing the social welfare income of her unemployed partner in order to provide a better life for their children. At the other extreme there is the professional woman (and partner of a professionally employed man) returning to the fulltime workforce having reared her family. In between, there is a wide spectrum of household circumstances, although Pahl (1988) has suggested that there is a growing divide between 'job-rich' and 'job-poor' households, partly because of the tendency for domestic partners to be drawn from similar socio-economic backgrounds, and partly because those already in employment have a better chance of getting additional employment for other household members via the contact networks of which they are part. This divide is the real key to income inequality, with dual-earner households in Britain having an average income almost four times greater than that of no-earner households in 1991 (Williams and Windebank 1995).

According to Badcock (1997: 252): 'By the mid-1990s a point has been reached where the evidence for a widening in the income gap in many OECD countries is now indisputable'. OECD data quoted by Nolan and Maître (2000) support this contention but show that the trend is not quite universal. Of 20 countries for which data were available, income inequality increased in twelve between the mid-1980s and the mid-1990s, but remained stable in four and declined (albeit slightly) in the other four. This contrasts with the previous decade, where countries experiencing growing income inequality were in a minority. The UK was the only country which displayed marked inequality growth in both periods; while inequality in the USA grew substantially in the earlier period, it grew only marginally in the later decade. While the OECD study found a universal trend towards growing *earnings* inequality in all 20 countries over the later period, this was translated into quite a mixed picture in terms of *income* inequality due mainly to international variations in levels of taxation and transfer payments.

The International Evidence: Summary

While the polarisation thesis is largely founded on postulated changes in occupational structures in advanced economies, analysis of occupational data may not adequately reflect trends in earnings inequality due to changes over time within occupational categories, inadequacies in occupational taxonomies and the wide range of factors which can have a bearing on earnings within occupations at a

given moment in time. The available evidence does not support the thesis that there has been significant growth in earnings inequality in the advanced economies in recent years. Furthermore, where increased inequality *has* occurred, it appears to be due more to growth in earnings at the upper end of the spectrum rather than any significant growth in the numbers of low earners. However, trends in earnings may not themselves give an accurate picture of income polarisation, due to the varying composition of households and the varying forms of earned and unearned income accruing to households. This appears to be borne out by international evidence in relation to household income distribution which indicates a broad recent trend towards growing inequality, albeit tempered in many cases by the redistributive effects of national taxation and social welfare regimes.

Social polarisation in Ireland

The Republic of Ireland experienced rapid and sustained economic growth for most of the 1990s, with this trend stretching into the opening years of the new millenium. Between 1994 and 2000, Ireland's GDP grew by 73 per cent in real terms, equal to an annual average growth rate of 9.5 per cent (about four times the EU average). With total employment growing by just 40 per cent in the same period, per capita GDP has also grown substantially. The main driving force behind the so-called 'Celtic Tiger' has been a surge in inward foreign direct investment which first became apparent in the early 1990s and which has continued unabated since (Breathnach 1998). Emanating mainly from the USA, this investment has been concentrated in ICT production (both software and hardware), healthcare and pharmaceuticals and, increasingly, international services (particularly teleservices and other back-office activities and international financial services). What, then, is the evidence that the profound economic changes which have occurred in Ireland over the last decade have produced a trend towards social polarisation along the lines postulated elsewhere? This evidence is examined in the following sub-sections.

Occupational change

According to the literature reviewed earlier in this paper, a number of key occupational shifts have been identified with the social polarisation process. In the manufacturing sector, the key trends identified have been the decline in the numbers of skilled and semi-skilled 'blue collar' production workers and their replacement by both a new brand of technical workers linked to the growing use of ICT in the production process and by unskilled workers. In services, two main growth areas have been identified: professional and technical workers in business services and unskilled workers in a range of personal services (shops, restaurants, hotels, entertainment, domestic service, and security). Meanwhile, there has been some reporting of significant decline in public service employment while growth in clerical employment generally has been arrested by the increasing use of ICT.

There has, of course, been much disagreement over these supposed trends, with many (while accepting the growth in higher-level professional occupations) questioning whether there has been a parallel expansion in low-grade, unskilled, employment.

In this section, the evidence in relation to recent occupational change in Ireland is examined in the context of the trends hypothesised in the polarisation literature. This has been facilitated by the adoption of a new occupational classification in the 1996 Census of Population. This classification expressly provides for the emergence of 'new types of occupation not reflected in previous classifications' (Central Statistics Office 1998: 92). In addition, it is much more highly specified than that used in earlier censuses so that, for example, the large 'Other' sub-categories which were a feature of the latter censuses have been much reduced or eliminated. An important feature of the new classification has been the specific identification of operatives, assemblers and lineworkers – representing the kinds of unskilled production work which are such an important element of modern manufacturing industry.

