SOCIO-ECONOMIC REVIEW **2010**

AN AGENDA FOR A NEW IRELAND

Policies to Ensure Economic Development, Social Equity and Sustainability

Social Justice Ireland

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Policies to Ensure Economic Development, Social Equity and Sustainability

Edited by

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Social Justice Ireland

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Working to build a just society

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INTRODUCTION

Ireland and Irish society have changed dramatically over the past two years. As the economy rapidly declined the phenomena of unemployment and emigration returned. Today, we are faced with substantial challenges and choices as we respond to the current crisis, acknowledge the national policy failures of recent years and plan for the years to come. The future that emerges will result from the decisions taken now. These decisions involve making difficult choices all of which need to combine to build a logical and coherent agenda for a New Ireland.

In chapter 2 we present an analysis of how Ireland came to be where it is today and identify a series of false assumptions and conclusions that underpinned Ireland's policy-making in recent decades. We look at Ireland today and identify key features of the economic, political, social and cultural context and reflect on how individualism, anxiety and greed, among other things, played a major role in Ireland's poor decision-making. We set out a vision of an Ireland based on the values of human dignity, sustainability, equality and the common good and then identify a series of policy priorities that are required to move in that direction.

In chapter 3 we outline in greater detail what an agenda for a New Ireland would entail and how, through making better choices, Ireland can recover and become a fairer society. The specific issues we address are: income, taxation, work, public services, housing and accommodation, healthcare, education and education disadvantage, intercultural and migration issues, participation, sustainability and the environment, rural development and the developing world. On each of these issues, we propose a core policy objective. We also provide an analysis of the present situation, review relevant initiatives and outline policy proposals aimed at constructing a pathway to recovery. In doing this, we clearly indicate the choices *Social Justice Ireland* believes should be made in the years immediately ahead.

In chapter 4 we set out the values that underpin our analysis.

In presenting our analysis and proposals we pay special attention to how Ireland is experienced today by those who are disadvantaged. All our proposals are presented within responsible fiscal policy parameters. *Social Justice Ireland* does not claim to have all the answers. However, we make our proposals as a contribution to the public debate on what the key priorities in the socio-economic arena should be now and in the years ahead. All responses are most welcome.

2. IRELAND IN 2010

In this chapter we set the scene for this *Socio-Economic Review*. To do so, we present a narrative outlining what happened over recent decades to bring Ireland to where it is today, where exactly Ireland finds itself now, where Ireland should go into the future and what it needs to do to get there. The remainder of this *Review* will address key policy areas, present a detailed analysis and propose policy initiatives that are required if a New Ireland is to emerge from the current series of crises.

Given the limits of space available to us it is not possible to address all issues that need to be addressed or to present great detail on particular policy areas. Our focus in this chapter is on the broad socio-economic reality that has emerged. We do not accept many of the assumptions and analysis that are guiding much of the commentary in public and policy-making arenas in recent times. The analysis of the past that seems to underpin Government decision-making is flawed and inaccurate. While some of what Government has done has been in the right direction:

- Many of Government's initiatives since the current crises emerged have been deeply flawed and are likely to lead to growing inequality.
- They are built on a vision of the future that is unsustainable.
- They fail to put human dignity and the common good at the core of the policy-making process.
- In particular, they seem to be guided by a questionable vision of Ireland's future.

The scale and severity of the crises Ireland is currently facing raise obvious questions regarding how they occurred. We provide a commentary on the background to these events. Questions are also raised about how we can recover from these crises and more importantly how we can shape a future Ireland that cares for the well-being of all its people and protects the environment.

The chapter is structured in four parts:
2.1 How Ireland got here: the background to the crises
2.2 Ireland in 2010: the context
2.3 The Need for Vision: where is Irish society going?
2.4 Priorities for a New Ireland

2.1 How Ireland got here: the background to the crises

There are both international and national roots to the current crises. From the perspective of Irish society, few would dispute that the latter is of major significance. In this section we consider both these backgrounds.

2.1.1 The International Background

The origin of the international financial crisis can be traced back to the decisions taken by Ronald Reagan and Margaret Thatcher when they led their respective governments in the early 1980s. In the preceding decades there had been rapid economic growth driven by the reconstruction of Europe and East Asia that had been devastated by war. In that period the world's economies were regulated through strong state controls over market activity and strong state intervention to minimise inflation and recession (through control of monetary policy for example). These were accompanied by relatively high wages which were seen as essential to stimulate and maintain demand for what was being produced. It was the era of the Keynesian state.

However, as the reconstruction of Germany and Japan reached completion and the capacity of other economies began to grow also (e.g. Brazil, Taiwan and South Korea) a new problem emerged. The world's capacity for economic growth was increasing dramatically. A major problem of over-production was emerging. As production capacity exceeded demand two kinds of responses were encouraged – the first was to create huge competition between the various producers and the second was to increase the demand people had for products and services. The former led to a process of driving down costs which in turn led to reduction in many people's wages. This had the effect of increasing inequality both within countries and between countries. It had the added effect of driving down demand as people could not afford the products being produced which, in turn, led to the erosion of profitability among companies. The huge increases in the price of oil in 1973 and 1979 also impacted on this situation in a negative way.

Since the late 1970s capitalism has tried three approaches to solving the problem of overproduction i.e. neoliberal restructuring, globalisation and financialisation. The first of these was the route chosen by Reagan and Thatcher. This has been followed by globalisation which in turn was followed by financialisation. The problems produced by financialisation are the immediate cause of what has been happening to the financial system in recent times.

Neo-Liberal Restructuring: Reagan and Thatcher agreed that the way to save capitalism was to promote capital accumulation and they did this by:

- Removing state constraints on the growth, use and flow of capital and wealth; and
- Redistributing income from the poor and middle classes to the rich on the understanding that the rich would then be motivated to invest their new profits and reignite economic growth.

This theory proved false in that it saw global growth averaging 1.4 per cent in the 1980s and 1.1 per cent a year in the 1990s. This compared with an average of 3.5 per cent in the 1960s and 2.4 per cent in the 1970s when state interventionist policies were the accepted norm. This neo-liberal approach redistributed income to the rich and seriously damaged the incomes of the poor and the middle classes. It did not increase the demand for products on the scale required since those whose incomes were being damaged didn't have the resources to spend and the rich did not invest a great deal of their new gains as expected.

Globalisation: The second approach used to try to save capitalism was globalisation. Great effort has gone into the creation of a global market. Countries that had been outside the market or had been non-capitalist were integrated into the global market. This was accompanied by trade liberalisation, the removal of barriers to the mobility of global capital and the abolition of barriers to foreign investment. This was seen as the solution to overproduction. China was the largest non-capitalist country to move into this system. This process, however, worsened the problem of overproduction. While the world's consumption grew this was surpassed by growing production capacity. The profits of major corporations were not growing as fast as had been the case in preceding decades. In the 1960s the annual profit margin of the Fortune 500 companies was 7.15 per cent. This went down to 5.3 per cent in the 1980s and 2.29 per cent in the 1990s. Profit margins continued to fall in the early years of this century.

Financialisation: In order to increase profitability the capitalist world turned to 'financialisation'. In the past the financial sector made the funds of savers available to entrepreneurs to finance their production capacity. With the continued reality of overproduction the financial world began to invest surplus funds in the financial world itself and in property. A whole range of new financial 'products' were created that could be bought and sold. Interest rates were lowered to facilitate this process. The increasing resources available for purchasing property led to huge increases in the price of property. Mortgage companies became more aggressive in marketing their products introducing innovations such as 100 per cent mortgages, 'interest only' mortgages and 40-year mortgages. House prices soared. Lending standards were lowered. Many of these mortgages were held by people who could not afford to repay on the agreed terms i.e. these were 'subprime' mortgages. A further problem was created as these mortgages, were included with other assets in new derivative products called 'collateralised debt obligations' (CDOs). These products were sold to banks and financial institutions that were not aware of what these products really contained. As interest rates rose it became apparent that many of these products were not worth their face value. The total value of these products is not known but is estimated to run into trillions of dollars. Companies such as Lehman Brothers, Merrill Lynch, Fannie Mae, Freddie Mac and Bear Stearns in the USA and others across the world were simply overwhelmed by these products as their reserves could not meet the losses being faced. Some collapsed. Others were bought out. The major international insurance company AIG (American International Group) was brought down by its huge exposure in the area of 'credit default swaps' which are derivatives that make it possible for investors to bet on the possibility that companies will default on repaying loans. George Soros the well known investor estimates that €45 trillion are invested in a market on these swaps – a market that is totally unregulated.

What we have been witnessing over the past few years is the collapse of financialisation - the third strategy to rescue capitalism from its core problem of overproduction.

Taken together these experiences imply a number of questions including the following:

- What is needed to ensure effective and efficient regulation at both national and international level of the world's financial systems?
- Does the world need to recognise that there is a fundamental flaw in capitalism that needs to be addressed?
- What needs to be done to ensure that economic development and social development are given equal priority in countries across the world?

2.1.2 The Irish Background

Given that Ireland is a small open economy, any form of international recession is bound to have implications for economic growth, jobs and trade. Consequently, the severity of the recent international recession would by itself have had serious implications for Ireland and would have guaranteed that this country experienced some form of recession. However, the recession experienced over the past two years has been a lot more severe due to an array of national policies and decisions over recent decades. Indeed, Ireland has been unlucky that both an international and national recession struck at the same time. However, Ireland was heading for a substantial slowdown independent of international developments.

Looking back, by the mid-1970s Ireland was well placed to have a period of strong economic growth. We had: just joined the European Union; were pursuing well-focused industrial policies; had low corporate tax rates; had an emerging legacy from the strong investment in education made since the mid-1960s; had a favourable geographic location for European markets; and our workforce spoke English. However, poor fiscal and monetary policy from 1977-1986 failed to provide the stability required to deliver this potential economic growth. Eventually, Government was forced to pursue appropriate policies and from 1987 onwards Social Partnership provided the framework to secure the stability required.

Since the late 1980s Ireland's population changed its relationship to employment; a change which provided a stimulus to economic growth in three ways.[1] First, the proportion of Ireland's population that was employed converged with the levels experienced elsewhere in Europe and the OECD. In 1989 only 31 per cent of Ireland's population was employed and this climbed to over 45 per cent by the end of the following decade. Second, the proportion of the labour force that was employed grew dramatically in the decade and a half from the early 1990s and the proportion unemployed fell dramatically after a period of jobless growth in the early 1990s. Thirdly, the labour force itself grew dramatically, increasing by over 900,000 during the 1990s. The key change in all of this was the increase in female participation in the labour force. Between 1990 and 2000 the number of females in the Irish labour force increased by almost 250,000 and the female labour force participation rate rose from 44 per cent to 56 per cent (OECD Labour Force Database, 2010).

[1] We explore these trends in more detail in section 3.3 of this review.

Complementing this labour force driven growth, was a very strong growth in productivity (average output) during the 1990s. Productivity growth helped Ireland become richer. However, as Ireland grew richer its productivity drew closer to the productivity levels of world-leading countries and its productivity growth slowed down. Subsequently, in the later years of the 'Celtic Tiger' it was population growth and not productivity or an increased employment ratio that was driving growth. This population growth, and the consequent increase in labour supply and economic activity, was being supported by a huge increase in immigration and was not likely to be sustainable over a long period. Put simply, by 2000/2001 Ireland had lost focus on productivity growth as the key to improving living standards and focussed simply on economic growth.

In effect, Ireland had reached a false conclusion on the issue of growth. Government policy became fixated on economic growth. It became convinced that economic growth was good in itself and the higher the rate of economic growth the better it would be for Ireland. Whatever supported economic growth was to be facilitated. Whatever controlled or limited economic growth was to be resisted. Consequently, Ireland followed a very questionable pathway as it put its faith (and huge incentives) in construction to continue the high growth levels that had been seen in previous years.

From 2000/2001 onwards, growth in housing construction masked Ireland's deteriorating 'fundamentals' for several years.[2] As Ireland's per-capita income grew the demand for housing grew. As we detail in section 3.5 of this review, Ireland's housing construction rose from 19,000 completions in 1990 to a peak of over 93,000 completions in 2006. While there were 48,413 households on local authority waiting lists for social housing in 2002, this level of housing construction was unsustainable by any standards. Most of the new construction was for private housing. Of the 57,695 houses completed in 2002, 51,932 were private housing. Of the 93,419 completed in 2006, 88,211 were private housing. Overall, the number of houses in Ireland rose from 1.2 million homes in 1991 to 1.4 million in 2000 and then exploded to 1.9 million in 2008. By 2007, construction accounted for 13.3 per cent of all employment, the highest share in the OECD.

This level of construction was encouraged and supported by a combination of factors of which two were:

[2] We examine Housing and Accommodation issues in more detail in section 3.5 of this review.

- Very low interest rates. These were dictated by the large EU economies which unlike Ireland were experiencing very low growth levels. Interest rates were reduced to very low levels to encourage investment in those countries. The same rates applied in Ireland, however, which was at the opposite end of the economic cycle.
- Large tax incentives for construction provided by the Irish Government.
- Unsustainable house price inflation and profiteering,

The results of this housing boom were catastrophic where Ireland was concerned

During this period Ireland had reached another false conclusion, this time on taxation.[3] It had come to believe: that low taxation was good in itself; that reducing tax rates would lead inevitably to an increase in tax-take; and that "giving people back their own money", through reducing taxes, was far better than investing that money in developing and improving infrastructure and services. The result of these beliefs was that by the end of the Celtic Tiger years Ireland had one of the lowest total tax-takes in the EU. At the same time, while there were improvements in areas such as housing, public transport and social welfare during those years, there was no doubt that Ireland's infrastructure and social services were far below an EU-average level. Despite very strong efforts from some policy analysts to convince Government and others otherwise, the strong assumption was maintained that infrastructure and social services at an EU-average level could be delivered with one of the lowest total tax-takes in the EU.

By 2007 Ireland had 'run out of road'. There was no further room for substantial improvement in the population/labour force/employment context. The labour market was over-heated and relying on inward migration to sustain labour supply. Productivity was weakening and the economy, and the total tax-take, were over-reliant on a housing construction sector that had already over-expanded. While a serious slowdown was inevitable the General Election of 2007 was fought on the generally accepted assumption that growth would average 4.5 per cent per year over the 2007-2012 period. All political parties except one drew up their manifestos on this basis. Many of those who challenged this assumption were rejected with derision.

Overall, Ireland's policy-making during this period was under-pinned by a series of false assumptions and conclusions that included the following:

[3] We review these issues in greater detail in section 3.2 of this review.

- Economic growth was good in itself and the higher the rate of economic growth the better it would be for Ireland. Whatever supported economic growth was to be facilitated. Whatever controlled or limited economic growth was to be resisted. So the promotion of growth as an end in itself became the focus of policy.
- The benefits of economic growth would trickle down automatically. Everyone would benefit.
- Infrastructure and social services at an EU-average level could be delivered with one of the lowest total tax-takes in the EU.
- The growing inequality and the widening gaps between the better-off and the poor that followed from this approach to policy-development were not important as everyone was gaining something.
- Low taxation was good.
- Reducing tax rates would lead inevitably to an increase in tax-take.
- "Giving people back their own money", through reducing taxes, was far better than investing that money in developing and improving infrastructure and services. The sum of Irish people's individual decisions would produce far better results for Ireland than allowing Government to decide how best to use the money.
- Ireland had a great deal to teach the rest of the world particularly about how it could reach full employment, generate huge economic growth and provide for all the society's needs while having one of the lowest total tax-takes in the Western world.

Arising from this series of false policy assumptions, there were many resulting policy failures. Among the failures were the following:

- Failure to take action to broaden the tax base by, for example:
  - introducing a property tax;
  - removing outstanding tax exemptions where there is not a demonstrated benefit-cost advantage;
  - introducing user service charges.
- Failure to promote tax equity by for example, introducing Refundable Tax Credits.
- Failure to overcome infrastructure deficiencies, such as broadband, public transport, primary health care, water, energy and waste.
- Failure to adequately address high energy costs.
- Failure to address high local authority charges on business.
- Failure to promote competition in sheltered sectors of the economy, such as professions.

- Failure to appropriately regulate the banking and financial services sector.
- Failure to manage the growth of personnel numbers in the public service.

2.2 Ireland in 2010: the context

In this section we analyse where Ireland stands today. We assess various dimensions of the current crisis and subsequently explore the present context in economic, social, political and cultural terms.

2.2.1 Ireland's Five-Part Crisis

Today, Ireland continues to be in crisis. The National Economic and Social Council (NESC, 2009) summarised the nature of this crisis as one possessing five closely related dimensions. We briefly reviews and summarises each of these.

A Banking Crisis in which the taxpayer is taking responsibility for rescuing the banks and financial institutions from the consequences of the dishonesty and incompetence of individuals and institutions who were in charge of running and regulating our financial system. As NESC has pointed out (2009: *x*), the policy response to the banking crisis must also address:

- The need to ensure that recent policy measures provide protection to the increasing number of households with mortgage arrears;
- The need to ensure that recent government action prompts a renewed flow of credit to businesses in Ireland;
- The need to convince Irish society as a whole, and particularly groups making visible sacrifices, that those who led Irish financial institutions into their current reliance on the state, and who were major beneficiaries of the boom, are being held accountable and are bearing their share of the adjustment burden;
- The need to persuade our EU partners, other international institutions and the global financial market actors that a new regulatory regime and governance culture is being created in Ireland.

A Public Finance Crisis because we are borrowing far more than we are collecting in taxes. To bring Ireland back into line with out European/Euro commitments, major budgetary adjustments have been required and will be required over the next few years. We discuss the nature of these changes later in this chapter. However, as NESC has noted, these fiscal adjustments need to be considered and implemented not just with regard to how they address the gap between taxes and spending but also with regard to how these adjustments impact on the other dimensions of Ireland's challenge: the economic crisis, the social crisis and the country's reputation (2009: *x*).

An Economic Crisis because we have lost many jobs and, throughout much of the last decade, fundamentally undermined our competitiveness. The speed, depth and nature of Ireland's economic decline necessitates a policy response which collectively addresses what NESC describes as "a difficult set of overlapping and competing objectives and factors" (NESC: *xi*). These include:

- The employment situation - particularly the threat of further unemployment and in particular large levels of long-term unemployment;
- Ireland's loss of competitiveness over the past seven years;
- The pressures on certain enterprises created by the devaluation of sterling;
- The evolution of prices, including policy instruments that influence input costs to business, professional fees and rents;
- The level of domestic demand;
- The state of the public finances, which are directly affected by public sector pay developments and indirectly influenced by wider unemployment, economic and income developments;
- The burden of mortgage debt, particularly on those who become unemployed;
- Social solidarity, encompassing the whole of Irish society, not just those whose incomes are determined in collective bargaining.

We outline the nature of this economic crisis in greater detail later in this section.

A Social Crisis because our social services and social infrastructure are being eroded, unemployment is increasing, incomes are falling, debt levels are rising and the prospect of a sustained period of high long-term unemployment levels now seems likely. While the economic crisis, and in particular the collapse of private construction, provides some opportunities to address the social housing deficit (see section 3.5 of this review), policy makers need to be keenly aware that their responses to the other crises should not further undermine the vulnerable in Irish society and the social services and infrastructure on which they depend. We outline the nature of this social crisis in greater detail later in this chapter.

