

# The labor market in Ireland, 2000–2018

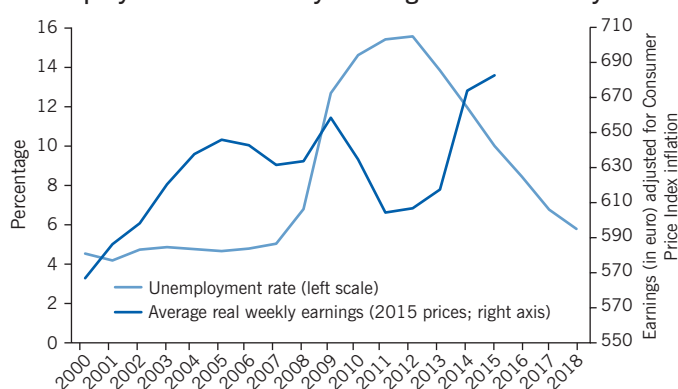
## A remarkable turnaround in the labor market went hand in hand with economic recovery

Keywords: unemployment, migration, Brexit, Ireland

### ELEVATOR PITCH

Ireland was hit particularly hard by the global financial crisis, with severe impacts on the labor market. Between 2007 and 2013, the unemployment rate increased dramatically, from 5% to 15.5%, and the labor force participation rate declined by almost five percentage points between 2007 and 2012. Outward migration re-emerged as a safety valve for the Irish economy, helping to moderate impacts on unemployment via a reduction in overall labor supply. As the crisis deepened, long-term unemployment escalated. However, since 2013, there is clear evidence of a recovery in the labor market with unemployment, both overall and long-term, dropping rapidly.

Unemployment and weekly earnings in the industry sector



Source: Authors' own compilation based on Central Statistics Office data. Online at: [https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp? maintable=QLF02& PLanguage=0](https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=QLF02&PLanguage=0); <https://www.cso.ie/en/releasesandpublications/ep/p-hes/hes2015/a/w/>

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### KEY FINDINGS

#### Pros

- ⊕ Unemployment has been on a steep downwards trajectory since 2013.
- ⊕ Migration acted as an important safety valve for the Irish economy in the aftermath of the crisis, whereby increases in unemployment led to rising emigration, thus alleviating the potential impact on the unemployment rate.
- ⊕ Labor force participation rates have stabilized after experiencing substantial falls during the crisis years.

#### Cons

- ⊖ Issues around future sources of labor supply are beginning to emerge.
- ⊖ In terms of unemployment, young men (aged 15–24) were hit particularly hard by the recession due to their high concentration within the construction sector.
- ⊖ Although the labor market has largely recovered since the crisis, Brexit constitutes a major challenge to the economy and labor market.

### AUTHOR'S MAIN MESSAGE

In the early 2000s, Irish growth was fueled by a property, credit, and construction boom. The global financial crisis in 2008 shattered this growth model. Between 2007 and 2012, the unemployment rate soared from 5.0% to 15.5%, despite outward migration helping to moderate some of the impact. Recovery has been underway since 2013, but uncertainty about the sources of future labor supply remains a salient issue. Migration could offer a means of alleviating growing labor supply concerns. Furthermore, Brexit represents a major risk to the economy with likely uneven impacts across the labor market.