Unfortunately, the new classification has been retrospectively applied only to the 1991 Census of Population, so that the occupational categorisation employed in the following analysis cannot be extended backwards to earlier censuses. While the 1991–1996 intercensal period is rather brief in terms of identifying long-term trends, it does embrace the early years of a period of very rapid socio-economic change in Ireland and, as the analysis demonstrates, even in this brief period some significant changes in Ireland's occupational structure can be identified.

In order to facilitate the analysis, it was necessary to reorganise the detailed occupational subcategories contained in the Occupations volumes of the 1991 and 1996 censuses initially into five broad groupings which have been highlighted in the foregoing review of the polarisation literature: unskilled, blue-collar, professional/technical, public service and clerical workers. The 'unskilled' group includes all production and service occupations requiring minimal training and typically in receipt of relatively low remuneration levels. They include those workers in the manufacturing and construction sectors variously defined in the census as operatives, labourers, lineworkers, assembly workers and packers. To these have been added those employed in personal services (e.g. waitresses and catering workers, cleaners and domestics, carers and childminders, and caretakers) and unskilled sales work (mainly sales assistants and checkout operators) to complete the 'unskilled' occupational category.

The 'blue collar' grouping includes all those employed in manufacturing and construction work who have not already been assigned to the unskilled category. These comprise mainly craft workers (fitters, mechanics, electricians, plumbers, welders, painters, carpenters, etc.) plus other semi-skilled groups such as butchers and machinists. Also included in the blue-collar group are lorry, coach and train drivers. These latter share with most blue collar production workers a traditionally privileged and relatively well-paid position among manual workers and/or a high level of trade union membership. The 'professional/technical' occupational group includes those whose work is primarily of a technical nature and which normally

requires a higher education qualification. Its main constituents are solicitors, accountants, engineers, computer programmers, doctors, scientists, artists/designers and various categories of technician.

The 'public service' grouping is defined to include clerical and administrative workers in the central civil service and local government, teachers, nurses and nurse's aids, social workers, the fire and prison services, police and armed forces and a range of minor public service occupations. While some of these categories are not exclusively in the public service (e.g. nurses and teachers), it is likely that, in these cases, the great majority of the workers concerned are public service workers. This grouping excludes workers in state companies and semi-state agencies and also many public service workers who are included in the 'professional/technical' grouping. The 'clerical workers' grouping combines credit controllers and computer, data processing and other office machine operators with the otherwise clearly-defined census category of 'clerical and office workers'.

Separating out these five broad occupational groupings leaves just two major occupational categories: 'managers & proprietors' and a residual category of 'other professional and non-manual' occupations.² These have been included in the following analysis for the sake of completeness.

In Table 2, employment change in these broad groupings (and selected sub-categories thereof) is compared with changes in total employment. At first glance, the data indicate that some degree of occupational polarisation has been taking place, in that, while the blue-collar sector has experienced some growth, this has been very sluggish whereas both unskilled and professional/technical occupations have experienced above-average expansion. Within the blue-collar category, manufacturing employment – which has been a leading focus of the polarisation literature – has been virtually stagnant, with employment in construction (buoyed up by the economic boom) being the main area of growth.

In the unskilled grouping, strong growth in manufacturing contrasts with virtual stagnation in blue-collar employment in this sector. However, by far the most rapid growth in unskilled employment occurred in personal services (up almost 50 per cent in just five years). This provides further sustenance for the polarisation thesis, as the most spectacular sources of growth in this occupational category (carers, childminders, caretakers and catering assistants) may be seen as direct spinoffs from the growing affluence and changing lifestyles of professional workers. By contrast, there has been virtually no growth in the number of unskilled sales workers (dominated by sales assistants and checkout operators); this clearly reflects increasing automation of the retail sector.