A Reputational Crisis because our reputation around the world has been damaged for several reasons:

- The uncertainty about Ireland's willingness to participate in major developments in the EU;
- The perception that Ireland's public finances are vulnerable to default because of a combination of low growth, contingent liabilities to the banking system and the increasing ratio of debt to GDP;
- The perception that Ireland has, along with a number of other countries, had a lax and ineffective system of regulation of the financial sector;
- The perception that Ireland's response to the banking crisis may not include sufficient change in governance and personnel (NESC, 2009: *xii*).

2.2.2 The Economic Context

The dramatic and sudden turn-around in Ireland's economic experiences since 2007 needs to be considered in the context of our economic growth and expansion throughout the last decade. Clearly, as indicated earlier, there have been a number of major policy failures behind some of this growth (e.g. excessive fuelling of the construction industry). However, as table 2.1 shows, Ireland's Gross Domestic Product (GDP) and Gross National Income (GNI) have increased significantly since 1997.[4] The final column of the table tracks the per-capita value of GNI over the period. During that time it increased in real-terms (after taking account of price changes) by over 40 per cent.[5] According to projections from the ESRI and the Central Bank, the current economic slowdown is likely to bring Ireland back to GNI per capita levels such as those experienced in the early years of this decade.

The speed and severity of Ireland's economic decline is also visible in chart 2.1. It shows the strength of economic growth since 1995 (most developed world countries experience 2-3 per cent growth per annum) and the rapid decrease over the past two years. While the nature, timing and pace of the recovery remain unclear, all agree that there is likely to be a return to positive annual growth rates from 2011.

[4] GDP is calculated as the value of all economic activity that occurs in Ireland. GNI is calculated as GDP minus the net outflow of income from Ireland (mainly involving foreign multinationals repatriating profits), minus EU taxes and plus EU subsidies (for further information see CSO, 2008:76).

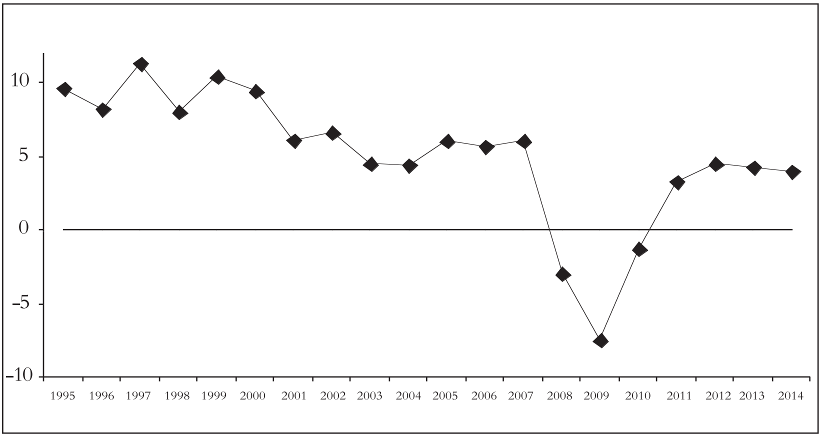
[5] We examine the distribution of this income, which was far from even, in section 3.1.

Table 2.1: Ireland's National Income, 1997-2008

Year	GDP (€b)	GNI (€b)	GNI per capita*
1997	68.1	60.8	n/a
1998	78.7	69.8	n/a
1999	90.4	77.8	€28,785
2000	104.8	90.3	€31,103
2001	116.9	98.8	€31,843
2002	130.3	108.1	€32,268
2003	139.8	119.5	€33,479
2004	149.1	127.7	€34,344
2005	162.1	139.0	€35,450
2006	176.8	153.8	€36,779
2007	189.8	162.5	€37,440
2008**	181.8	155.9	€35,788

Source: CSO, 2008:17
Notes: * Gross National Income per capita at constant 2007 prices;
** Preliminary Figures

Chart 2.1: Ireland's GDP Growth, 1995-2014 (%)



Source: OECD Factbook 2008, Department of Finance (2010) and ESRI (2009).

Among the components driving the decline in GDP growth rates has been the rapid decrease in house building. A housing bubble, where both prices and the number of units completed soared, saw Ireland move from building just 30,000 units in 1995 to a peak of 93,419 in 2006; in 2009 approximately 23,000 units were completed falling to approximately 10,000 units in 2010 (Department of Environment, Heritage and Local Government, 2009; ESRI, 2009). It also produced over-priced housing, paid for by irrational borrowing, foolish lending and unrealistic profit expectations. The legacy of this policy disaster has been empty housing units (many of them in inappropriate locations), negative equity and high numbers of unemployed construction workers.

Similarly, the scale of the international recession has had an impact on the level of exports. These fell by almost 3 per cent in 2009 and are expected to marginally increase in 2010. As production declined, both the number of workers and hours worked per worker were reduced.

For the public finances, the combined effects of these changes have been dramatic. Over the last decade the state had become dependent on construction related revenues which provided increased stamp duty, building related VAT and income taxes. Table 2.2 shows that as the economy turned these revenues rapidly declined. Overall, total tax receipts have fallen from in excess of €47 billion in 2007 to €32.5 billion in 2009; and current trends suggest that the 2010 figure is likely to be marginally lower than this.

Table 2.2: The Changing Nature of Ireland's Tax Revenues, 2007-10

	Estimated Outturn 2007	**Estimated Outturn 2008**	**Estimated Outturn 2009**	**Budget Projection 2010**
	€m	**€m**	**€m**	**€m**
Customs	285	255	209	200
Excise Duties	5,815	5,581	4,575	4,514
Capital Gains Tax	3,145	1,710	385	340
Capital Acquisitions Tax	383	320	260	240
Stamp Duties	3,195	1,780	900	975
Income Tax and Levy*	13,605	13,200	11,810	11,530
Corporation Tax	6,349	6,000	3,790	3,160
Value Added Tax	14,545	13,525	10,640	10,090
Other Levies	3	1	1	1
Total Tax Receipts	**47,325**	**42,372**	**32,570**	**31,050**

Source: Department of Finance, Budget Documents 2007-2010
Note: *Income levy applied from 2009 onwards.

The state continues to invest in infrastructure and other capital projects and, as in previous years, has borrowed money to make these investments. However, given the aforementioned collapse in taxation revenues, the state has, since 2008, been borrowing to pay its day-to-day (current account) costs. This is a serious and unsustainable development. In 2009 the government borrowed over €12 billion to meet its day-to-day costs and a further €13 billion for capital investment (including contributions to fund the rescue of Anglo Irish Bank and to bail out the major banks via investment contributions from the national pensions reserve fund). Budget 2010 projects that in 2010 the government will need to borrow over €13.7 billion to meet its day-to-day costs and €5 billion for capital purposes.

Taken together, Ireland's General Government Balance (GGB) as a percentage of GDP (the key indictor used by the European Central Bank to judge fiscal policy control) will be 11.6 per cent in 2010. This figure is well in excess of the 3 per cent limit set in the EU *Stability and Growth Pact*. Consequently, the objective of Government economic (fiscal) policy for the next few years is to reduce the GGB deficit indicator to 3 per cent by 2014. Table 2.3 outlines the pathway signalled by Government to achieve this; a pathway that has been endorsed by the EU.

Table 2.3: Plan to reduce the General Government Balance, 2009-2014

	2009	2010	2011	2012	2013	2014
GGB €m	-19,260	-18,720	-17,030	-12,970	-9,450	-6,010
GGB as % GDP	11.7	11.6	10.0	7.2	4.9	2.9

Source: Department of Finance, Budget 2010: C20.

While the international and national economic recovery are likely to somewhat assist in achieving this objective, it is clear that further tax increases and expenditure reductions must form a part of that transition. This guarantees a number of challenging Budgets in the years ahead. It is also assumed that the ongoing banking crisis does not require the exchequer to further invest in the banks, something that even the Minister for Finance considers uncertain. Were this to occur, the additional borrowing required would significantly increase the interest bill faced by the exchequer (as both levels of borrowing and borrowing rates would rise) and further increase the current budget deficit and via it the size of the GGB.[6]

[6] Because of the way the GGB is calculated, any borrowing to 'invest' in the banks would not be counted as spending and would not directly alter the projected GGB level.

Table 2.4 presents a summary of the Department of Finance's Budget 2010 projections for Ireland over the years 2010-2012.

Table 2.4: Ireland's Economic Position, 2010-2012	
National Income	
GDP in 2010 (€m)	€160,925
GNP in 2010 (€m)	€129,100
GDP growth in 2010	- 1.3%
GNP growth in 2010	- 1.7%
GDP growth 2010-2012 (average)	2.2% per annum
Exchequer Budgetary Position	
Current Budget Balance, 2010 (€m)	- €13,718
Net Capital Investment, 2010 (€m)	€6,734
Capital Investment paid from current resources, 2010 (€m)	Zero
Capital Investment paid from borrowing, 2010 (€m)	All
Exchequer Borrowing, 2010 (€m)	€18,780
2010 General Government Balance (%GDP)	-11.6%
Current Budget Balance 2011 (€m)	- €13,797
Current Budget Balance 2012 (€m)	- €9,883
Net Capital Investment 2010-2012 (€m)	€6,386 (average)
Exchequer Borrowing 2010-2012 (€m)	€17,215 (average)
National Debt as a % GDP, 2010	77.9%
National Debt plus NAMA as a % GDP, 2010	111.5%
Inflation and the Labour Market	
Inflation 2010	- 0.8%
Inflation 2010-2012 (average)	1% per annum
Unemployment rate in 2010	13.2%
Employment growth in 2010	-3.4%
Unemployment rate 2010-2012 (average)	12.5%
Employment growth 2010-2012 (average)	-0.03%

Source: Department of Finance, Budget 2010 (various tables)

Note: National Debt plus NAMA is a separate calculation

Table 2.5: EU-27 Rankings (highest to lowest) on Three National Policy Indicators

Taxation as a % of GDP	Total Government Expenditure as a % of GDP	Total Social Protection Expenditure as a % of GDP
Denmark	Sweden	France
Sweden	France	Sweden
Belgium	Denmark	Belgium
France	Hungary	Netherlands
Finland	Austria	Denmark
Italy	Belgium	Germany
Austria	Italy	Austria
Netherlands	Finland	Italy
Germany	Portugal	United Kingdom
Slovenia	Netherlands	Finland
United Kingdom	Germany	Portugal
Hungary	Greece	Greece
EU-27 AVERAGE	United Kingdom	**EU-27 AVERAGE**
Cyprus	**EU-27 AVERAGE**	Slovenia
Spain	Cyprus	Hungary
Czech Rep	Czech Republic	Spain
Portugal	Malta	Luxembourg
Luxembourg	Slovenia	Poland
Bulgaria	Poland	Czech Republic
Malta	Bulgaria	Cyprus
Poland	Spain	**IRELAND**
IRELAND	Luxembourg	Malta
Greece	Romania	Slovakia
Estonia	Latvia	Bulgaria
Latvia	**IRELAND**	Romania
Lithuania	Estonia	Lithuania
Slovakia	Lithuania	Estonia
Romania	Slovakia	Latvia

Source: Eurostat online database (2009)
Note: A more extensive assessment of each of these indicators can be found in corresponding tables throughout this review. They are: table 3.2.1, table A1 and table 2.8.

A further insight into Ireland's economic standing is presented in table 2.5. Using figures highlighted throughout this review it outlines where Ireland stands today relative to our fellow EU members on three key indicators – total taxation, total

Government expenditure and total social protection expenditure. In all cases, Ireland is near the bottom of the rankings. The rankings are based on Eurostat data compiled before the current economic collapse - the abnormal nature of fiscal policies since 2007 across all EU countries suggests that it would be inappropriate to make structural comparisons using this data.[7]

The obvious question arising from this table is: against whom do we benchmark ourselves as a society? Is it Latvia, Lithuania, Estonia, Slovakia and Romania? Are these the countries we wish to emulate in terms of public services, pensions, social welfare payments and wage rates (private and public)?

2.2.3 The Social Context

Throughout much of this review Ireland's social context is considered; this section provides a brief overview.

The ramifications for Ireland's people of the recent economic turmoil have been severe. Most notably, in the space of a few months, one of the great achievements of recent years has been reversed with unemployment returning as a widespread phenomenon.[8] In late 2006, 90,300 people were recorded as unemployed by the CSO's quarterly national household survey (QNHS), a figure which represented 4.2 per cent of the labour force. Three years later, the number of people unemployed tripled to reach almost 280,000 (approximately 13.75 per cent of the labour force). Suddenly, Ireland has returned to unemployment levels equivalent to those experienced in the mid-1980s. Behind each of these figures are people and families - the society-wide impact of these increases cannot be over-estimated.

The scale of this unemployment crisis, and the simultaneous collapse in employment opportunities, has resulted in many becoming stranded in unemployment. Consequently long-term unemployment, defined as those unemployed for more than one year, has rapidly increased. By late 2009 the long-term unemployment rate had reached 3.2 per cent of the labour force (over 71,000 people) and this figure looks set to climb towards 100,000 during 2010. It is of some concern that a large proportion of the newly long-term unemployed possess skills for which there is likely to be limited demand over the next few years. In particular, large numbers of males who formerly worked in the construction sector have joined this group and they will require significant assistance and retraining before many of them can return to employment.

[7] See the Appendix of this review for more details.

[8] The data cited in this section comes from the CSO's QNHS, the official measure of employment and unemployment. We analyse the live register figures in section 3.3.

Another of the social ghosts of the 1980s and 1990s has also returned – emigration. While there are no official figures, estimates by the ESRI in their December 2009 *Quarterly Economic Commentary* have suggested that there was a net outflow of 30,000 people in the year ending April 2009 and 40,000 in the year ending April 2010. However, they warn that these are assumptions rather than forecasts as there is little official data available. Similarly, they signal a lack of information on how young Irish people will respond to the negative economic situation. As the international economy begins to recover, something that is likely to precede Ireland's recovery by 12-18 months, it is expected that emigration will further increase with a large outflow of young and skilled Irish-born people.

The aforementioned collapse in taxation revenues has forced the government into three challenging budgets and a series of spending cutbacks in 2008, 2009 and 2010. Throughout this review we highlight and critique many of the cuts in social spending including the unacceptable cut to most social welfare payments delivered in Budget 2010. In the area of both national and local social services and initiatives, it is particularly difficult that these cuts are being implemented just as the demands for these services are increasing. The impact of these cuts, and the threats of further similar cuts, continues to undermine the social structures within Irish society and their ability to cope in the present circumstances. This is reflected in the experience of the Society of St Vincent de Paul who reported that throughout the last 18 months calls for assistance dramatically increased. Furthermore, they have indicated that almost one-third of these calls are from first-timers struggling to cope with the impact of the current crisis.

Aside from growing unemployment and long-term unemployment, emigration, service and funding cutbacks and the ongoing problems of inequality and poverty, we continue to live in a society with alarming numbers of people with literacy difficulties across all age groups, schools with leaking roofs and 'temporary' portacabins and a two-tier health system where the availability of services is related to income rather than need. Clearly, Ireland in 2010 has a social crisis.

2.2.4 The Political Context

At Government, partnership and local levels, Ireland in 2010 is politically under pressure. The stability of Government is continually challenged, and is likely to continue to be, as Government pursues the aforementioned reductions in public sector expenditure – often with limited consideration of the alternatives and options available to it (we outline these throughout this review).

At a partnership level, the process of consultation and society-wide cooperation has been continually undermined with the process often demonised and its significant positive contributions ignored. The severity of Ireland's current situation is reminiscent of the situation in the late 1980s when partnership was seen as the key to economic and social recovery; the lessons learnt then should be remembered now.

Locally, participation, community development and advocacy are under attack as funding is reduced and participation is actively discouraged by many arms of Government at both national and local level. This is being done despite the vast amount of learning over the past two decades that indicates this is the wrong direction to take.

2.2.5 The Cultural Context (assumptions, values and attitudes)

At times of crisis it is often the case that strategic thinking and planning are set-aside. This approach has been very visible in Ireland since the inception of the current crises. Its most visible manifestation has been the acceptance into the conventional wisdom of a series of unchallenged assumptions that are not valid. These include:

- That the economy should have priority over all else.
- That preventing all the major banks from collapse is the major economic priority.
- That cuts in public expenditure are the key. (They are only part of the solution.)

These assumptions fail to grasp the fact that economic development and social development are two sides of the one coin. Economic development is required to provide resources for social development. On the other hand social development is essential if economic development is to be successful. There will be no lasting economic development of substance without the provision of social services and infrastructure. For example, it will not be possible to promote a smart, green, hi-tech economy without having an education system that ensures people are capable of taking up jobs in these areas. Likewise infrastructure in areas such as public transport and Information and Communication Technology (ICT) are essential for a successful economy in the twenty first century. Thinking we can have economic development first and then follow-up with social development is to ignore many of the major lessons that have been learned over the past two decades.

There are other assumptions which are only half true that are repeated like mantras in much of what Government states and in what passes for analysis in much of the public commentary. These include:

- That everybody should make a contribution to the adjustment required.
- That fairness is important but taxes should not be increased.

Yes, we agree everyone should make a contribution insofar as they can. But we do not accept that some people should be driven into poverty because of the contribution that is demanded of them. To do this would be to solve one problem by creating a deeper and more long-lasting one. We reject any attempt to solve Ireland's problems by increasing inequality or by forcing the most vulnerable members of the population into a situation where they do not have the resources to live life with dignity. We also agree that fairness is critically important but we do not believe that Ireland's socio-economic situation can be rectified fairly while we persist in having one of the lowest total tax-take in the EU.

There are other values that are regularly repeated that we do accept. These include:

- That there should be far better value got for public expenditure.
- That the reform of the public sector is the major priority.

The widely quoted assumptions listed in this section have been adopted with limited consideration of their meaning or implications. Consequently, those that are not valid generate ill-considered policies which are met with widespread opposition and anger. As a society we are lacking a coherent set of guiding values and assumptions to shape the policies and actions of the decade to come.

But that is not all. Developments over the past decade and more and the Government's response to the multi-faceted crises Ireland has been encountering have produced a situation which is dominated by individualism, anxiety and greed.

Individualism in the sense of people being seen as isolated, self-sufficient, economic individuals grew dramatically in recent years. More and more the individual has come to be seen as the primary unit of social reality and community connectedness is down-played and resisted. In practice, Government policy has done much to undermine this community dimension. This kind of individualism is seen as a virtue. Such an individual is seen as autonomous, owing nothing to anybody, accountable to nobody, responsible for nothing and can rely on nobody only himself or herself. This kind of person is seen almost exclusively in economic terms. This is the kind of person who deserves to "get their own money back" through keeping taxation low according to much of the rhetoric of recent years. As we have highlighted already this was justified on the false assumption that such people were far better at investing that money in developing and improving infrastructure and services. According to this understanding the sum of Irish people's individual decisions would produce far better results for Ireland than allowing Government to decide how best to use the money. We have seen the falsehood of this assumption. However, there has been a further development for those individuals themselves and for society as a whole and that has been the consequent emergence of anxiety as a constant in Ireland's core.