Table 2 shows that, of the seven broad occupational groups under scrutiny, the strongest growth has occurred in the professional/technical category. This indicates some support for Hamnett's professionalisation thesis. The occupations experiencing the strongest growth in this grouping include software engineers, computer programmers and electrical/electronic engineers and technicians. With computer systems managers (within the proprietors and managers grouping) also

Table 2: Employment Growth by Occupational Category. Ireland 1991–96 (per cent)

OCCUPATIONAL CATEGORY	GROWTH (%) 1991–96	% ALL EMPL. 1991	% ALL EMPL. 1996
Total Employment ¹	15.2		
Blue Collar	3.4	22.0	19.7
<i>of which</i> <i>Manufacturing</i>	0.3	12.9	11.2
<i>Construction</i>	12.2	5.2	5.0
<i>Drivers</i>	2.1	4.0	3.5
Unskilled	18.3	28.4	29.1
<i>of which</i> <i>Manufacturing</i>	24.2	6.7	7.3
<i>Personal Service</i>	49.7	5.5	7.2
<i>Sales</i>	1.8	7.0	6.2
<i>Other Unskilled</i>	7.3	9.1	8.5
Professional/Technical	35.6	6.5	7.6
<i>of which</i> <i>Professional</i>	38.4	4.6	5.5
<i>Technical</i>	28.8	1.9	2.1
Public Service	14.7	13.6	13.5
<i>of which</i> <i>Teachers</i>	9.1	4.5	4.3
<i>Nurses</i>	12.6	3.0	2.1
<i>Security Forces</i>	-0.8	2.1	1.8
<i>Government Administration</i>	19.4	2.3	2.4
Clerical	5.6	12.2	11.2
Proprietors & Managers	23.9	10.3	11.0
Other Professional & Non-Manual	26.3	7.1	7.7

¹ Excluding Agriculture, Forestry & Fishing and Unstated Occupations

Source: Census of Population

undergoing very rapid expansion, there is a clear reflection here of the increasing importance of ICT in Ireland's emerging informational economy. The burgeoning role of financial services (another recurring feature of recent economic restructuring in advanced economies) is also reflected in rapid growth in the number of accountants (from the professional/technical grouping) and of bank, building society and other financial managers and marketing managers (from the proprietors and managers grouping which has also experienced above-average growth).

While not experiencing the cutbacks reported elsewhere (Gallie 1996; Marshall *et al.* 1997), public service employment still grew more slowly than the average in the early 1990s. Of the four main categories in this grouping, the numbers of teachers and nurses increased at below the average rate for the grouping, while the security forces (police, army and prisons) experienced absolute decline. By contrast, government administration (civil service and local government) portrayed above-average growth. The impact of ICT on routine office work, suggested above, is clearly apparent in the clerical occupational grouping whose growth rate was just one third of that for all employment. Finally, the 'other professional & non-manual' grouping displays a growth rate well above the overall average. This residual grouping combines a miscellany of service occupations experiencing widely varying trends.

Disaggregating employment change by gender (Table 3) shows some significant differences between male and female trends. There has been very strong growth in female employment at both ends of the occupational hierarchy (unskilled, professional/technical and managers & proprietors). In the case of the unskilled and managers/proprietors groupings, female employment growth was much more rapid than that for males. As regards the 'middle' groupings, whereas there was some growth in the male blue-collar grouping, the (admittedly small) corresponding female sector (comprising mainly semi-skilled clothing and textile workers) experienced absolute decline. And, while the rate of female employment growth in the public service and clerical groupings was superior to that for males, in both cases it was still below the overall growth rate for female employment.

Table 3: Employment Growth by Gender and Occupational Category Ireland 1991–96 (per cent)

OCCUPATIONAL CATEGORY	GROWTH (%)		% ALL EMPL ¹		% ALL EMPL ¹	
	1991–96		1991		1996	
	F	M	F	M	F	M
Total Employment ²	24.9	9.5				
Blue Collar	-4.8	4.3	6.0	31.5	4.6	30.0
Unskilled	35.1	8.4	28.1	28.6	30.4	28.3
Professional/Technical	44.4	32.1	5.0	7.3	5.8	8.9
Public Service	20.0	7.3	21.2	9.1	20.4	8.9
Clerical	10.8	-10.6	24.9	4.7	22.1	3.9
Managers & Proprietors	47.8	14.5	7.7	11.8	9.2	12.3
Other Professional & Non-Manual	34.9	21.2	7.1	7.1	7.6	7.8

¹ Refers to all female and all male employment, as appropriate

² Excluding Agriculture, Forestry & Fishing and Unstated Occupations

Source: Census of Population

Overall, therefore, the evidence for 1991–96 indicates that Ireland is undergoing significant occupational change, much of it in accordance with the postulates of polarisation theory. Thus, at a time of strong overall employment growth, of the two groupings identified in the literature as occupying the ‘middle’ of the Fordist occupational spectrum, the blue-collar sector (construction excepted) has been close to stagnation while most areas of public service employment have either been declining or experiencing below-average growth. By contrast, unskilled manufacturing and (especially) personal service work has grown strongly. However, the growth of relatively poorly-paid employment appears to have been tempered by the application of new technology to sales and clerical work (and also in routine assembly work in manufacturing). There has been particularly strong growth in the higher-grade professional/technical and proprietors/managers groupings, indicating that, on balance, there has been a movement towards greater overall professionalisation of the workforce.