Anxiety follows the growing realisation that individualism as described above is not an adequate basis for making long-term progress or securing people's well-being. Endless anxiety emerges for one never has enough or has done enough to be safe and satisfied. As a result, the autonomous individual that is championed in much current economic theory is caught in an endless rat race of achievement that produces bottomless anxiety – about the market, about performance, about self-worth.[9] This anxiety, in turn, leads many such people to experience growing insecurity, pressure and threat. This in turn feeds into the wider society and how it experiences itself. The individual person experiencing anxiety often responds by seeking to get more, to have more, so as to control the future. This often leads to greed.

Greed generates what Brueggemann calls "ravenous acquisitiveness" so that life becomes a passionate pursuit of every form of security and self-worth, especially through money. This in some ways explains why people who have the most usually think they do not have enough. Those with less imitate this ravenous greed. It is not difficult to see how this played a large part in a process where lenders were attracted to give out loans because of the easy income that would supposedly flow from interest payments and borrowers took the loans as they imagined a better future beyond their current deprivation or a more secure future that would counteract the anxiety they were experiencing. This situation was exacerbated by a 'bonus' culture which saw many lenders and others gaining huge bonuses.

[9] For further development of these points cf. Walter Brueggemann, *From Anxiety and Greed to Milk and Honey*, Sojourners, http://www.sojo.net/

This series of developments which saw the growth of individualism, anxiety and greed formed part of the core of why Ireland (and much of the Western world) got to be where it is today. A pathway out of this morass is needed. That pathway should be guided by a vision of Irish society, a New Ireland, towards which policy can be guided. We now move on to address the issue of what Ireland's guiding vision should be and what we need to do to move towards that vision.

2.3 The Need for Vision: where is Irish society going?

The scale of the crises facing Ireland today is dramatic. They imply a period of recovery, one that will take a number of years. The nature of that recovery has both international and national aspects. While the former is out of our control, decisions regarding our national policy responses to these crises will need to be considered and taken over the next few months and years. *Social Justice Ireland* believes that these national decisions should be framed in the context of one central question: Where does Ireland, and Irish society, want to be in 10 years time?

2.3.1 A Guiding Vision for a New Ireland

Overall, at this time there is a need for vision. A guiding vision that charts the future direction and shape of Irish society is needed; one that takes a long-term perspective and implements policy to achieve this. *Social Justice Ireland* believes that Ireland should be guided by the core values of:

- Human dignity
- Sustainability
- Equality and Human Rights
- The Common Good.

Being a little more specific, Ireland needs to see these values at the core of the vision of its future as a country where:

- Every man, woman and child in the country has what is required to live life with dignity i.e.
  - Has sufficient income,
  - Has access to the necessary services and
  - Is actively included in a genuinely participatory society.

- Sustainability (economic, social and environmental) is a central motif in policy development. This would mean that:
  - Economic development, social development and environmental protection are seen as different sides of the same reality, all interdependent.
  - Balanced regional and global development would be at the heart of the vision of Ireland's future.
- Equality and a rights-based approach are at the core of public policy.
- International economic competitiveness is developed and sustained
- The common good is a constant goal of policy development.

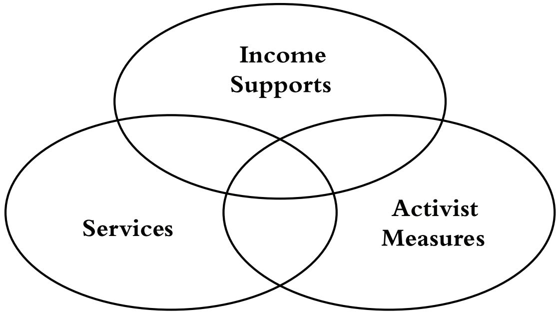
2.3.2 The Developmental Welfare State – a useful model for social development

The formation of future policy should take account of the perspective that is offered by NESC in its report entitled *The Developmental Welfare State* (NESC, 2005). Chart 2.2 presents the core structure of the model NESC presented. It is developed on the understanding that every person in Ireland should have what is required to secure human dignity in three interrelated areas: (i) services, (ii) income supports and (iii) innovative measures that would secure active inclusion.

In building the developmental welfare state NESC argued that Irish society should take a 'life-cycle' approach to ensuring that all three dimensions were delivered. As table 2.6 shows, such an approach would focus on identifying the needs of children, young adults, people of working age, older people and people challenged in their personal autonomy such as those in care or having a disability. The council suggested that for each group, policy should focus on securing an effective combination of income supports, services and active inclusion measures.

Successfully implementing this approach would underscore each of these groups ability to play a real and sustained role in Irish society and thereby play an important part in tacking social exclusion. This approach provides each sector involved with key challenges if the best options are to be taken and if the approach is to be successfully developed as a template for policy. A major part of the *Towards 2016* national agreement uses this approach to social development. It identifies 23 high-level goals across these age groups and interlinked areas. *Social Justice Ireland* believes that the Developmental Welfare State model and the *Towards 2016* high level goals should play a central role in implementing the social aspects of the vision for Ireland we articulate here.

Chart 2.2: The Core Structure of the Developmental Welfare State



Services	**Income Supports**	**Activist Measures**
• Childcare • Education • Health • Eldercare • Housing • Transport • Employment services • Training	• Progressive child income support • Working age income for participation • Minimum pension guarantee • Capped tax expenditures	• Social inclusion • Area-based strategies • Particular community /group projects • Emerging new needs • Novel approaches

Source: NESC (2005:144, 156)

Table 2.6: NESC Life-cycle approach to delivering the Developmental Welfare State

	Who?	What?	How?
0-17yrs	Integration of services, income support and activist measures	Governance and leadership	Standards and rights
18-29yrs			
30-64yrs			
65+ yrs			
People challenged in their personal autonomy			

Source: NESC (2005:147)

2.4 Policy Priorities for Moving Towards the Vision

Social Justice Ireland believes that moving towards the vision outlined above, would require among other things:

- Raising Ireland's total tax-take in a fair and equitable manner while keeping Ireland a low-tax economy (i.e. below 35% of GDP which is the cut-off level provided by Eurostat for a low-tax economy).
- Providing the necessary resources over time to raise Ireland's infrastructure and social services at least to the EU-average level.
- Focusing economic growth on increasing per-capita National Income.
- Reforming the Public Service to ensure it maximises its capacity and delivers appropriate outcomes.
- Ensuring Ireland's economy is internationally competitive.
- Addressing the reality of unemployment for both short-term and long-term unemployed people.
- Continuing to reduce poverty with a particular focus on reducing child poverty.
- Developing long-term planning and ensuring all actions taken serve the long-term needs of Irish society.
- Tackling inequality and developing a rights-based approach to policy development.
- Ensuring that getting value for money is the norm where public expenditure is concerned.
- Minimising the exposure of the tax-payer to the losses incurred by banks and the consequent expenditure of tax-payers money on rescuing these.
- A commitment to reach the 23 high-level goals for various stages of the life-cycle set out in *Towards 2016*.
- New mechanisms to develop long-term planning being put in place.
- The National Spatial Strategy being implemented.
- The role of the Community and Voluntary sector being respected and supported in practice as well as rhetorically.
- Dialogue with social partners being a central part of policy development.
- Ensuring all policy development is evidence-based and outcome-focused.
- Avoiding upward redistribution in the process of supporting banks and developers.

We explore a number of these issues in greater depth below. Others are examined elsewhere throughout this *Socio-Economic Review*.

Raising Ireland's total tax-take in a fair and equitable manner

Social Justice Ireland believes that Ireland should remain a low-tax economy. However, it should be one that collects sufficient taxes to meet the provision of an acceptable level of public services. In that regard we note Eurostat's selection of 35 per cent of GDP as the dividing line between high and low tax economies (2008:5). Ireland should bring its overall level of taxation to 34.9 per cent of GDP.

The achievement of this low-tax benchmark is particularly relevant given the recent collapse of taxation revenues (detailed earlier in this chapter) and the obvious and immediate need for Government to rebuild the Irish taxation base. According to the Department of Finance (2009:C.21), in 2010 Ireland's total tax-take is likely to fall to approximately 29 per cent of GDP. It is this decrease that has placed the exchequer in such a precarious position and put so much unnecessary pressure on public services.

Table 2.7 estimates the scale of tax revenues that should be collected using this low-tax benchmark and projected GDP figures from Budget 2010. The total taxation figure represents not just those taxes collected centrally by the exchequer but also contributions to the social insurance fund and revenues collected by local authorities.[10]

Table 2.7: Potential Irish Total Tax Revenues, 2010-2014

Year	GDP (€m)	Potential Taxation: 34.9% of GDP (€m)
2010	160,925	56,163
2011	169,900	59,295
2012	181,250	63,256
2013	192,975	67,348
2014	204,800	71,475

Source: Calculated from Department of Finance Budget 2010: C10.

[10] There are also some EU related taxes but these are small in the overall context.

In the longer term it is an obvious reality that Ireland can never hope to address its deficits in infrastructure and social provision if we continue to collect substantially less tax income than that required by other European countries. As we outline in some detail in section 3.2 of this review, *Social Justice Ireland* believes that these tax reforms should not be attained through increasing tax rates, but rather via reforming and broadening the tax base so that Ireland's taxation system becomes fairer.

Adequately resource Ireland's infrastructure and social provision

When considering the adequacy of the resources allocated to infrastructure and social provision, an analysis of Ireland's spending on social protection against that of other EU countries is telling. Social protection expenditure is defined by Eurostat to include spending on: sickness/health care, disability, old age, survivors, family/children, unemployment, housing and social exclusion initiatives not elsewhere classified (2007: 125). Table 2.8 uses the most recent figures, published by Eurostat, to show the size of this expenditure as a percentage of GDP for 2007 (the latest year for which figures are available). A comparison is also made with Ireland's GNP.

In 2007, Ireland's spending on social expenditure was below the EU average (of 26.2 per cent of GDP). Although the Irish figure has been rising in recent years, and is likely to increase further due to the large growth in unemployment, it is only poorer new member states that record lower proportions of social expenditure. Chart 2.3 develops this analysis further and examines the difference between the proportion of GDP allocated to social protection expenditure by each of the EU-27 countries and the EU average.

When social expenditure is assessed on a per capita basis Ireland's position marginally improves. However, when these figures are compared to other countries the Eurostat figures show that the UK government spends 6 per cent more per person on social expenditure than Ireland does. Other comparisons against spending per Irish person include: Germany 13 per cent more, France 17 per cent more, Austria 22 per cent more and Netherlands 32 per cent more.[11]

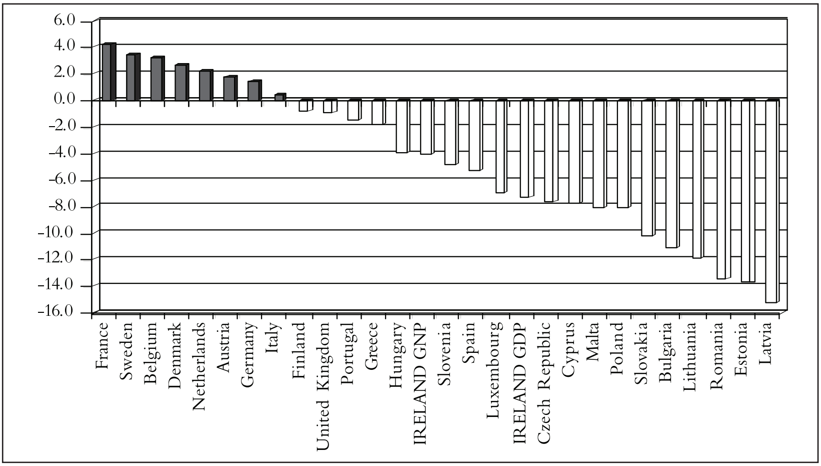
[11] All figures sourced from Eurostat online database (2010) and adjusted for purchasing power standards (PPS).

Table 2.8: National Social Protection Expenditure as a % of GDP, for the EU-27 in 2007

Country	% of GDP	Country	% of GDP
France	30.5	Slovenia	21.4
Sweden	29.7	Spain	21.0
Belgium	29.5	Luxembourg	19.3
Denmark	28.9	**IRELAND GDP**	18.9
Netherlands	28.4	Czech Republic	18.6
Austria	28.0	Cyprus	18.5
Germany	27.7	Malta	18.1
Italy	26.7	Poland	18.1
Finland	25.4	Slovakia	16.0
United Kingdom	25.3	Bulgaria	15.1
Portugal	24.8	Lithuania	14.3
Greece	24.4	Romania	12.8
Hungary	22.3	Estonia	12.5
IRELAND GNP	22.2	Latvia	11.0

Source: Eurostat online database (2010) and CSO (2010:3)
Note: EU-27 average in 2007 = 26.2% of GDP

Chart 2.3: Percentage Divergence in National Social Protection Expenditure levels from the EU average*



Source: Eurostat online database (2010) and CSO (2010:3)
Notes: * EU-27 average in 2007 = 26.2% of GDP

In the context of these figures, it is of no surprise that the reports mentioned earlier (and others detailed in section 3.1) highlight the high levels of poverty and exclusion in Ireland. *Social Justice Ireland* believes that it is important that Ireland, as a society, focuses on protecting our social provision in the years to come. It is of serious concern that to date, many of those dependent on services and supports in this area have experienced severe cutbacks as a result of various measures in recent Budgets. As we recover from the current crises, it is important that society continues to protect and assist its most vulnerable.

Focus policy to target growth of per-capita National Income

Social Justice Ireland believes that a series of new indicators is needed to measure the development of societies. The inadequacy of out current metrics was the theme of our 2009 Social Policy conference and the subsequent publication entitled *Beyond GDP: What is progress and how should it be measured*? (Reynolds and Healy, 2009). Later in this review we discuss the need to develop such alternative scorecards and in particular address the *Towards 2016* commitment to investigate the possibility of developing a set of shadow national accounts (see section 3.10).

In the years to come, as Ireland recovers, we believe that it is worthwhile for economic policy to focus on growing per capita national incomes rather than just their nominal levels. Per capita national income is calculated by dividing GNP (or GDP) by the population – establishing GNP per person. Moving to such an approach is particularly important in the context of projected population growth (see below). Reporting and monitoring increases in these indicators would enhance policy making and provide a more realistic yardstick to assess economic developments.

Ensure Ireland's economy is Internationally Competitive

Ireland lost competitiveness throughout almost all of the last decade. While National Income climbed so too did wages. Simultaneously, our infrastructure, both physical and technological, failed to keep pace with the rest of Europe while many of our public institutions performed badly.[12] Overall, we slipped backwards relative to our international competitors; a dangerous phenomenon for an export-orientated economy.

[12] See section 3.2 where we examine competitiveness in greater detail.

Without doubt, a key feature of Ireland's recovery is the need to rebuild this competitiveness. Already unit labour costs have fallen relative to our EU counterparts and this trend looks set to continue in 2010. However, as the World Economic Forum's *Global Competitiveness Reports* have pointed out, competitiveness is about more than just labour costs. Therefore, as Ireland recovers attention needs to be paid to the other key areas of competitiveness including infrastructure, technological connectivity, public sector efficiency, innovation and education/skills.

Address Unemployment

The past two years have seen Ireland return to the phenomenon of widespread unemployment. The transition from near full employment to high-unemployment has been a critically important characteristic of this recession. The implications for people, families, social cohesion and the exchequer's finances have been serious. Economic forecasts for the remainder of 2010 indicate that unemployment will increase further. The ESRI's Winter 2009 *Quarterly Economic Commentary* forecast that unemployment would increase to an annual average rate of 13.75 per cent of the labour force for 2010 having been 4.6 per cent in 2007. There can be little doubt that we are entering a very challenging period where high levels of long-term unemployment once again become a characteristic of Irish society.

In responding to this situation *Social Justice Ireland* believes that the Government should:

- Introduce a new job support programme to place people who are currently in receipt of unemployment payments (and other related payments) in supported employment.
- Resource the up-skilling of those who are unemployed and at risk of becoming unemployed.
- Maintain a sufficient number of active labour market programme places available to those who are unemployed.
- Adopt policies to address the worrying trend of youth unemployment. In particular, these should include education initiatives and retraining schemes.
- Recognise that many of the unemployed are skilled professionals who require appropriate support other than training.
- Prioritise initiatives in the National Development Plan (NDP) that strengthen social infrastructure e.g. school building programme, social housing programme.
- Adequately resource targeted re-training schemes for those made unemployed from the construction industry in recognition of the fact that this industry is never likely to recover to the level of employment it had in recent years.

- Monitor groups at very high risk of unemployment.
- Recognise the scale of the evolving long-term unemployment problem and adopt targeted policies to address this effectively.
- Ensure that the social welfare system is administered such that there is minimal delays in paying the newly unemployed the social welfare benefits to which they are entitled.

The scale of these challenges is enormous. However, it is crucial that Government, commentators and society in general remember that each of these policy priorities affect people who are experiencing dramatic and, in many cases, unexpected turmoil in their and their families' lives. As Irish society comes to terms with the enormity of this issue, this perspective should remain central.

Continue to Reduce Poverty

The European wide social survey EU-SILC (Survey on Income and Living Conditions) allows accurate comparisons to be made between the levels and rates of various socio-economic phenomena across the member states. The most recent poverty data indicate that throughout the EU-25 the average risk of poverty in 2007 (the latest year for which comparable statistics are available) was 16 per cent. As we show later in this review, the increases in social welfare payments secured over recent years have begun to produce real benefits in terms of reducing Ireland's rate of poverty (see section 3.1(a)).

One of the most shocking current social statistics relates to child poverty. Of all the children (under 18 years) in Ireland, 17.4 per cent live in poverty - this amounts to approximately 187,000 children. The scale of this statistic is alarming. Given that our children are our future, this situation is not acceptable. Furthermore, the fact that such a large proportion of our children is living below the poverty line has obvious implications for the education system, for the success of these children within it, for their job prospects in the future and for Ireland's economic potential in the long-run. Consequently, addressing child poverty must be a priority.

Over the next few years *Social Justice Ireland* believes that it will be possible to reduce Ireland's poverty rate further as most Irish people desire. This can be achieved through policies which continue to: benchmark social welfare payments; provide equity of social welfare rates across genders; provide adequate payments for children and deliver higher and universal state pensions and cost of disability payments. Throughout section 3.1 of this review we outline these policies. If adopted we believe that Ireland will reduce its poverty rate further over the next few years a phenomenon which would mark a great achievement for Irish society.

As the economy recovers, a policy agenda focused on maintaining this position would equally be important and would reflect a clear willingness to include all of society in the fruits of the recovery. It would be a great mistake for Ireland, and Irish policy makers, to repeat the experience of the late 1990s once again, where economic growth benefited only those who were employed while others such as those dependent on pensions and other social welfare payments slipped further and further behind.[13]

Develop Long Term Planning and ensure all actions taken serve the long-term needs of Irish society.

An essential element of any society is its ability to plan for the future. In that context an important insight into Ireland's future was provided in April 2008 as part of the Central Statistics Office (CSO) report on expected population trends. Entitled *Population and Labour Force Projections, 2011-2041* the report signalled a dramatic demographic transformation due to occur in Ireland over the next three decades.[14] Table 2.9 presents its main findings.

Table 2.9: Projected growth of the Irish population, 2002-2041

Year	Population Growth	% increase from 2002
2002	3,917,000	-
2006	4,232,900	8.06
2011	4,421,900	12.89
2016	4,606,900	17.61
2021	4,763,700	21.62
2026	4,883,000	24.66
2031	4,976,300	27.04
2036	5,055,500	29.07
2041	5,122,000	30.76

Source: CSO (2004; 2008: 27, 33).Using the CSO's demographic assumptions M0F1 – zero migration and high fertility.