The tendency towards occupational polarisation identified here is entirely due to the distinctive behaviour of the female workforce. There has been very strong growth in female employment in both the lower-grade unskilled and the upper-grade professional/technical and manager/proprietors groupings. For male workers, while there was above-average growth in the latter groupings, the rate of unskilled employment growth was below that for all male employment. This polarisation of female employment is not generally reflected in the polarisation literature, which has tended to emphasise the role of women workers in the growth of low-grade employment only (Gregson and Lowe 1994; Yates 1996; Badcock 1997).

The finding that there has been simultaneous growth in both higher-grade and lower-grade employment is at odds with O’Hearn’s (2000) assertion that recent employment growth in Ireland has been concentrated in routine, low-paying services. At the same time, it also contradicts O’Connell’s (2000: 76) contrary finding that there has been an ‘upgrading in the quality of positions in the labour market’ with ‘little in [the] long-run transformation of the class structure to suggest a deterioration in the quality of jobs’. O’Connell based this finding on a crude occupational taxonomy which includes personal service workers, shop assistants and clerical workers in the ‘lower middle class’ category. The alternative taxonomy used in this paper paints a different picture.

Trends in the distribution of earnings

The relative growth in both high-grade and low-grade employment in Ireland in the early 1990s was mirrored in a contemporaneous trend towards growing inequality in the earnings distribution. This occurred despite a strongly-entrenched national collective bargaining system and a rapid growth in the supply of highly-educated workers, and appears to be mainly attributable to the more rapid growth in demand for managerial, professional and technical workers relative to supply and relative to demand for lower-grade occupations (Barrett *et al.* 1997; Callan and Nolan 1999).

Despite already having one of the most unequal earnings dispersions (measured as the ratio between the top and bottom earnings deciles) among OECD countries in 1987, Ireland's dispersion increased more quickly than that of any of the other eight countries in Table 1 which displayed dispersion growth in the period 1987–94. By 1994, Ireland's earning dispersion was surpassed only by the USA and Canada and was much greater than those of the more developed West European economies. However, as Table 1 shows, this trend was reversed over the following three years, whereas the earnings dispersion continued to grow in the four other countries in the table (Sweden, Australia, the UK and the USA) which experienced dispersion increase during 1987–94 and for which 1997 data were also available. Ireland's exceptional experience in this regards has been attributed by Barrett *et al.* (2000) to a growing supply of skilled workers relative to demand due to rising levels of migration (particularly by Irish expatriates) into Ireland. Given the finite size of the pool of skilled expatriates and falling secondary school enrolment numbers, it seems likely that a continuation of Ireland's strong economic growth will lead to a return of growing earnings inequality, unless an adequate future inflow of skilled non-nationals is generated.

Trends in household income distribution

The growing earnings dispersion in Ireland up to 1994 was not reflected in the dispersion of household income, which changed little between 1980 and 1994, due mainly to the redistributive effect of the taxation and welfare systems (Callan and Nolan 1999; Nolan and Maître 2000). In addition, at least in the period 1987–94, growing labour force participation by women had the effect of reducing household income inequality (unlike the experience of the USA and UK), due principally to the fact that the women entering the labour force in this period typically had spouses at the lower end of the male earnings distribution. While the taxation system became less progressive in the 1990s, this was initially counterbalanced by the reduction of unemployment and the targeting of welfare increases on those in receipt of the lowest payment levels

As the 1990s progressed, growing household income inequality emerged, due to two main factors (Layte *et al.* 2001). Firstly, continuing strong growth in employment produced a sharp fall in the unemployment rate (from 15 per cent in 1994 to seven per cent in 1998), which meant that social welfare payments became increasingly focused on retired and disabled people. Secondly, in this period, social welfare payments did not grow in line with after-tax earnings (boosted both by growth in wages/salaries and reduced income tax), so that those households dependent on social welfare saw their incomes falling further and further below the national mean. Thus, the proportion of households with less than half the mean income rose from 18.6 per cent in 1994 to 24.6 per cent in 1998.