[13] See section 3.1 and the paragraphs on 'Poverty and social welfare recipients' which provide details of the late 1990s experience.

[14] See also Punch (2006).

As table 2.9 shows the CSO forecast that Ireland's population will climb from approximately 4.2 million people today to over 4.7 million people by 2121 and on to exceed 5.1 million people by 2041. The figures in table 2.6.4 reflect the most conservative CSO assumptions for population growth. While it is likely that the current recession and associated emigration will have some impact on these figures, the differences are unlikely to be substantial.

There are major implications for many public policy areas as a result of this projected increase. Where will all these extra people be housed? How will they travel around? What additional education and health facilities are required to provide for such additional numbers? How can Ireland ensure that we build a fair and inclusive society which can adequately cater for all these extra people?

Social Justice Ireland believes that these figures necessitate the development of long term planning. Rather than cope with the implications of this population growth once it has happened, we believe it is important to begin to plan now for its arrival. To do this successfully, policies need to be framed within a time frame of at least 10 years. These policies also need to look beyond economic growth as the principal priority driving Government, the policy formation process and society generally. Adopting this approach should ensure that short-term decisions being taken by Government do not work against the long-term interests of Irish society.

Address Inequality and Develop a Rights-Based Approach

Inequality is a key problem in Irish society. Inequality produces a whole range of negative outcomes for those who are poor and/or excluded. Increasing inequality, which has been the norm for some time, exacerbates the negative impacts on people who are poor and/or excluded. Reducing inequality must be a core objective of Government policy. *Social Justice Ireland* also believes strongly in the importance of developing a rights-based approach to social, economic and cultural issues. The need to develop these rights is becoming ever more urgent for Ireland in the context of achieving recovery. Such an approach would go a long way towards addressing the growing inequality Ireland has been experiencing.

Social, economic and cultural rights should be acknowledged and recognised just as civil and political rights have been. Among others, we believe that seven basic rights that are of fundamental concern to people who are socially excluded and/or living in poverty should be acknowledged and recognised. These are the rights to: sufficient income to live life with dignity; meaningful work; appropriate accommodation; relevant education; essential healthcare; cultural respect; and real participation. Until these rights are effectively recognised then Ireland and the EU will continue to have a major credibility problem, as they will be failing to match their commitment to civil and political rights with an equal commitment to social, economic and cultural rights.

To ensure that the recognition of social, economic and cultural rights goes beyond words, however, it is essential to address the question: how can such rights be made justiciable (capable of being vindicated in law)? In particular, how can this be done in a way that respects the political process and does not destroy the balance of power between the judicial and the governmental dimensions of society while also respecting the social, economic and cultural rights of people?

In previous publications we have developed a detailed proposal showing how this could be done[15]. We believe that movement in this direction would be a very progressive development and would make a major contribution to seeing the emergence of a New Ireland which would facilitate and support the well-being of all people equally.

Avoid Upwards Redistribution in Supporting Banks and Developers

An unavoidable element of Ireland's recovery is the need to address the mess created by the incompetent management and regulation of our banking institutions. A similar, and related, mess needs to be cleaned up following the illogical behaviour of numerous property developers; ranging from those who built unwanted housing to those who dramatically over-paid, and over-borrowed, to buy development land. In addressing both these related problems Government must avoid adopting policies where the exchequer, representing society as a whole, provides huge resources to bail out a few companies and individuals while inequality is allowed to continue growing and the most vulnerable are left further behind. Overpaying for bank assets as they transfer to the National Asset Management Agency (NAMA) or allowing broke developers keep 'performing assets' while the state carries the burden for their un-performing assets is simply unacceptable. As we rebuild the financial system of this country we must avoid upwards redistribution in supporting banks and developers.

[15] For a further discussion of this issue see Healy and Reynolds (2003).

2.5 Focusing on Specific Issues

In 2010, the challenges facing Irish society are among the greatest in living memory. As we have outlined in this chapter, it is necessary to face these challenges strategically; not with piecemeal policy initiatives to cope with the short–term, but with thought-through integrated policy initiatives that plan for the longer-term.

In the following sections of this review, we outline in greater detail what this would entail and how, through making better choices, Ireland can recover to become a fairer society. The specific issues we address are:

- Income
- Taxation
- Work
- Public Services
- Housing and Accommodation
- Healthcare
- Education and Education Disadvantage
- Intercultural & Migration issues
- Participation
- Sustainability and the Environment
- Rural Development
- The Developing World

On each of these issues, we propose a core policy objective. We also provide an analysis of the present situation, review relevant initiatives and outline policy proposals aimed at constructing a pathway to recovery. In doing this, we clearly indicate the choices *Social Justice Ireland* believes should be made in the years immediately ahead.

3. AN AGENDA FOR A NEW IRELAND

Objectives, Analysis and Policy Proposals

3.1 Income

CORE POLICY OBJECTIVE: INCOME

To provide all with sufficient income to live life with dignity. This would involve enough income to provide a minimum floor of social and economic resources in such a way as to ensure that no person in Ireland falls below the threshold of social provision necessary to enable him or her to participate in activities that are considered the norm for society generally

High rates of poverty and income inequality in Ireland require greater attention. Tackling these problems effectively is a multifaceted task. It requires action on many fronts ranging from healthcare to education, from accommodation to employment. However, the most important requirement in tackling poverty is the provision of sufficient income to people to enable them to live life with dignity. No anti-poverty strategy can possibly achieve any success without an effective approach to addressing low incomes.

This section addresses the issue of income in four parts. The first examines the extent and nature of poverty in Ireland today while the second profiles our income distribution. The final two sections address potential remedies to these problems by outlining the issues and arguments surrounding achieving and maintaining an adequate social welfare income and the introduction of a basic income.

(a) Poverty

While the phenomenon of poverty remains large, there has been major progress on this issue over recent years.[16] Driven by increases in social welfare payments, in particular payments to the unemployed, the elderly and people with disabilities, the rate of poverty has significantly declined. Latest data, analysed in this section, reports that poverty has fallen to the lowest level on record.[17]

[16] This section of the *Socio Economic Review* complements our February 2010 *Policy Briefing* on Poverty which is available from www.socialjustice.ie

[17] Irish household Income data has been collected since 1973 and all previous surveys recorded poverty levels above 15 per cent.

Data on Ireland's income and poverty levels are now provided by the annual *SILC* survey *(Survey on Income and Living Conditions)*. This survey replaced the *European Household Panel Survey* and the *Living in Ireland Survey* which had run across the 1990s. Since 2003 the *SILC / EU-SILC* survey has collected detailed information on income and living conditions from up to 130 households in Ireland each week; giving a total sample of between 5,000 and 6,000 households each year.

Social Justice Ireland welcomes this survey and in particular the speed and accessibility of the data produced. As this survey is conducted simultaneously across all of the EU states its results possess significant potential to inform the ongoing debate on relative income and poverty levels across the EU member states. It also provides the basis for informed analysis of the relative position of the citizens of member states. In particular, this analysis is informed by a set of agreed indicators of social exclusion which the EU Heads of Government adopted at Laeken in 2001. These indicators (known as the updated-Laeken indicators) are calculated from the survey results and cover four dimensions of social exclusion: financial poverty, employment, health and education.[18]

Finally, the change to this EU-wide survey has resulted in some minor changes in the way poverty and income levels are measured and reported. These changes are outlined below before we review the results from the most recent report which deals with data from 2008.

What is poverty?

The National Anti-Poverty Strategy (NAPS) published by government in 1997 adopted the following definition of poverty:

> *People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living that is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities that are considered the norm for other people in society.*

This definition has been reiterated in the 2007 *National Action Plan for Social Inclusion 2007-2016* (*NAPinclusion*).

[18] For more information on these indicators see Nolan (2006:171-190).

Where is the poverty line?

How many people are poor? On what basis are they classified as poor? These and related questions are constantly asked when poverty is discussed or analysed.

In trying to measure the extent of poverty, the most common approach has been to identify a poverty line (or lines) based on people's incomes. In recent years the European Commission and the UN among others have begun to use a poverty line located at 60 per cent of median income. The median income is the income of the middle person in society's income distribution; in other words it is the middle income in society. This poverty line is the one adopted in the *SILC* survey and differs from the previous Irish poverty line (prior to 2003) which was set at 50 per cent of mean (average) income. This switch to using median income is to be welcomed as it removes many of the theoretical and technical criticisms that have been levelled against using relative income measures to assess poverty.[19] In cash terms there is very little difference between the poverty line drawn at either 60 per cent of median income or 50 per cent of mean income.[20] While the 60 per cent median income line has been adopted as the primary poverty line, alternatives set at 50 per cent and 70 per cent of median income are also used to clarify and lend robustness to assessments of poverty.

The most up-to-date data available on poverty in Ireland comes from the 2008 *SILC* survey, conducted by the CSO. The 2008 data includes a one-off effect on Irish household incomes associated with the SSIA (Special Savings Incentive Accounts) scheme. As a result of the release of these savings and the associated cash bonuses/interest, many household's income increased in 2008 on a one-off basis (CSO, 2009:18-19). Given that this effect will not re-occur in future years the CSO have provided their 2008 *SILC* results both including and excluding the SSIA effect. To ensure continuity of analysis with previous and future years the majority of the analysis that follows reports the results excluding the once-off SSIA effects.[21]

[19] In particular the use of median income ensures that it is possible to eliminate poverty (a rate of 0 per cent), a feature that was theoretically impossible when poverty lines were calculated using mean income.
[20] For example in 2003 the CSO reported that the 60 per cent median income line was €14 higher than the 50 per cent mean income line. In some other European countries the opposite situation was found.
[21] We note that the CSO data shows the unequal distribution of the SSIA scheme with households further up the income distribution realising cash gains (mainly via government top-up payments) well in excess of those lower down the income distribution. As we have previously pointed out, this was an inequitable scheme and the CSO data empirically confirms this.

Using information gathered in the *SILC* survey for 2008, the CSO established that the median income per adult in Ireland (excluding the one-off SSIA effect) was €388.07 (2009:19).[22] Consequently, the income poverty lines for a single adult derived from this average were:

50 per cent line – €194.03 a week
60 per cent line – €232.84 a week
70 per cent line – €271.65 a week

Updating the 60 per cent median income poverty line to 2010 levels, using the ESRI's predicted changes in wage levels for 2009 and 2010, produces a relative income poverty line of €224.75 for a single person.[23] In 2010, any adult below this weekly income level will be counted as being at risk of poverty. It is worth noting that the value of the 2010 poverty line is lower than the 2008 figure (above) because wages are projected to decline over this period and as the poverty line is a relative measure it adjusts accordingly.

Table 3.1.1 applies this 2010 poverty line to a number of household types to show what income corresponds to each household's poverty line. The figure of €224.75 is an income per adult equivalent figure. This means that it is the minimum weekly disposable income (after taxes and including all benefits) that one adult needs to receive to be out of poverty. For each additional adult in the household this minimum income figure is increased by €148.33 (66 per cent of the poverty line figure) and for each child in the household the minimum income figure is increased by €74.17 (33 per cent of the poverty line).[24] These adjustments are made in recognition of the fact that as households increase in size they require more income to keep themselves out of poverty. In all cases a household below the corresponding weekly disposable income figure is classified as living at risk of poverty. For clarity, corresponding annual figures are also included.

One immediate implication of this analysis is that most weekly social assistance rates paid to single people are €28.75 below the poverty line.

[22] Including the SSIA effect the median income in 2008 equalled €398.10 (CSO, 2009:19).
[23] The calculation assumes a -1 per cent change in 2009 and a -2.5 per cent change in 2010 (from ESRI Quarterly Economic Commentary, Winter 2009).
[24] For example the poverty line for a household with 2 adults and 1 child would be calculated as €224.75 + €148.33 + €74.17 = €447.25.

Table 3.1.1: The Minimum Weekly Disposable Income Required to Avoid Poverty in 2010, by Household Types		
Household containing:	**Weekly poverty line**	**Annual poverty line**
1 adult	€224.75	€11,719
1 adult + 1 child	€298.92	€15,586
1 adult + 2 children	€373.09	€19,454
1 adult + 3 children	€447.25	€23,321
2 adults	€373.09	€19,454
2 adults + 1 child	€447.25	€23,321
2 adults + 2 children	€521.42	€27,188
2 adults + 3 children	€595.59	€31,056
3 adults	€521.42	€27,188

How many have incomes below the poverty line?

Table 3.1.2 outlines the findings of various poverty studies since 1994 (when detailed poverty studies commenced). Using the EU poverty line set at 60 per cent of median income, the findings reveal that in 2008 almost 14 out of every 100 people in Ireland were living in poverty. However, the table also indicates that in recent years the rates of poverty have decreased significantly to record levels. These recent decreases in poverty levels must be welcomed. They are directly related to the increases in social welfare payments delivered over the Budget's spanning these years.[25]

Table 3.1.2: Percentage of population below various relative income poverty lines, 1994-2008								
	1994	**1998**	**2001**	**2003**	**2005**	**2006**	**2007**	**2008**
50% line	6.0	9.9	12.9	11.6	10.8	8.9	*	*
60% line	**15.6**	**19.8**	**21.9**	**19.7**	**18.5**	**17.0**	**15.8**	**13.9**
70% line	26.7	26.9	29.3	27.7	28.2	26.7	*	*

Source: CSO (2008:13) and Whelan et al (2003:12), using national equivalence scale.
Notes: All poverty lines calculated as a percentage of median income.
* Data not published for 2007 and 2008

[1] See table 3.1.14 below for further analysis of this point.

As it is sometimes easy to overlook the scale of Ireland's poverty problem it is useful to translate the poverty percentages into numbers of people. Using the percentages for the 60 per cent median income poverty line and population statistics from CSO population projections and Census results we can calculate the numbers of people in Ireland who have been in poverty for the years 1994, 1998, 2001, 2003-2008 (CSO 2004:48, 2006:52, 2007:37, 2009:7). These calculations are presented in table 3.1.3. The results give a better insight into how large the phenomenon of poverty is.

Table 3.1.3: The numbers of people below relative income poverty lines in Ireland, 1994-2008

	% of persons in poverty	Population of Ireland	Numbers in poverty
1994	15.6	3,585,900	559,400
1998	19.8	3,703,000	733,194
2001	21.9	3,847,200	842,537
2003	19.7	3,978,900	783,843
2004	19.4	4,045,200	784,769
2005	18.5	4,133,800	764,753
2006	17.0	4,239,800	720,766
2007	15.8	4,339,000	685,562
2008	13.9	4,422,100	614,672

Source: Calculated using CSO (2008:11), Whelan et al (2003:12), using national equivalence scale and CSO (2004:48, 2006:52, 2007:37, 2009:7).

The table's figures are telling. Over the past decade more that 225,000 people have been lifted out of poverty. Furthermore, over the period from 2004-2008, the period corresponding with consistent Budget increases in social welfare payments, over 170,000 people have left poverty.

However, the fact that there are now almost 615,000 people in Ireland living life on a level of income that is this low must be a major concern. As we have shown earlier (see table 3.1.1) these levels of income are low and those below them clearly face difficulty in achieving what the NAPS described as "*a standard of living that is regarded as acceptable by Irish society generally*".

Who are the poor?

In recent years two interchangeable phrases have been used to describe those who are living on incomes below the poverty line, namely those *'living in poverty'* and those *'at risk of poverty'*. The latter of these terms is the most recent, introduced following a European Council meeting in Laeken in 2001. There it was proposed that those with incomes below the poverty line should be termed as being 'at risk of poverty'.

The results of the *EU-SILC* survey provided a breakdown of those below the poverty line. This section reviews those findings, starting with a broad overview in table 3.1.4 and then proceeding to a detailed assessment of the different groups in poverty.

Table 3.1.4 presents figures for the risk of poverty facing people when they are classified by their principal economic status (the main thing that they do). These risk figures represent the proportion of each group that are found to be in receipt of a disposable income that is less than the 60 per cent median income poverty line. The groups within the Irish population that are at highest risk of poverty are the unemployed and those not at work due to illness or a disability. Almost one in five classified as on home duties, mainly women, live with an income below the poverty line. The student and school attendees' category represents a combination of individuals living in poor families while completing their secondary education and those attending post-secondary education but with low incomes. The latter element of this group are not a major policy worry given that they are likely to be experiencing poverty in the short-term, while they gain education and skills which should ensure they live with sufficient income subsequently. Those still in school and experiencing poverty are more aligned to the issue of child poverty which is examined later in this chapter.

The table also reveals the groups which have driven the reduction in poverty over the past two years. While the poverty rate has remained static for those at work, there have been pronounced falls among the welfare-dependent groups namely the unemployed, retired and those not at work due to illness or a disability.

One obvious conclusion to draw from table 3.1.4 is that further progress to reduce poverty should be driven by continuing to enhance the adequacy of welfare payments. However, recent budgetary decisions seem likely to undermine progress in this area (see analysis later in this chapter).

Table 3.1.4: Risk of poverty among all persons aged 16yrs + by principal economic status, 2007 and 2008 (adjusted for SSIA effect)

	2007	2008
At work	6.6	6.6
Unemployed	36.4	23.3
Students and school attendees	25.1	23.0
On home duties	23.6	21.1
Retired	16.5	9.9
Not at work due to illness or disabled	34.5	21.6
Total	**15.8**	**13.9**

Source: CSO (2009:45), using national equivalence scale

The working poor

The growth in jobs over the years leading up to the collection of this data in 2008 was dramatic (the subsequent increase in unemployment will only begin to impact in the 2009 poverty figures due for release in late 2010). However, it is important to realise that having a job is not, of itself, a guarantee that one lives in a poverty-free household. As table 3.1.4 indicates 6.6 per cent of those who are employed are living at risk of poverty. Translating this into numbers of people suggests that among Ireland's workers in 2008 at least 116,000 were at risk of poverty.[26]

This is a remarkable statistic and it is important that policy begin to address this problem. Policies which protect the value of the minimum wage and attempt to keep those on that wage out of the tax net are relevant policy initiatives in this area. Similarly, attempts to increase awareness among low income working families of their entitlement to the Family Income Supplement (FIS) are also welcome; although evidence suggests that FIS is experiencing dramatically low take-up and as such has questionable long-term potential. However, one of the most effective mechanism available within the present system to address the problem of the working poor would be to make tax credits refundable. We will address this proposal later.

[26] See table 3.1.13.

Child poverty

One of the most vulnerable groups in any society are children and consequently the issue of child poverty is one that deserves particular attention. Child poverty is measured as the proportion of all children aged 17 years or younger who live in households that have an income below the 60 per cent of median income poverty line.[27]

The 2009 edition of the *Statistical Yearbook* indicates that there are approximately 1,080,000 children in Ireland aged less than 18 years (CSO, 2009:11).[28] Of these, the 2008 *SILC* survey indicates that 17.4 per cent were at risk of poverty (2009:45). This amounts to approximately 187,000 children. The scale of this statistic is alarming. Given that our children are our future, this situation is not acceptable. Furthermore, the fact that such a large proportion of our children are living below the poverty line has obvious implications for the education system, for the success of these children within it, for their job prospects in the future and for Ireland's economic potential in the long-run.