From the point of view of the social polarisation thesis, perhaps the most important aspect of the recent growth in income inequality is that its negative

impacts have been confined to people outside the paid labour force. The proportion of households with an employed 'reference person' (equivalent to the former 'head of household') whose income fell below 50 per cent of the mean income dropped from 20 per cent in 1994 to 15 per cent in 1998. The corresponding proportion for households whose reference person was unemployed fell by half to 15 per cent. By contrast, the proportion for households whose reference person was retired, disabled or engaged in home duties rose from 50 per cent to 70 per cent. In other words, growing household income inequality can be attributed mainly to regressive tax and social welfare policies rather than labour force restructuring.

Conclusion

Social polarisation is, despite its widespread currency in the literature, an elusive and confused concept. Its origins can be traced to the hypothesis that occupational change arising from post-Fordist restructuring has been characterised by simultaneous growth in both high- and low-remuneration jobs, at the expense of the intermediate-level jobs which were seen as underpinning the mass consumption of standardised goods and services during the Fordist era. However, identifying polarisation via the analysis of occupational change is problematical due, *inter alia*, to the ways specific occupations are combined into broad categories in official statistics, and the emergence of new occupational categories and alterations in the content of existing categories over time.

Trends in earnings inequality, while not a completely satisfactory indicator of occupational polarisation, do provide a useful yardstick for monitoring trends in the distribution of earnings both over time and between countries. However, the evidence for the late 1980s and 1990s shows wide variations in both degree of inequality and in inequality trends. The USA – the model around which the polarisation hypothesis has to a large extent been built – is, in fact, quite exceptional in these respects. Elsewhere in the OECD, higher levels of social protection may have tempered the growth of low-grade employment; indeed, demand for unskilled workers appears to be declining, contrary to a central tenet of polarisation thinking. Where one broadens the analysis to encompass household income from all sources, a clearer international trend to growing inequality in the 1980s and 1990s becomes apparent, even though this trend has been curbed in many countries by progressive tax and social welfare measures.

In the case of Ireland, a recasting of occupational groups to produce broad categories consistent with the polarisation literature produced evidence of polarisation in the early 1990s, with both unskilled and professional/technical/managerial employment growing relative to blue-collar, public service and clerical work. This was reflected in a trend towards growing earnings dispersion, thus reinforcing Ireland's position of having one of the highest levels of earnings inequality in the OECD (although this trend was reversed in the later 1990s). Prior to 1994, there was no corresponding growth in household income inequality (due mainly to the

redistributive effects of the tax and social welfare systems), but this changed in the late 1990s, as social welfare payments failed to grow in line with earnings. Overall, the nature and extent of inequality in Ireland in the 1990s has been profoundly influenced by strong and persistent economic growth levels which have been without parallel elsewhere in the developed world. This is particularly reflected in low unemployment levels and particularly strong earnings growth at the higher end of the occupational spectrum.

There has been widespread criticism of the fact that, at a time of unprecedented national prosperity, Ireland is becoming an increasingly unequal society whose less-privileged members are falling behind the rising living standards of the great majority. O'Reardon (2001) has addressed two key elements of this emerging problem. On the one hand he argues that there is a need for labour market interventions to upgrade the skills of the residual unemployed, those employable people who are not seeking work, and those on low pay. However, if such interventions were to prove successful, they would inevitably require growing immigration to fill the low-grade jobs relinquished by those whose skills have been upgraded. This raises the prospect of the type of discriminatory behaviour which tends to be engendered by situations where poorer forms of employment are largely filled by immigrants. It may be socially preferable, in the long run, to apply a significantly higher minimum wage which would attract more native Irish people into the lower-grade forms of work which they are currently increasingly shunning (although, to be effective, this would require a parallel policy of encouraging immigration of skilled workers from abroad).

However, given the fact that income disadvantage is becoming increasingly focused on people outside the labour force, a more serious issue is Ireland's low and declining commitment to redistribution via the tax and social welfare systems. Also Ireland's low and falling tax burden relative to countries with more equal income distributions has to be addressed. The share of GDP taken by taxation in Ireland fell from 37.4 per cent in 1987 to 32.8 per cent in 1997, whereas in the EU-15 the respective figures were 40.7 per cent and 41.5 per cent; with those countries above the average tending to have the lowest income inequality. If Ireland is serious about tackling inequality, this situation will have to be reversed. As O'Reardon (2001:144) concludes: 'There are fundamental choices to be made by the social partners and by Irish society, therefore, about our willingness to address the problem of social inclusion and to bear the costs of so doing.'

Notes

- 1 The helpful comments of two anonymous referees are gratefully acknowledged.
- 2 The agricultural sector, which has been experiencing long-term decline, has been excluded from the analysis which follows.

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