Child benefit remains a key route to tackling child poverty and is of particular benefit to those families on the lowest incomes. Similarly, it is a very effective component in any strategy to improve equality and childcare. Consequently, it is of some concern that Government has cut child payments in recent Budgets. On foot of these policies, it is likely that over the next few years child poverty will increase once again – something that will represent a major step backwards for Ireland's children and our record on child poverty.

Older people

According to the *Statistical Yearbook 2009* 10.9 per cent of the Irish population are aged over 65 years – some 480,000 people (CSO, 2009:11). Earlier data from the 2006 Census also indicated that just over a quarter of this group live alone (CSO, 2007: 36). When poverty is analysed by age group the 2008 figures show that 11.3 per cent of those aged between 65-74 years and 8.7 per cent of those older than 75 years live in relative income poverty (CSO, 2009:45).

[27] In previous years the CSO have published the Child Poverty figure using the International Labour Office (ILO) classification of a child, aged less than 16 years. The 2007 and 2008 *SILC* report has changed to report child poverty for all children aged less than 18 years. This classification has more policy relevance and is a welcome reform.

[28] This figure is calculated using table 1.5 of the *Statistical Yearbook* and assumed that two-fifths of those classified in the age group 15-19 years are aged between 18 and 19 years.

Among all those in poverty, it is the retired that have experienced the greatest volatility in their poverty risk rates. As table 3.1.5 shows in 1994 some 5.9 per cent of this group were classified as poor, by 1998 the figure had risen to 32.9 per cent and in 2001 it peaked at 44.1 per cent. The most recent data record a decrease in poverty rates. Comparable figures for 2008 have not been published by the CSO although it is likely that the rate is approximately 10 per cent.[29] While these recent decreases are to be welcomed, it remains a concern that so many of this county's senior citizens are living on so little.

Table 3.1.5: Percentage of older people (65yrs+) below the 60 per cent median income poverty line.

	1994	1998	2001	2003	2004	2005	2006	2008*
Aged 65 +	5.9	32.9	44.1	29.8	27.1	20.1	13.6	10.0

Source: Whelan et al (2003: 28) and CSO (2008:15)
Notes: * approximate figure as comparable figure not published by CSO.

The Ill /Disabled

As table 3.1.4 showed those not employed due to illness or a disability are one of the groups at highest risk of poverty with 21.6 per cent of this group classified in this category. Much like the experience of Ireland's older people, the situation of this group has varied significantly over the last decade and a half. The group's risk of poverty climbed from approximately three out of every ten persons in 1994 (29.5 per cent) to over six out of every ten in 2001 (66.5 per cent) before decreasing to approximately two of out every ten in 2008. As with other welfare dependent groups, these fluctuations parallel a period where policy first let the value of payments fall behind wage growth before ultimately increasing them to catch-up with wages.

Overall, although those not at work due to illness or a disability only account for a small proportion of those in poverty, among themselves their experience of poverty is high. Furthermore, given the nature of this group *Social Justice Ireland* believes there is an ongoing need for targeted policies to assist them. These include job creation, retraining (see section on work) and further increases in social welfare supports. There is also a very strong case to be made for introducing a non-means tested cost of disability allowance. This proposal, which has been researched and

[29] Based on the published CSO data for the number of retired people in poverty at 9.9 per cent.

costed in detail by the National Disability Authority (NDA, 2006) and advocated by Disability Federation of Ireland (DFI), would provide an extra weekly payment of between €10 and €40 to somebody living with a disability (calculated on the basis of the severity of their disability). It seems only logical that if people with a disability are to be equal participants in society then the extra costs generated by their disability should not be borne by them alone, but rather society at large should act to level the playing field by covering those extra but ordinary costs. The *NESC Strategy 2006* also supported this policy development stating that "the Government strongly consider the case for a separate 'cost of disability payment' that, in line with its analysis in the Developmental Welfare State, would be personally tailored and portable across the employment/non-employment divide" (NESC, 2005:168). In their *2008 Pre-Budget Submission* (for Budget 2008) DFI anticipate such a scheme would cost €183m per annum (DFI, 2007).

Poverty and education

The 2008 *SILC* results provide an interesting insight into the relationship between poverty and completed education levels. Table 3.1.6 reports the risk of poverty by completed education level and shows, as might be expected, that the risk of living on a low income is strongly related to low education levels. These figures underscore the relevance of continuing to address the issues of education disadvantage and early-school leaving (see section 3.7). Government education policy should ensure that these high risk groups are reduced. The table also suggests that when targeting anti-poverty initiatives, a large proportion should be aimed at those with low education levels, including those with low levels of literacy (we address the issue of adult literacy in section 3.7).

Table 3.1.6: Risk of poverty among all persons aged 16yrs + by completed education level, 2007-2008

	2007	**2008**
Primary or below	24.0	20.4
Lower secondary	20.7	16.4
Higher secondary	13.8	12.4
Post leaving certificate	10.9	10.9
Third level non-degree	8.4	5.4
Third level degree or above	4.2	5.5
Total	**15.8**	**13.9**

Source: CSO (2008:15; 2009:45), using national equivalence scale

Poverty and Nationality

A feature of the last decade has been the growth in the number of people living in Ireland but born outside the state. The CSO refers to this group as "non-Irish nationals" and the 2006 *EU-SILC* report presented data on poverty levels among this group vis-à-vis "Irish Nationals". For sampling reasons the 2007 and 2008 surveys did not publish an update of this figure. The definitions used by the CSO in examining this issue are necessarily broad given the difficulty associated with collecting accurate statistical samples among nationals of individual countries.

Table 3.1.7: Risk of poverty by nationality, 2005-2006

	2005	2006	Change
Irish Nationals	18.0	16.6	-1.4
Non-Irish Nationals	26.9	23.5	-3.4
Overall Population	**18.5**	**17.0**	**-1.5**

Source: CSO (2007:15), using national equivalence scale.

The findings, reported in table 3.1.7, reveal a stark contrast between the poverty risk levels of the two groups. Non-Irish nationals face a much higher risk of poverty, overall and by gender. As the data does not allow for a more detailed breakdown of these figures by nationality we cannot conclusively say who these non-Irish nationals in poverty are and where they have originated from. However, it is likely that many of those experiencing poverty are recent migrants, many from the new member states of the EU.

Social Justice Ireland welcomes the provision of this new data although it is of some concern that the data was excluded from the two most recent reports. The poverty data suggests that migration issues, including issues with regard to the participation of migrants in Irish society, deserve greater attention. We will consider many of these issues later in section 3.8.

Poverty by region and area

The 2008 *EU-SILC* results have provided for the first time a detailed regional breakdown of poverty levels. The data, presented in table 3.1.8 below, suggests a very uneven national distribution of poverty. In Dublin and the Mid-East approximately one in ten people live in poverty while the figures are twice this in the Mid-West and the Midlands. As this is the first year these figures have been produced the explanations to accompany them, other than that there are a higher percentage of people with lower incomes in these areas, is not yet clear. However, the analysis does underscore the need to think about poverty in both national and regional terms – a perspective absent from analysis in this area heretofore.

The table also reports that poverty is more likely to occur in rural areas than urban areas. The risk of poverty in rural Ireland was 6.9 per cent higher than in urban Ireland with at risk rates of 18.2 per cent and 11.3 per cent respectively.

Table 3.1.8: Risk of poverty by region and area, 2005-2008

	2005	**2006**	**2007**	**2008**
Border	–	–	17.8	16.6
Midlands	–	–	29.7	22.7
West	–	–	19.4	16.1
Dublin	–	–	11.5	9.3
Mid-East	–	–	8.1	10.2
Mid-West	–	–	19.0	21.3
South-East	–	–	18.0	15.4
South-West	–	–	17.1	13.0
Urban Areas	16.0	14.3	14.3	11.3
Rural Areas	22.5	21.5	18.4	18.2
Overall Population	**18.5**	**17.0**	**15.8**	**13.9**

Source: CSO (2008:15; 2009:45), using national equivalence scale.
Note: Regional data only available for 2007 and 2008

The poverty gap

As part of the 2001 Laeken indicators the European Union requested that all member countries begin to measure the relative at-risk-of poverty gap. This indicator assesses how far below the poverty line the income of the median (middle) person in poverty is. The size of that difference is calculated as a percentage of the poverty line and therefore represents the gap between the income of the middle person in poverty and the poverty line. The higher the percentage figure gets the greater the poverty gap and the further people are falling beneath the poverty line. As there is a considerable difference between being 2 per cent and 20 per cent below the poverty line this approach is significant.

The *SILC* results for 2008 calculated that the poverty gap was 19.2 per cent an increase from 17.4 per cent in 2007. However, the published figure does not adjust for the aforementioned SSIA effect; this may alter the reported figure marginally. Over time the gap had decreased from a figure of 21.5 per cent in 2003. In 2008 the poverty gap figure implies that 50 per cent of those in poverty had an equivalised income below 80.8 per cent of the poverty line.

Table 3.1.9: The Poverty Gap, 2003-2008

	2003	2004	2005	2006	2007*	2008*
Size of poverty gap	21.5	19.8	20.8	17.5	17.4	19.2

Source: CSO (2008:16; 2009:42)
Note: * Data for 2007 and 2008 not excluding SSIA effect as not published by CSO.

As table 3.1.9 shows, the 2006 and 2007 levels mark the lowest recordings for this measure since the *SILC* began in 2003. The 2008 increase is likely to reflect the fact that those nearest the poverty line exited poverty as welfare payments increased. Therefore, those left behind are as a group further below the line and require larger increases in income to end their risk of poverty classification. As the depth of poverty is an important issue, we look forward to monitoring the movement of this indicator throughout future editions of the *SILC*. It is crucial that as part of Ireland's approach to addressing poverty that this figure decline.

The incidence of poverty

Figures detailing the incidence of poverty reveal the proportion of all those in poverty that belong to particular groups in Irish society. Tables 3.1.10 and 3.1.11 report all those below the 60 per cent of median income poverty line classifying them by their principal economic status. The first table examines the population as a whole, including children, while the second table focuses exclusively on adults (using the ILO definition where adults are considered all those aged 16 years and above).

Table 3.1.10 shows that in 2008, the largest group of the population who are poor are children accounting for 27.4 per cent of the total. The second largest group are those working in the home (19 per cent). Of all those who are poor, 27 per cent are in the labour force and the remainder (73 per cent) are outside the labour market[30]

[30] This does not include the ill and disabled, some of whom will be active in the labour force. The SILC data does not distinguish between those are temporally unable to work due to illness and those permanently outside the labour market due to their illness or disability.

Table 3.1.10: Incidence of persons below 60% of median income by principal economic status, 2003-2008

	2003	2004	2005	2006	2007*	2008*
At work	16.0	14.8	15.7	16.1	16.8	19.0
Unemployed	7.6	6.4	7.5	8.3	9.2	8.1
Students/school	8.6	9.8	13.4	15.0	14.1	13.1
On home duties	22.5	23.2	19.7	18.4	18.7	18.9
Retired	9.0	9.2	7.5	5.8	7.1	4.9
Ill/disabled	9.1	8.8	7.9	8.0	7.4	6.5
Children (under 16 years)	25.4	25.2	26.8	26.6	25.9	27.4
Other	1.9	2.7	1.6	1.8	0.8	2.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Collins (2006:141), CSO (2007:19; 2008:25; 2009:48).
Note:* Data for 2007 and 2008 not excluding SSIA effect as not published by CSO.

Table 3.1.11 offers a more informed assessment of the nature of poverty given that it looks at adults only. This is an important perspective as children depend on adults for their upbringing and support. Irrespective of how policy interventions are structured it is through adults that any attempts to reduce the number of children in poverty must be directed. The calculations show that over one-quarter of Ireland's adults who have an income below the poverty line are employed. Overall, 37 per cent of adults who are at risk of poverty in Ireland are associated with the labour market.

The most alarming statistic here is that more than one in four adults at risk of poverty is in employment. This group's plight is consistently ignored. Many of this group do not benefit from Budget changes in welfare or tax. They would be the main beneficiaries of making tax credits refundable, a topic we will address in section 3.2.

Finally, table 3.1.12 examines the composition of poverty by household type. Given that households are taken to be the 'income receiving units' (income flows into households who then collectively live off that income) there is an attraction in assessing poverty by household type. *Social Justice Ireland* welcome the fact that the CSO have, at our suggestion, begun to publish the *SILC* poverty data broken down by household category. From a policy making perspective, having this information is crucial as anti-poverty policy is generally focused on households (households with children, pensioner households, single person households etc). This data shows that in 2008 39.6 per cent of households who were at risk of poverty were headed by somebody who was employed. Almost 45 per cent of households at risk of poverty were found to be headed by a person outside the labour force.[31]

Table 3.1.11: Incidence of adults (16yrs+) below 60% of median income by principal economic status, 2003-2008

	2003	2004	2005	2006	2007*	2008*
At work	21.4	19.8	21.4	21.9	22.7	26.2
Unemployed	10.2	8.5	10.2	11.3	12.4	11.2
Students/school	11.5	13.1	18.3	20.4	19.0	18.0
On home duties	30.1	31.0	26.9	25.1	25.2	26.0
Retired	12.0	12.3	10.2	7.9	9.6	6.7
Ill/disabled	12.2	11.7	10.8	10.9	10.0	9.0
Other	2.5	3.6	2.2	2.5	1.1	2.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Collins (2006:141), CSO (2007:19; 2008:25; 2009:48).
Note: * Data for 2007 and 2008 not excluding SSIA effect as not published by CSO.

Table 3.1.12: Households below 60% of median income classified by principal economic status of head of household, 2004-2008

	2004	2005	2006	2007*	2008*
At work	29.8	31.1	29.5	31.3	39.6
Unemployed	12.0	13.1	14.7	12.3	11.5
Students/school	2.8	4.8	4.6	5.1	4.1
On home duties	28.0	25.4	30.7	28.7	25.7
Retired	13.5	11.4	8.5	10.9	7.9
Ill/disabled	12.0	12.6	11.5	11.2	10.1
Other	1.9	1.7	0.7	0.4	1.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: CSO (2007:39; 2008:36; 2009:49)
Note: * Data for 2007 and 2008 not excluding SSIA effect as not published by CSO.

[31] Those on home duties, students and school attendees, retired plus a proportion of the ill and disabled.

The Scale of Poverty - Numbers of People

As the three tables in the last section deal only in percentages it is useful to transform these proportions into numbers of people. Earlier, table 3.1.3 identified that in 2008 614,672 people were living below the 60 per cent of median income poverty line. Using this figure, table 3.1.13 presents the number of people in poverty in that year broken down into various categories. Comparable figures are also presented for 2005 2006 and 2007.

The data in table 3.1.13 is particularly useful in the context of framing anti-poverty policy. Groups such as the retired and the ill/disabled, although carrying a high risk of poverty, involve much smaller numbers of people than groups such as adults who work (the working poor), people on home duties and children/students. Over the years of data, it is interesting to track how the numbers living below the poverty line have changed within each group. The primary drivers of the recent poverty reductions have been increasing incomes among those who are on home duties, those who are classified as ill/disabled, the retired and children.

Table 3.1.13: Poverty Levels Expressed in Numbers of People, 2005-2008

	2005	2006	2007	2008
Overall	764,753	720,766	685,562	614,672
Adults				
On home duties	150,656	132,621	128,200	116,173
At work	120,066	116,043	115,174	116,788
Students/school	102,477	108,115	96,664	80,522
Unemployed	57,356	59,824	63,072	49,788
Ill/disabled	60,415	57,661	50,732	39,954
Retired	57,356	41,804	48,675	30,119
Other	12,236	12,974	5,484	12,908
Children				
Children (under 16 yrs)	204,954	191,724	177,561	168,420
Children (under 18 yrs)	n/a	n/a	224,179	200,998
Nationality				
Non-Irish	58,886	61,986	n/a	n/a

Source: Calculated using CSO (2009:48, 2008:25, 2007:19, 2006:13) and data from table 3.1.3.

Moving to Persistent Poverty

Social Justice Ireland is committed to using the best and most up-to-date data in its ongoing socio-economic analysis of Ireland. We believe that to do so is crucial to the emergence of accurate evidence-based policy formation. It also assists in establishing appropriate and justifiable targeting of state resources. At the intergovernmental conference in Laeken during 2001, the EU adopted a set of commonly measured indicators to monitor socio-economic progress across all of the member states. Data for these measures is to be collected annually in the *SILC* survey. The availability of annual data on poverty, incomes and living conditions is an important move. It facilitates a more informed and timely assessment of these issues than was achievable in the past. It will also allow us to track changes more closely over time and to make accurate comparisons across all 27 EU member states.

Among the Laeken indicators is an indicator of persistent poverty. This indicator measures the proportion of those living below the 60 per cent of median income poverty line in the current year and for two of the three previous years. Persistent poverty therefore identifies those who have experienced sustained exposure to poverty which is seen to harm their quality of life seriously and increase their levels of deprivation. To date the *SILC* survey has not produced any detailed results and breakdowns for this measure (although the survey has run for four full years and it is therefore possible to provide this insight). The CSO had indicated that it would publish such a breakdown during 2009; however this did not occur. We regret this delay and hope that the technical impediments to the publication of this data are overcome so that it can be made available. Once this data becomes available *Social Justice Ireland* believes that it should be used as the primary basis for setting poverty targets and monitoring changes in poverty status. Existing measures (relative and consistent poverty) should be maintained as secondary indicators. As the persistent poverty indicator will identify the long-term poor, we believe that the CSO should produce comprehensive breakdowns of those in persistent poverty, similar to the approach they currently take with relative income poverty.

However, the available *SILC* data has given some insight on the likely persistent poverty numbers. The CSO report that in 2007 the persistent poverty rate was 15.4 per cent (2008:50). This figure, while preliminary, is worryingly high. It implies that the vast majority of those living below the poverty line in 2007 have been in poverty for a number of years. Simply, the figure implies that most of Ireland's poor are long-term poor and that poverty in Ireland is a structural problem which requires focused policies to address and reduce it.

Poverty and social welfare recipients

Social Justice Ireland believes in the very important role that social welfare plays in addressing poverty. As part of the *SILC* results the CSO has provided an interesting insight into the role that social welfare payments play in tackling Ireland's poverty levels. They have calculated what the levels of poverty are before and after the payment of social welfare benefits.

Table 3.1.14 presents these results and shows that without the social welfare system Ireland's poverty rate in 2008 would have been 43 per cent. The actual poverty figure (calculated without removing the one-off SSIA effect) of 14.4 per cent reflects the fact that social welfare payments reduced poverty by 28.6 per cent.

Looking at the impact of these payments on poverty over time it is clear that the recent increases in social welfare have yielded noticeable reductions in poverty levels. The small increases in social welfare payments in 2001 are reflected in the smaller effects achieved in that year. Conversely, the larger increases in recent years have delivered greater reductions. This has occurred even as poverty levels before social welfare have increased. *Social Justice Ireland* has warmly welcomed these social welfare increases and the CSO's data proves the effectiveness of this policy approach.

Table 3.1.14: The role of social welfare (SW) payments in addressing poverty

	2001	**2004**	**2005**	**2006**	**2007***	**2008***
Poverty pre SW	35.6	39.8	40.1	40.3	41.0	43.0
Poverty post SW	21.9	19.4	18.5	17.0	16.5	14.4
The role of SW	**-13.7**	**-20.4**	**-21.6**	**-23.3**	**-24.5**	**-28.6**

Source: CSO (2006:7; 2007:13; 2008:16; 2009:46), using national equivalence scale.
Note: * Data for 2007 and 2008 not excluding SSIA effect as not published by CSO.

As social welfare payments do not flow to everybody in the population it is interesting to examine the impact they have on alleviating poverty among certain groups such as older people. Without any social welfare payments 84 per cent of all those aged between 65-74 years and 88.6 per cent of all those aged over 75 years would be living in poverty. Benefit entitlements reduce the poverty level among these group to 12.1 and 9.9 per cent respectively (CSO, 2009:47) a finding which underscores the importance of these payments to older people.

Table 3.1.4 and the subsequent analysis has shown that many of the groups in Irish society who experienced increases in their poverty levels over the last decade have been dependent on social welfare payments. These include pensioners, the unemployed, lone parents and those who are ill or disabled. Table 3.1.15 presents the results of an analysis of five key welfare recipient groups performed by the ESRI using poverty data for five of the years between 1994 and 2001. These are the years that the Irish economy grew fastest and the core years of the famed 'Celtic Tiger' boom. Between 1994 and 2001 all categories experienced large growth in their poverty risk. For example, in 1994 only 5 in every 100 old age pension recipients were in poverty; in 2001 this had increased ten-fold to almost 50 in every 100. The experience of widow's pension recipients is similar.

Table 3.1.15: Percentage of persons in receipt of welfare benefits/assistance who were below the 60 per cent median income poverty line, 1994/1997/1998/2000/2001

	1994	1997	1998	2000	2001
Old age pension	5.3	19.2	30.7	42.9	49.0
Unemployment benefit/assistance	23.9	30.6	44.8	40.5	43.1
Illness/disability	10.4	25.4	38.5	48.4	49.4
Lone Parents allowance	25.8	38.4	36.9	42.7	39.7
Widow's pension	5.5	38.0	49.4	42.4	42.1

Source: Whelan et al (2003: 31)

The lesson to be learnt from table 3.1.15 centres on the inadequacy of social welfare payments. Over the period covered by these studies groups similar to *Social Justice Ireland* repeatedly pointed out how these payments failed to rise in proportion to earnings elsewhere in society. The primary consequence of this was that recipients slipped further and further back and as a consequence more and more fell into poverty. It is clear that adequate levels of social welfare need to be maintained and we outline our proposals for this below.

Poverty and deprivation

Income, alone, does not tell the whole story concerning living standards and command over resources. As we have seen in the NAPS definition of poverty it is necessary to look more broadly at exclusion from society because of a lack of resources. This would involve looking at other areas where "as a result of inadequate income and resources people may be excluded and marginalised from participating in activities that are considered the norm for other people in society" (NAPS, 1997). Although income is the principal indicator used to assess well-being and ability to participate in society there are other measures used. In particular these measures assess the standards of living people achieve by assessing deprivation through use of different indicators. To date assessments of deprivation in Ireland have been limited and confined to a small number of items. While this is regrettable, the information gathered is worth considering.

Deprivation in the SILC survey

Social Justice Ireland, among others, has continued to express its discomfort with the range of deprivation measures provided by the CSO in the *SILC* survey; although the 2007 and 2008 data presents a larger set of deprivation items than in previous years (eleven rather than eight). Looking forward we believe that a whole new approach to measuring deprivation needs to be taken. Continuing to collect information on a limited number of static indicators is problematic and not a true representation of the dynamic nature of Irish society and the ever changing set of items needed to participate in Irish society.

The details presented in table 3.1.16 should be interpreted in the context of the above reservation. It shows that the rates of deprivation recorded across a set of eleven items varied between 2.3 and 13.3 per cent of the Irish population. Overall 75.1 per cent of the population were not deprived of any item while 11.1 per cent were deprived of one item, 4.9 per cent were without two items and 8.9 per cent were without three or more items (CSO, 2009:62).

Deprivation and poverty combined: consistent poverty

'Consistent poverty' combines deprivation and poverty into one indicator. It does so by calculating the percentage of the population who are simultaneously experiencing poverty and are also registering as being deprived of two or more of the items in table 3.1.16. As such it captures a sub-group of the poor.

The 2007 *SILC* data marked an important change for this indicator. Coupled with the expanded list of deprivation items the definition of consistent poverty was changed such that individuals must now be below the poverty line and experiencing deprivation of at least two items to be counted as experiencing consistent poverty. Prior to the 2007 survey the indicator measured those below the poverty line and experiencing deprivation of at least one item. This change in definition also makes comparison with previous years inappropriate.[32] The *National*

[32] The CSO have produced new and comparable figures for the 2005 and 2006 surveys. However, previously published consistent poverty indicators from these and earlier years are not comparable with the 2007 data.

Action Plan for Social Inclusion 2007-2016 (*NAPinclusion*) published in early 2007 set its overall poverty goal using this consistent poverty measure. It set an aim to reduce the number of those experiencing consistent poverty to between 2 per cent and 4 per cent by 2012, with the aim of eliminating consistent poverty by 2016

Using these new indicators and definition, the 2008 *SILC* data indicates that 4.2 per cent of the population experience consistent poverty, a decline from 5.1 per cent in 2007. Interpreting this in terms of the population, the 2008 figures indicate that 185,728 people, of whom 71,877 are children, live in consistent poverty.

Table 3.1.16: Levels of deprivation for eleven items among the population in 2007 and 2008 (%)

	2007	2008
Without heating at some stage in the past year	6.0	6.3
Unable to afford a morning, afternoon or evening out in the last fortnight*	8.4	11.1
Unable to afford two pairs of strong shoes	3.0	2.7
Unable to afford a roast once a week	3.9	3.8
Unable to afford a meal with meat, chicken or fish every second day	2.2	3.0
Unable to afford new (not second-hand) clothes	5.2	5.6
Unable to afford a warm waterproof coat	2.3	2.6
Unable to afford to keep the home adequately warm*	3.5	3.7
Unable to replace any worn out furniture*	13.1	13.3
Unable to afford to have family or friends for a drink or meal once a month*	9.6	9.1
Unable to afford to buy presents for family or friends at least once a year*	2.9	2.3

Source: CSO (2008:19; 2009:66)
Note: * New deprivation indicator, used from 2007 onwards.

Deprivation of food: food poverty

In 2004 the Society of St. Vincent de Paul, the Combat Poverty Agency and Crosscare published a report examining those deprived of an adequate diet entitled *Food Poverty and Policy*. Its purpose was to review the nature and extent of income-related constraints on food consumption in Ireland. The report also suggested a number of policy responses to the issue.

The report defined food poverty as: "the inability to access a nutritionally adequate diet and the related impacts on health, culture and social participation". It found that among those living in poverty three main constraints were imposed on their food consumption. These were: (i) it affects food affordability through the choice and quantity of food that can be bought and the share of the household budget that is allocated to food; (ii) it impacts on access to food through the retail options available and the capacity to shop in terms of transport and physical ability; (iii) issues such as personal skills and knowledge, social pressure and cultural norms interact with structural and economic constraints to produce a complex set of factors contributing to food poverty. Consequently, the experience of food poverty among poor people was that they: eat less well compared to better off groups; have difficulties accessing a variety of nutritionally balanced good quality and affordable foodstuffs; spend a greater proportion of their weekly income on food; and know what is healthy but are restricted by a lack of financial resources to purchase and consume it.

The report found that those most at risk of food poverty were low-income households as well as the unemployed, older people, the homeless, Travellers and refugees/asylum-seekers. To address the problem of food poverty the report advocates a targeted food and nutrition policy initiative as part of the NAPS. It suggests that this policy would address financial constraints, affordability and accessibility of food, knowledge gaps, community initiatives, direct provision and food banking.

Deprivation of heat in the home: fuel poverty

Another area of deprivation that has received attention in recent times is deprivation of heat in the home often labelled as fuel poverty. A 2007 policy paper from the Institute for Public Health (IPH) entitled "*Fuel Poverty and Health*" highlighted the sizeable direct and indirect effects on health of fuel poverty. Overall the IPH found that the levels of fuel poverty on the island of Ireland remain "unacceptably high" and that they are responsible for "among the highest levels of excess winter mortality in Europe, with an estimated 2,800 excess deaths on the island over the winter months" (2007:7). They also highlighted the strong links between low income, unemployment and fuel poverty with single person households and households headed by lone parents and pensioners found to be at highest risk. Similarly, the policy paper shows that older people are more likely to experience fuel poverty due to lower standards of housing coupled with lower incomes. *Social Justice Ireland* supports the IPH's call for the creation of a national fuel poverty strategy similar to the model currently in place in Northern Ireland. Addressing this issue, like all issues associated with poverty and deprivation, requires a multi-faceted approach. Clearly, living on a low income is a major factor and underscores the need to continue to increase the income levels of those dependent on state pensions, unemployment benefit or living on the minimum wage. A further policy is to target households that require assistance in becoming more energy efficient. In particular many older local authority houses need to be upgraded and we welcome recent moves to address this necessity.

The experience of poverty

For some years there existed a lack of information on the life experiences of those families living on a low income. Fortunately a number of recent publications have addressed this void and provided an insight that further underscores the extent and implications of poverty.

One very interesting report published by the Vincentian Partnership for Social Justice (VPSJ) casts new light on the challenges faced by people living on low incomes. Current debates about the extent of poverty and whether or not it can be reduced or eliminated suffer from the absence of agreed empirically based income standards. What is the minimum essential amount of money a person or household needs to enable them to have an acceptable standard of living? The Vincentian report addressed this question in their 300-page study entitled *Minimum Essential Budgets for Six Households*. The results of this research project show for the first time the income needed for a household to have a minimum essential lifestyle in modern Ireland. Based on research involving hundreds of people in focus groups, the study builds on previous work done by the VPSJ entitled *Low Cost But Acceptable Budgets for Three Households*.

The report provides detailed information on the actual cost of a minimum essential standard of living for six household types. The study looked in detail at the following households: two parents and two children (aged 3 and 10); two parents and two children (aged 10 and 15); a lone parent and two children (aged 3 and 10); a pensioner couple, a single female pensioner and a single adult male. It found that most households on social welfare or the minimum wage do not have enough income to sustain a basic standard of living. The weekly incomes for five out of six household types surveyed fell well short of a basic standard of living. The gap between the basic standard of living and the actual incomes of these households varied by between €10 and €150 a week. The only group judged to meet a basic standard of living were pensioner couples on a contributory pension but without the cost of running a car.

This study has major implications for government policy if poverty is to be eliminated. These include the need to address child poverty, the income levels of adults on social welfare, the 'working poor' issue and access to services ranging from social housing to fuel for older people.[33]

Poverty: a European perspective

As the EU has declared 2010 the *Year Against Poverty and Social Exclusion*, a European perspective on poverty is of interest. Eurostat, the European Statistics Agency, produce comparable 'at risk of poverty' figures (proportions of the population living below the poverty line) for each EU member state. The data is calculated using the 60 per cent of median income poverty line in each country. The latest data available is for the year 2007 and as a consequence the Irish figure does not capture the aforementioned decrease in poverty for 2008. Similarly, the Eurostat data does not exclude the one-off impact from SSIA income which when included drives up the reported poverty figures above the levels report earlier in table 3.1.2. However, the data does offer a useful point in time comparison of the relative performance of Ireland vis-à-vis other EU states.

As table 3.1.17 shows, in 2007 Irish people experienced one of the higher risks of poverty when compared to all the other EU member states. In that year, the risk of poverty which Irish people face was 1 per cent higher than the EU-average, 3 per cent higher than in Germany, 5 per cent higher than in France and 8 per cent higher than in the Netherlands (the lowest EU poverty risk level). Reflecting our earlier analysis, over time Ireland's relative position has improved and recent years have marked a welcome movement of Ireland's poverty risk level towards the EU average.

The average risk of poverty in the EU-25 for 2007 was 16 per cent. Chart 3.1.1 develops the findings in table 3.1.17 further and calculates the difference between national poverty risk levels and the EU-25 average.

[33] Data from this study is available at www.budgeting.ie

Table 3.1.17: The risk of poverty in the European Union in 2007

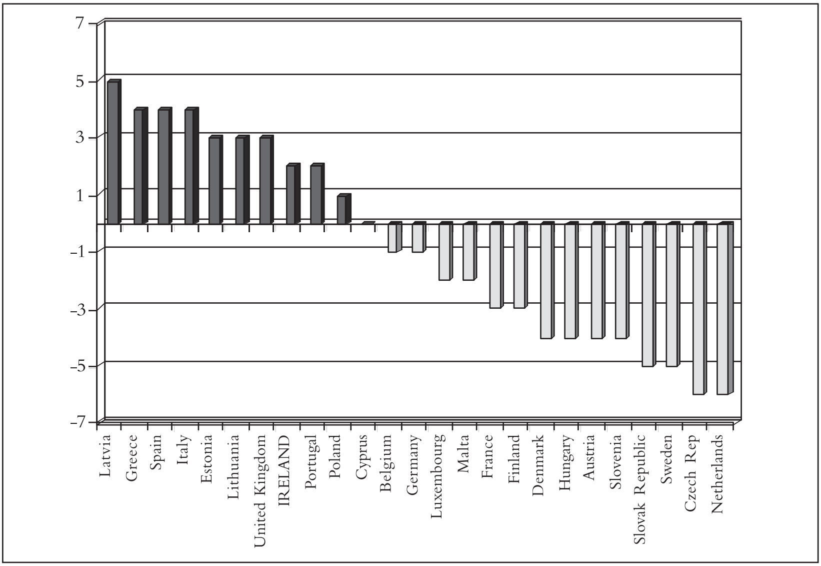
Country	Poverty Risk	Country	Poverty Risk
Latvia	21	Luxembourg	14
Greece	20	Malta	14
Spain	20	France	13
Italy	20	Finland	13
Estonia	19	Denmark	12
Lithuania	19	Hungary	12
United Kingdom	19	Austria	12
Ireland*	**18**	Slovenia	12
Portugal	18	Slovak Republic	11
Poland	17	Sweden	11
Cyprus	16	Czech Rep	10
Belgium	15	Netherlands	10
Germany	15	**EU-25 Average**	**16**

Source: CSO, 2009:88

Notes: Table uses the most up-to-date comparable data available for countries and corresponds to the year 2007.
*As reported earlier in this review, the Irish figure has fallen since 2007 and the next set of comparable EU data (due to be published in late 2010) will show Ireland below the EU-average.

While there have been some reductions in poverty in recent years across the EU, though few as sizeable as the reductions achieved in Ireland, the above data does suggest that poverty remains a large and ongoing EU wide problem. *Social Justice Ireland* welcomed the EU decision to focus on poverty and exclusion issues during 2010 and we have strongly supported the EU-wide 'zero-poverty' campaign. However, during 2010 the EU needs to face up to the fact that more than half a century after the EU was established it has never come remotely close to full employment or eliminating poverty. If they are to do more than make statements on these issues, the EU (and all its member countries) need to adopt a target of 'zero-poverty' to be achieved by 2020. This would show that they are serious about building a different world in the 21st century – one characterised by all people having the resources to live with dignity.

Chart 3.1.1: Percentage difference in National Poverty risk from EU-25 average



Source: CSO, 2009:88

Note: Chart uses the most up-to-date comparable data available for countries and corresponds to the year 2007.

NAP*inclusion* (2007-2016)

Government published its *National Action Plan for Social Inclusion 2007-2016* (*NAPinclusion*) on February 21, 2007. It set out Government proposals to address social exclusion over the following decade.

Social Justice Ireland considers that the *NAPinclusion* contained a number of positive initiatives that are welcome such as the benchmarking of the lowest social welfare rates, the tackling of social housing problems and the provision of 500 primary care teams. However, we believe that the Plan completely failed to address the 'working poor' issue which is one of the major challenges facing Ireland if social exclusion is to be addressed effectively.

Overall the *NAPinclusion* is very unambitious. Given the numbers at risk of poverty and the deficits in social services and social infrastructure that are causing social exclusion for so many people across the country, more ambitious targets and goals would have been expected. We are disappointed that more challenging targets and timeframes were not included in this Plan.

(b) Income Distribution

As we have already outlined, despite some improvements, poverty remains a significant problem. The purpose of economic success should be to improve the living standards of all of the population. A further loss of social cohesion will ensure that large numbers of people continue to experience deprivation, and the gap between them and the better off will widen. This has implications for all of society and not just for those who are poor.

Analysing the annual accounts of income and expenditure provides us with some information on trends in the distribution of national income. However, the limitations of this accounting system need to be acknowledged. Unpaid work is not included. Many environmental factors, such as the depletion of natural resources, are registered as income but not seen as a cost. Pollution is not registered as a cost but cleaning up after pollution is seen as income. Increased spending on prisons and security, which are a response to crime, are seen as increasing national income but not registered as reducing human well-being.

The point is, of course, that national accounts do not include items that cannot easily be assigned a monetary value. Progress cannot be measured by economic growth alone. Many other factors are required as we highlight elsewhere in this review.[34]. However, when judging economic performance, and making judgements about how well Ireland is really doing, it is important to look at the distribution of national income as well as its absolute amount.

Trends in Ireland's income distribution: 1987-2008

It is useful in this context to focus on trends in income distribution among households in Ireland since the late 1980s. The results of studies by Collins and Kavanagh (1998, 2006) combined with the recent CSO income figures provide a useful insight into the pattern of Ireland's income distribution over 21 years. Table 3.1.18 combines the results from these studies and reflects the distribution of income in Ireland as tracked by five surveys during that period.

[34] We return to critique National Income statistics in section 3.10. There, we also propose some alternatives.

Over twenty years the share of the bottom 50 per cent of the income distribution has fallen from 25.25 per cent in 1987 to 24.20 per cent in 2008. Comparing the share of the bottom two deciles (the bottom 20 per cent) between 1987 and 2008 shows that those in this group now account for 5.83 per cent of the total income in society versus 6 per cent in 1987.

Table 3.1.18: The distribution of household disposable income, 1987-2008 (%)

Decile	1987	1994/95	1999/00	2005	2008
Bottom	2.28	2.23	1.93	2.21	2.28
2nd	3.74	3.49	3.16	3.24	3.55
3rd	5.11	4.75	4.52	4.46	4.88
4th	6.41	6.16	6.02	5.70	5.99
5th	7.71	7.63	7.67	7.31	7.50
6th	9.24	9.37	9.35	9.12	9.23
7th	11.16	11.41	11.20	10.97	11.03
8th	13.39	13.64	13.48	13.23	13.14
9th	16.48	16.67	16.78	16.35	16.34
Top	24.48	24.67	25.90	27.42	26.06
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Source: Collins and Kavanagh (2006:156) and CSO (2006:18-19, 2009:24-25).
Note: Data for 1987, 1994/95 and 1999/00 are from various Household Budget Surveys. 2005 and 2008 data from SILC.

The most recent data on income distribution, from the 2008 EU-SILC survey, indicates a further shift in the distribution of Ireland's income. In 2008, the top 10 per cent of the population received 26.06 per cent of the total income while the poorest 50 per cent received a smaller share at 24.20 per cent. However, there are some positive signs at the bottom of the income distribution. Over the last five SILC surveys (2004-2008) the CSO found that the bottom two deciles saw their share of income increase. Similar to the earlier changes in the poverty figures, it is likely that these improvements are related to the budgetary policy over that period which increased social welfare payments. The CSO data show that households in these deciles receive a large proportion of their income from social welfare payments (CSO, 2009: 24-25).

Table 3.1.19 outlines the cash values of these income shares in 2008 as found by the CSO's SILC survey. It shows that the top 10 per cent of households receive an average weekly disposable income (after all taxes and having received all benefits) of €2,451, a sum that is over 11.5 times greater than the €215 per week received by those households in the bottom decile. In 2008 the average household disposable income was €940 a week / €49,008 per annum (CSO, 2009: 24-25).

Table 3.1.19: Amounts of disposable income, by decile in 2008.

Decile	Weekly disposable income	Annual disposable income
Bottom	€214.95	€11,208
2nd	€333.75	€17,403
3rd	€458.87	€23,927
4th	€563.68	€29,392
5th	€705.70	€36,797
6th	€868.61	€45,292
7th	€1,037.27	€54,086
8th	€1,235.91	€64,444
9th	€1,537.30	€80,159
Top	€2,451.45	€127,826

Source: Calculated from CSO (2009:24-25)
Note: Annual figures are rounded to the nearest € to ease interpretation.

Income distribution: a European perspective

Another of the eighteen indicators adopted by the EU at Laeken assesses the income distribution of member states by comparing the ratio of equivalised disposable income received by bottom quintile (20 per cent) to that of the top quintile. As such, this indicator reports how far away from each other the shares of these two groups are – the higher the ratio the greater the income difference. Table 3.1.20 presents the most up-to-date results of this indicator for the 25 states that were members of the EU in 2007. The 2007 data indicate that the Irish figure has fallen and converged with the EU average; a factor driven by the aforementioned rise in the share of the bottom deciles following budgetary policy in recent years. Overall, the greatest differences in the shares of those at the top and bottom of the income distribution are found in many of the new and poorer member states. However, some EU-15 members including the UK, Italy, Spain, Greece and Portugal also record large differences.

Table 3.1.20: Ratio of Disposable Income received by bottom quintile to that of the top quintile in the EU-25.

Country	Ratio	Country	Ratio
Portugal	6.5	Netherlands	4.0
Latvia	6.3	Belgium	3.9
Greece	6.0	France	3.8
Lithuania	5.9	Malta	3.8
Estonia	5.5	Austria	3.8
Italy	5.5	Denmark	3.7
United Kingdom	5.5	Hungary	3.7
Spain	5.3	Finland	3.7
Poland	5.3	Czech Rep	3.5
Germany	5.0	Slovakia	3.5
IRELAND	**4.8**	Sweden	3.4
Cyprus	4.5	Slovenia	3.3
Luxembourg	4.0	**EU-25 Average**	**4.8**

Source: CSO (2009:88)

Note: Data is the most up-to-date available for all EU countries and corresponds to the year 2007.

Budget 2010 – Limited Documentation Published by Government

The documentation to accompany Budget 2010 appeared in two different formats – a brief printed publication and an on-line edition which contained some additional documents and annexes not included in the printed edition. Collectively, both formats provided a significantly reduced amount of information than that available in previous years – a feature which *Social Justice Ireland* pointed out in its *Analysis and Critique of Budget 2010* and we have raised this issue in subsequent communications with the Department of Finance. We hope this will not be repeated in future years.

Income Distribution and Budget 2010

Budget 2010 was one of the unfairest Budgets in the history of the Irish State. As our *Analysis and Critique of Budget 2010* (available from our website) pointed out the Budget targeted Ireland's poorest through welfare cuts while leaving almost all other labour market derived income unchanged.[35] These unfair choices imply that the Budget had a profound effect on the income distribution.

When assessing the change in people's incomes following any Budget, it is important that wage and tax changes be included as well as changes to basic social welfare payments. Unemployed people, for example, do not experience any wage or income taxation changes while those with jobs may experience both. In assessing Budget 2010 our calculations have not included any income changes to private sector pay levels during 2010 as detailed projections for such changes are unavailable.

Chart 3.1.2[36] reports the findings of our analysis and quantifies the implications of the Budget announcements on various household groupings in 2010. The additional impact of changes to child benefit are explored in more detail below.

Following Budget 2010, single people who are long-term unemployed will be €8.30 per week (€433 per year) worse off while couples who are long term unemployed will be €13.80 per week (€720 per year) worse off. Elsewhere in the income distribution, there are no taxation and basic social welfare impacts from the Budget. However, the impact of Budget 2010 on the distribution of income in Ireland can be further assessed by examining the rich-poor gap. This measures the gap between the disposable income of a single person on long-term unemployment and a single person on €50,000 per annum. Budget 2010 has widened the rich-poor gap by €8.30 per week.

To extend this income distribution analysis, two further perspectives are worth exploring:

(i) Budget 2010 and the Public Sector

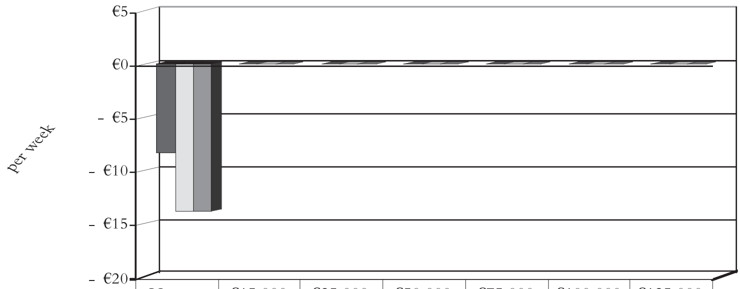
Table 3.1.21 examines the impact of the Budget 2010 reduction in public sector pay on households with members who work in that sector. The latest figures from the CSO indicate that almost 260,000 people work in the public sector. It also examines the cumulative impact on these households from the Budget 2010 pay cut, the early-2009 pension levy and the tax increases from Budget 2009 #1 and

[35] There were some welcome changes to the minimum tax liabilities of those on the very largest incomes, in excess of €200,000 per annum, and we address this issue in section 3.2.

[36] This analysis was first published in our analysis and critique of the Budget, issued the day after the Budget 2010 was presented by the Minister for Finance.

#2. While these changes have been progressive, they have had a notable impact on households with members in the public sector at the lower end of the income distribution. It is of some concern that Budget 2010 impacted very heavily on low income families with members employed in the public sector.

Chart 3.1.2: Income Distribution and Budget 2010



	Unemp	€15,000	€25,000	€50,000	€75,000	€100,000	€125,000
Single	-8.30	0.00	0.00	0.00	0.00	0.00	0.00
Couple 1 Earner*	-13.80	0.00	0.00	0.00	0.00	0.00	0.00
Couple 2 Earners*	-13.80	0.00	0.00	0.00	0.00	0.00	0.00

Notes: * Except in the case of the unemployed where there is no earner.
Unemp = Unemployed
Couples with 2 earners are assumed to have equal shares of income

Table 3.1.21: Impact on Public Sector Take Home Income from Recent Budgets

	Single		Married one income with 2 Children over 6 yrs	
Gross Income	**Change in 2010**	**Change since 2008**	**Change in 2010**	**Change since 2008**
€20,000	-€228	-€818	-€158	-€190
€50,000	-€1,218	-€4,617	-€2,128	-€5,750
€75,000	-€2,017	-€8,431	-€2,401	-€8,815
€100,000	-€3,041	-€12,860	-€3,425	-€13,244
€150,000	-€4,888	-€20,765	-€5,272	-€21,149

(ii) Budget 2010 and Child Benefit

A further impact on the income distribution from Budget 2010 was the decision to cut Child Benefit. Following the Budget, Child Benefit payments will be €16 per month per child lower for most families. As this payment represents the only payment to support children going to all families in Ireland, *Social Justice Ireland* believes that the decision to reduce it reflects an anti-family approach.

Government's justification for penalising better-off families who receive child benefit is based on the fact that these are high-income households and they can survive with a lower level of income. This is true, but this initiative means that two households with the same level of income from employment- one with children and one without children - are being treated very differently and it is the family with children that lose out. Take two households, each with two adults, with an income of €70,000 a year each (about twice the average industrial wage). This level of income is more than adequate to support them. Both households will be affected in an identical manner by any tax changes introduced in Budgets. However, if one of these household has two children it means they have been in receipt of an additional €3,984 a year in child benefit (€166 a month for each child). It is obvious that this amount of money is not sufficient to support the two children. As a result of the Budget however, this amount will be reduced by €384 in 2010.

The decision to cut child benefit was a profoundly anti-family move. If the Government needed to increase the revenue going to the Exchequer and wanted to target those with higher incomes, the additional amount required should have been taken from the core income of those households and not from the small and inadequate amount available for providing for children. There was a fairer way to address this issue and government should have taken it.

(c) Maintaining an Adequate Level of Social Welfare

Over the latter half of the last decade there was major progress on benchmarking social welfare payments. As we detail below, Budget 2007 benchmarked the minimum social welfare rate at 30 per cent of Gross Average Industrial Earnings (GAIE). This was a key achievement and one that we predicted would lead to further reductions in poverty rates, complementing those already achieved and detailed earlier. We also note the comments of the Minister for Finance Brian Cowen T.D. who stated the morning after Budget 2007 that:

> We've hit a landmark-type point in relation to social welfare in this respect, that we have in the last three budgets had unprecedented increases,

> particularly on the lowest rate, in order to get it to the point where the social partnership commitment required us to do, something around 30% of the gross average industrial earnings
>
> (Minister for Finance Brian Cowen T.D. on Today with Pat Kenny RTE Radio 1, 7th December 2006)

The process of benchmarking social welfare payments has centred on three elements: the 2001 *Social Welfare Benchmarking and Indexation Working Group* (SWBIG), the 2002 *National Anti-Poverty Strategy (NAPS) Review* and the *Budgets 2005-2007*.

Social welfare benchmarking and indexation working group

In its final report the SWBIG agreed that the lowest social welfare rates should be benchmarked. A majority of the working group, which included a director of *Social Justice Ireland*, also agreed that this benchmark should be index-linked to society's standard of living as it grows, and that the benchmark should be reached by a definite date. The working group chose Gross Average Industrial Earnings (GAIE) to be the index to which payments should be fixed.[37] The group further urged that regular and formal review and monitoring of the range of issues covered in its report should be provided for. The group expressed the opinion that this could best be accommodated within the structures in place under the NAPS and the *National Action Plan for Social Inclusion* (now combined as *NAPinclusion*). The SWBIG report envisaged that such a mechanism could involve

- the review of any benchmarks/targets and indexation methodologies adopted by government to ensure that the underlying objectives remain valid and are being met
- the assessment of such benchmarks/targets and indexation methodologies against the various criteria set out in the group's terms of reference to ensure their continued relevance
- the assessment of emerging trends in the key areas of concern – e.g. poverty levels, labour market performance, demographic changes, economic performance, competitiveness, etc.
- identification of gaps in the area of research and assessment of any additional research undertaken in the interim.

[37] The group recommended a benchmark of 27 per cent although we argued for 30 per cent.

National Anti-Poverty Strategy (NAPS) review 2002

In 2002, the NAPS review set the following as key targets:

> *To achieve a rate of €150 per week in 2002 terms for the lowest rates of social welfare to be met by 2007 and the appropriate equivalence level of basic child income support (i.e. child Benefit and Child Dependent Allowances combined) to be set at 33 per cent - 35 per cent of the minimum adult social welfare payment rate.*

We, among others, welcomed this target. It was a major breakthrough in social, economic and philosophical terms. We also welcomed the reaffirmation of this target in *Towards 2016.* That agreement contained a commitment to "achieving the NAPS target of €150 per week in 2002 terms for lowest social welfare rates by 2007" (2006:52). The target of €150 a week was equivalent to 30 per cent of Gross Average Industrial Earnings (GAIE) in 2002.[38]

In response to this commitment we calculated the projected growth in €150 between 2002 and 2007 when it is indexed to the estimated growth in GAIE. Table 3.1.22 outlines these expected growth rates and calculates that the lowest social welfare rates for single people should have reach €185.80 by 2007.

Table 3.1.22: Estimating growth in €150 a week (30% GAIE) for 2002-2007

	2002	2003	2004	2005	2006	2007
% Growth of GAIE	-	+6.00	+3.00	+4.50	+3.60	+4.80
30% GAIE	150	159.00	163.77	171.14	177.30	185.80

Source: GAIE growth rates from CSO Industrial Earnings and Hours Worked (September 2004:2) and ESRI Medium Term Review (Bergin et al, 2003:49).

Budgets 2005-2007

The NAPS commitment was very welcome and was one of the few areas of the anti-poverty strategy that was adequate to tackle the scale of the poverty, inequality and social exclusion being experienced by so many people in Ireland today.

In 2002, we set out a pathway to reaching this target by calculating the projected growth of €150 between 2002 and 2007 when it is indexed to the estimated

[38] GAIE is calculated by the CSO on the earnings of all individuals (male and female) working in all industries. The GAIE figure in 2002 was €501.51 and 30 per cent of this figure equals €150.45 (CSO, 2006: 2).

growth in GAIE. Progress towards achieving this target had been slow up until Budget 2005. At its first opportunity to live up to the NAPS commitment the government granted a mere €6 a week increase in social welfare rates in Budget 2003. This increase was below that which we proposed and also below that recommended by the government's own tax strategy group. In Budget 2004 the increase in the minimum social welfare payment was €10. This increase was again below the €12 a week we sought and at this point we set out a three-year pathway (see table 3.1.23).

Table 3.1.23: Proposed approach to addressing the gap, 2005-2007

	2005	**2006**	**2007**
Min. SW. payment in €'s	148.80	165.80	185.80
€ amount increase each year	14.00	17.00	20.00
Delivered	✓	✓	✓

Following Budget 2004 we argued for an increase of €14 in Budget 2005. The Governments decision to deliver an increase equal to that amount in that Budget marked a significant step towards honouring this commitment was a step we warmly welcomed. Budget 2006 followed suit, delivering an increase of €17 per week to those in receipt of the minimum social welfare rate. Finally, Budget 2007's decision to deliver an increase of €20 per week to the minimum social welfare rates brought the minimum social welfare payment up to the 30 per cent of GAIE benchmark.

Social Justice Ireland believes that these increases, and the achievement of the benchmark in Budget 2007, marked a fundamental turning point in Irish public policy. Budget 2007 was the third budget in a row where the government delivered on its NAPS commitment. In doing so the government moved to meet the target such that in 2007 the minimum social welfare rate increased to €185.80 per week; a figure equivalent to the 30 per cent of Gross Average Industrial Earnings (GAIE).

We warmly welcomed its achievement. It marked major progress and underscored the delivery of a long overdue commitment to sharing the fruits of this country's recent economic success.

Social welfare payments post-2007

An important element of the NAPS commitment to increasing social welfare rates is the acknowledgement that the years from 2002-2007 marked a period of 'catch-up' for those in receipt of welfare payments. Now that this income gap has been bridged, the increases necessary to keep social welfare payments at a level equivalent to 30 per cent of GAIE become much smaller. In that context we welcomed the commitment by Government in *NAPinclusion* to "maintain the relative value of the lowest social welfare rate at least at €185.80, in 2007 terms, over the course of this Plan (2007-2016), subject to available resources" (2007:42). Whether or not 30 per cent of GAIE is adequate to eliminate the risk of poverty is an issue to be monitored through the EU-SILC studies and in particular to be addressed when data on persistent poverty emerges.

During the course of 2008 and 2009 the profile of those who are dependent on unemployment benefits changed dramatically (see section 3.3). A large proportion of those in receipt of these payments have experienced a sudden decline in their incomes as they lost their jobs. Both from the perspective of income adequacy and social cohesion we strongly argued that it was important that this growing and vulnerable group be protected. It was therefore unacceptable that Budget 2010 further cut the income of this group – decreasing the lowest social welfare payments to €196. As the economy stabilises (perhaps over the next two years) *Social Justice Ireland* believes that the value of these payments should be restored and the benchmark re-established.

Individualising social welfare payments

The issue of individualising payments so that all recipients receive their own social welfare payments has been on the policy agenda in Ireland and across the EU for several years. We welcomed the report of the Working Group, *Examining the Treatment of Married, Cohabiting and One-Parent Families under the Tax and Social Welfare Codes*, which addressed some of the individualisation issues. Recent Budgets have also made welcome progress on the individualisation of contributory State Pension payments.

At present the welfare system provides a basic payment for a claimant whether a pension, a disability payment or a job-seeker's payment etc. It then adds an additional payment of about two-thirds of the basic payment for the second person. For example, following Budget 2010 a couple on the lowest social welfare rate will receive a payment of €326.10 per week. This amount is approximately 1.66 times the payment for a single person (€196). Were these two people living separately they would receive €196 each; giving a total of €392. Thus by living as a household unit such a couple loose out and receive a lower income.

Social Justice Ireland believes that this system is unfair and inequitable. We also believe that the system as currently structured is not compatible with the Equal Status Acts (2000-2004); a point we strongly made in a submission to the *Department of Social and Family Affairs Review of the Social Welfare Code* with regard to its compatibility with the Equal Status Acts. People, often women, are disadvantaged, through the receipt of a lower income, for living as a household unit. We believe that where a couple are in receipt of welfare payments, the payment for the second person should be increased to equal that for the first person. Such a change would remove this disadvantage and bring the current social welfare system in line with the terms of the Equal Status Acts (2000-2004). We urge progress on this issue in the coming years and believe such a policy development would go some way towards delivering the equality that should be the hallmark of all systems.

(d) Basic Income

Over the past number of years major advances have been achieved in the case for introducing a basic income in Ireland. These include the publication of a *Green Paper on Basic Income* by the government in September 2002 and the publication of a book by Clark entitled *The Basic Income Guarantee* (2002). A major international conference on Basic income was also held in Dublin during Summer 2008; more than 70 papers were presented at that conference are available at www.basicincomeireland.com.

The case for a basic income

Social Justice Ireland has argued for a long time that the present tax and social welfare systems should be integrated and reformed to make them more appropriate to the changing world of the twenty-first century. To this end we have argued for the introduction of a basic income system.

A basic income is an income that is unconditionally granted to every person on an individual basis, without any means test or work requirement. In a basic-income system every person receives a weekly tax-free payment from the Exchequer, and all other personal income is taxed, usually at a single rate. For a person who is unemployed, the basic-income payment would replace income from social welfare. For a person who is employed the basic-income payment would replace tax credits in the income-tax system.

Basic income is a form of minimum income guarantee that avoids many of the negative side effects inherent in social welfare payments. A basic income differs from other forms of income support in that

- it is paid to individuals rather than households
- it is paid irrespective of any income from other sources
- it is paid without conditions. It does not require the performance of any work or the willingness to accept a job if offered one
- it is always tax free.

There is real danger that the plight of large numbers of people excluded from the benefits of the modern economy will be ignored. Images of rising tides lifting all boats are often offered as government's policy makers and commentators assure society that prosperity for all is just around the corner. Likewise, the claim is often made that a job is the best poverty fighter and consequently all priority must be given to getting everyone a paid job. These images and claims are no substitute for concrete policies to ensure that all are included. Twenty-first-century society needs a radical approach to ensure the inclusion of all people in the benefits of present economic growth and development. Basic income is such an approach.

As we have designed it, a basic income system would replace social welfare. It would guarantee an income above the poverty line for everyone. It would not be means tested. There would be no "signing on" and no restrictions or conditions. In practice a basic income recognises the right of every person to a share of the resources of society.

The Basic Income system ensures that looking for a paid job and earning an income, or increasing one's income while in employment, is always worth pursuing, because for every euro earned the person will retain a large part. It thus removes the many poverty traps and unemployment traps that may be in the present system. Furthermore, women and men get equal payments in a basic income system. Consequently the basic income system promotes gender equality because it treats every person equally.

It is a system that is altogether more guaranteed, rewarding, simple and transparent than the present tax and welfare systems. It is far more employment friendly than the present system. It also respects other forms of work besides paid employment. This is crucial in a world where other forms of work need to be recognised and respected. It is also very important in a world where paid employment cannot be permanently guaranteed for everyone seeking it. There is growing pressure and need in Irish society to ensure recognition and monetary reward for such work. Basic income is a transparent, efficient and affordable mechanism for ensuring such recognition and reward.

Basic income also lifts people out of poverty and the dreadful dependency mode of survival. In doing this it also restores their self-esteem and broadens their horizons. Poor people however are not the only ones who should welcome a basic income system. Employers for example should welcome it because its introduction would mean they would not be in competition with the social welfare system. Since employees would not lose their basic income when taking a job, there would always be an incentive to take up employment.

A basic income system would create a platform for meaningful work. It would benefit paid employment as well as other forms of work. It would also have a substantial impact on reducing income poverty. The present tax and welfare systems were designed for a different era. They have done well in addressing major problems of the second half of the twentieth century. The world however is changing radically. A new system is required for the twenty-first century. Basic income is such a system.

Ten reasons to introduce basic income

- i It is work and employment friendly.
- ii It eliminates poverty traps and unemployment traps.
- iii It promotes equity and ensures that everyone receives at least the poverty level of income.
- iv It spreads the burden of taxation more equitably.
- v It treats men and women equally.
- vi It is simple and transparent.
- vii It is efficient in labour-market terms.
- viii It rewards types of work in the social economy that the market economy often ignores, e.g. home duties, caring, etc.
- ix It facilitates further education and training in the labour force.
- x It faces up to the changes in the global economy.

Policy Proposals on Income

A series of short-term and medium-term initiatives are required if the reality of poverty and income inequality is to be addressed once and for all in Ireland. The income measures, which are necessary to bring about greater societal fairness, are outlined below.

- ***Social Justice Ireland* believes that a Government commitment to:**
  - **benchmark social welfare payments,**
  - **equity of social welfare rates,**
  - **adequate payments for children,**
  - **higher and universal state pensions and cost of disability payments would lead to Ireland's poverty risk levels falling over the next few years. Government should adopt these policy reforms so that this goal is achieved.**

- **Acknowledge that Ireland has an ongoing poverty problem.**

- **Set a target of 'zero poverty' to be achieved by 2020. Advocate that this target be adopted by the European Union as part of its actions to mark the European Year Against Poverty and Social Exclusion (2010).**

- **Continue to honour the *NAPinclusion* and *Towards 2016* commitment that the lowest social welfare payment for a single person will be benchmarked to 30 per cent of GAIE from 2007-2016.**

- **Move towards the individualisation of social welfare payments.**

- **Move to address income adequacy among those dependent on state pensions by standard rating the tax relief on pension contributions and using some of the resources saved by the exchequer to provide a universal pension at the contributory rate.**

- **Introduce a cost of disability allowance as a means of addressing the poverty and social exclusion experienced by people with a disability.**

- **Recognise the new problems of poverty among migrants and adopt policies to assist this group. In addressing this issue also reform and increase the 'direct provision' allowances paid to asylum seekers.**

- **Recognise the problem of the 'working poor' and make tax credits refundable so as to improve the situation of the workers and their families who are living in this situation.**

- **Address the problems of child poverty through the introduction of a refundable tax credit for all children irrespective of the labour force status of their parents. This would address child poverty and childcare costs.**

- **Accept that persistent poverty should be used as the primary indicator of poverty measurement once this data becomes available.**

- **Implement the IPH's call for the creation of a national fuel poverty strategy similar to the model currently in place in Northern Ireland.**

- **Adopt a new approach to measuring deprivation - one that uses regularly updated indicators reflective of society as it currently is.**

- **Poverty-proof all public policy initiatives and provision.**

- **Equality-proof all public policy initiatives and provision.**

- **Continue to resource the production of up-to-date data in the area of poverty and social exclusion and ensure the publication of such data as soon as they become available.**

- **Move towards introducing a basic income system. All initiatives in the areas of income and work should constitute positive moves towards the introduction of a full basic income guarantee system.**

3.2 Taxation

CORE POLICY OBJECTIVE: TAXATION

To collect sufficient taxes to ensure full participation in society for all, through a fair tax system in which those who have more, pay more, while those who have less, pay less

The issue of taxation is central to budget deliberations and to policy development at both macro and micro level. It plays a key role in shaping Irish society through: (i) funding public services; (ii) supporting economic activity; and (iii) redistributing resources to enhance the fairness of society. Consequently it is crucial that clarity exist with regard to both the objectives and instruments aimed at achieving these goals. To ensure the creation of a fairer and more equitable tax system, policy development in this area should adhere to our core policy objective outlined above. In that regard, *Social Justice Ireland* is committed to increase the level of detailed analysis and debate addressing this area.

The need for a wider tax base was a lesson painfully learnt by Ireland during the past two years. A disastrous combination of a naïve housing policy, a failed regulatory system and foolish fiscal policy and planning combined to cause a collapse in exchequer revenues. The narrowness of the Irish tax base resulted in almost 25 per cent of expected tax revenues disappearing thereby plunging the exchequer and the country in a series of fiscal policy crises. As we have already shown in section 2.3, tax revenues collapsed from over €47 billion in 2007 to an expected level of €32.5 billion in 2009. It is only through a determined effort to reform Ireland's taxation system that these mistakes can be addressed and avoided in the future. We have earlier identified this issue as one of the reforms needed for Ireland to achieve recovery.

The remainder of this section outlines Ireland's relative taxation position, the anticipated future taxation needs, further approaches to reforming and broadening the tax base and proposals for building a fairer tax system.

Ireland's total tax take up to 2007

The most recent comparative data on the size of the Irish tax burden has been produced by Eurostat (2009) and is detailed alongside that of 26 other EU states in table 3.2.1. The definition of taxation employed by Eurostat incorporates all compulsory payments to central government (direct and indirect) alongside social security contributions (employee and employer) and the tax receipts of local authorities.[39] The tax burden of each country is established by calculating the ratio of total taxation revenue to national income as measured by gross domestic product (GDP). Table 3.2.1 also compares the tax burdens of all EU member states against the average tax burden of 37.5 per cent.

Of the EU-27 states, the highest tax ratios can be found in Denmark, Sweden, Belgium and France while the lowest appear in Romania, Slovakia, Lithuania, Latvia, Ireland, Greece and Estonia. Overall, Ireland possesses the fifth lowest tax burden at 31.2 per cent, some 6.3 per cent below the EU average.

Table 3.2.1: Total tax revenue as a % of GDP, for EU-27 Countries in 2007

Country	% of GDP	+/- from average	Country	% of GDP	+/- from average
Denmark	48.7	+11.2	Portugal	36.8	-0.7
Sweden	48.3	+10.8	Luxembourg	36.7	-0.8
Belgium	44.0	+6.5	**Ireland GNP**	**36.7**	**-0.8**
France	43.3	+5.8	United Kingdom	36.3	-1.2
Italy	43.3	+5.8	Poland	34.8	-2.7
Finland	43.0	+5.5	Malta	34.7	-2.8
Austria	42.1	+4.6	Bulgaria	34.2	-3.3
Cyprus	41.6	+4.1	Estonia	33.1	-4.4
Hungary	39.8	+2.3	Greece	32.1	-5.4
Germany	39.5	+2.0	**Ireland GDP**	**31.2**	**-6.3**
Netherlands	38.9	+1.4	Latvia	30.5	-7.0
Slovenia	38.2	+0.7	Lithuania	29.9	-7.6
Spain	37.1	-0.4	Slovakia	29.4	-8.1
Czech Rep	36.9	-0.6	Romania	29.4	-8.1

Source: Eurostat (2009:251) and CSO National Income and Expenditure Accounts (2009:3)
Note: All data is for 2007. EU average (unweighted) is 37.5 per cent.

[39] See Eurostat (2004:32-34) for a more comprehensive explanation of this classification.

GDP is accepted as the benchmark against which tax levels are measured in international publications. However, in Ireland some suggestions have been made to the effect that gross national product (GNP) should be used. This argument is based on the fact that Ireland's large multinational sector is responsible for significant profit outflows which if counted (as they are in GDP but not in GNP) exaggerate the scale of Irish economic activity.[40] Commenting on this Collins stated that "while it is clear that multinational profit flows create a considerable gap between GNP and GDP, it remains questionable as to why a large chunk of economic activity occurring within the state should be overlooked when assessing its tax burden" and that "as GDP captures all of the economic activity happening domestically, it only seems logical, if not obvious, that a nations' taxation should be based on that activity" (2004:6).[41] He also noted that using GNP will overstate the scale of the tax base in Ireland because it excludes the value of multinational activities in the economy but does include the tax contribution of these companies. As such, the size of the tax burden carried by Irish people and firms is exaggerated.

Social Justice Ireland believes that it would be more appropriate to calculate the tax burden by comparing GNP and an adjusted tax-take figure which excludes the tax paid by multi-national companies. As figures for their tax contribution are currently unavailable, we have simply used the unadjusted GNP figures and presented the results in table 3.2.1. In 2007 this stood at 36.7 per cent. This also suggests to international observers and internal policy makers that the Irish economy is not as tax-competitive as it truly is. This issue should be addressed by Government and appropriate adjustments made when calculating Ireland's tax-take as a percentage of GNP.

In the context of these figures, the question needs to be asked: if we expect our economic and social infrastructure to catch up to that in the rest of Europe, how can we do this while simultaneously gathering less taxation income than it takes to run the infrastructure already in place in most of those other European countries? Simply, we will never bridge the social and economic infrastructure gaps unless we gather a larger share of our national income and invest it in building a fairer and more successful Ireland.

[40] Collins (2004:6) notes that this is a uniquely Irish debate and not one that features in other OECD states such as New Zealand where noticeable differences between GDP and GNP also occur.

[41] See also Bristow (2004:2) who makes a similar argument.

Social Justice Ireland believes that Ireland should increase its tax take towards that of other European countries. Prior to the recent recession (see below) the Irish tax take had begun to increase. Using the GDP benchmark, it has climbed from 28.5 per cent in 2002 to 30.4 per cent in 2004 and to 30.8 per cent in 2005. The 2006 increase principally reflected large inflows of transaction taxes from stamp duty, VRT and construction/housing related VAT – the taxes that have since collapsed. However, the fact remains that increases towards the European average are certainly feasible and are unlikely to have any significant negative impact on the economy in the long term. We have proposed that over the next few years Ireland increase its total tax take to 34.9 per cent of GDP - a proposal explored further in the next section of this chapter.

Table 3.2.2: The Changing Nature of Ireland's Tax Revenues, 2007-10

	Estimated Outturn 2007	**Estimated Outturn 2008**	**Estimated Outturn 2009**	**Budget 2010 Projection**
	€m	**€m**	**€m**	**€m**
Customs	285 2	55	209	200
Excise Duties	5,815	5,581	4,575	4,514
Capital Gains Tax	3,145	1,710	385	340
Capital Acquisitions Tax	383	320	260	240
Stamp Duties	3,195	1,780	900	975
Income Tax and Levy*	13,605	13,200	11,810	11,530
Corporation Tax	6,349	6,000	3,790	3,160
Value Added Tax	14,545	13,525	10,640	10,090
Other Levies	3	1	1	1
Total Tax Receipts**	**47,325**	**42,372**	**32,570**	**31,050**

Source: Department of Finance, Budget Documents 2007-2010

Notes: *Income levy applied from 2009 onwards.

**These figures do not incorporate other tax sources including revenues to the social insurance fund and local government charges. These are incorporated into the totals reported in table 3.2.3 below.

Ireland's total tax take 2008-10

Despite significant increases in the tax-take from the PAYE sector in the last two Budgets, the scale of collapse in Ireland's tax revenues has been dramatic. National taxes (those announced in the Budget and collected centrally – as detailed in table

3.2.2) have fallen by over €16b since 2007 with the largest fall in areas such as capital gains taxes, stamp duties, corporation taxes and VAT. Decreases in income taxes have been somewhat offset by increased revenues from the income levy. Overall, total tax receipts have fallen from in excess of €47 billion in 2007 to €32.5 billion in 2009; and current trends suggest that the 2010 figure is likely to be marginally lower than this (perhaps not as low as the Department of Finance signalled in the December 2009 Budget).

The impact of these declines in taxation income, reflecting the scale of the national and international recession and the instability and narrowness of the national tax base, have had dramatic effects on the overall tax burden. Table 3.2.3 reports on this decline using data from Eurostat and Budget 2010. It shows how Ireland overall taxation burden has dropped to 29.4 per cent of GDP in 2009 and 2010 – levels equivalent to those among the lowest European countries. Some increase is planned in 2011, reflecting some recovery in economic activity and the Budget 2010 commitment to make expenditure and taxation adjustments equivalent to €2 billion in Budget 2011 (Department of Finance, 2009:C19).

Table 3.2.3: Ireland's total tax take, 2008-2011

	2008	**2009**	**2010**	**2011**
Total Tax Take*	€56,025m	€48,392m	€47,312m	€51,650m
GDP	€181,816m	€164,600m	€160,925m	€169,900m
Tax % GDP**	30.8%	29.4%	29.4%	30.4%

Source: Calculated from Department of Finance, Budget 2010: C10, C21, C46.

Notes: * Total tax take = current taxes (see table 3.2.2) + Social Insurance Fund income + charges by local government.
** These are the tax burden figures as published and estimated by the Department of Finance in Budget 2010 – that document provided limited details on the nature and composition of these figures. Estimates for *Social Justice Ireland* suggest that the actual 2008, 2009 and 2010 figures will be lower than those reported above.

While a proportion of the tax decline is related to the recession, a large part is structural and requires attention. *Social Justice Ireland* believes that over the next few years policy should focus on increasing Ireland's tax take to 34.9 per cent of GDP, a figure defined by Eurostat as 'low-tax' (Eurostat, 2008:5). As a policy objective, Ireland should remain a low-tax economy, but not one incapable of adequately supporting the economic, social and infrastructural requirements necessary to complete our convergence with the rest of Europe.

Effective tax rates

Central to the ongoing debate on personal/income taxation in Ireland are effective tax rates. These rates are calculated by comparing the total amount of income tax a person pays with their pre-tax income. For example, a person earning €50,000 who pays a total of €10,000 in tax, PRSI and levies will have an effective tax rate of 20 per cent. Calculating the scale of income taxation in this way provides a more accurate reflection of the burden of income taxation faced by earners.

Following Budget 2010 we have calculated effective tax rates for a single person, a single income couple and a couple where both are earners. Table 3.2.4 presents the results of this analysis. For comparative purposes, it also presents the effective tax rates which existed for people with the same income levels in 2000 and 2008.

In 2010, for a single person with an income of €15,000 the effective tax rate will be 0 per cent, rising to 10.3 per cent of an income of €25,000 and 41.1 per cent of an income of €120,000. A single income couple will have an effective tax rate of 0.0 per cent at an income of €15,000, rising to 4.9 per cent at an income of €25,000, 24.0 per cent at an income of €60,000 and 37.2 per cent at an annual income of €120,000. In the case of a couple where both are earning and their combined income is €40,000 their effective tax rate is 4.9 per cent, rising to 31.7 per cent for combined earnings of €120,000.

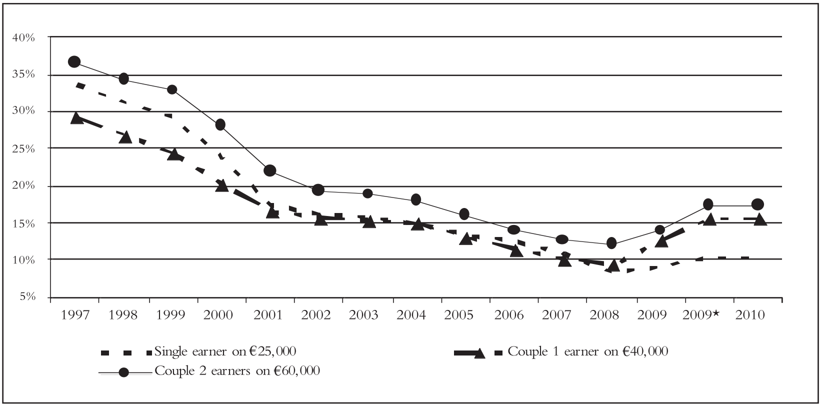
Table 3.2.4: Effective Tax Rates following Budgets 2000 / 2008 / 2010

Income Levels	Single Person	Couple 1 earner	Couple 2 Earners
€15,000	13.9% / 0.0% / 0.0%	2.5% / 0.0% / 0.0%	0.8% / 0.0% / 0.0%
€20,000	19.1% / 5.4% / 6.4 %	8.3% / 2.7% / 4.7%	6.1% / 0.0% / 0.0%
€25,000	24.0% / 8.3% / 10.3 %	12.3% / 2.9% / 4.9%	11.0% / 0.0% / 1.3%
€30,000	28.4% / 12.9% / 16.9%	15.0% / 5.1% / 9.1%	14.6% / 1.7% / 3.0%
€40,000	33.3% / 18.6% / 22.1%	20.2% / 9.4% / 13.4%	17.5% / 3.6% / 4.9%
€60,000	37.7% / 27.5% / 31.7%	29.0% / 19.8%/ 24.0%	28.0% / 12.2%/ 15.5%
€100,000	41.1% / 33.8% / 39.2%	35.9% / 29.2%/ 34.6%	35.9% / 23.8%/ 27.9%
€120,000	41.9% / 35.4% / 41.1%	37.6% / 31.6%/ 37.2%	37.7% / 27.2%/ 31.7%

Source: Social Justice Ireland (2009:6).
Notes: Tax = income tax + PRSI + levies
Couples assume 2 children and 65%/35% income division

While these rates have increased since 2008 they are still low compared to the situation which prevailed in 2000. Then, few complained that tax levels were excessive and the recent increases should be seen in this context. Taking a longer view, chart 3.2.1 illustrates the downward trend in effective tax rates for three selected household types since 1997. These are a single earner on €25,000; a couple with 1 earner on €40,000; and a couple with 2 earners on €60,000. Their experiences are similar to those on other income levels and are similar to the effective tax rates of the self-employed over that period (see Budget 2010, annex A).[42]

Chart 3.2.1: Effective tax rates in Ireland, 1997-2010



Source: Department of Finance, Budget 2010 (Annex A).
Notes: Tax = income tax + PRSI + levies
Couples assume 2 children and 65%/35% income division
2009 = Budget 2009 #1 (October 2008); 2009* = Budget 2009 #2 (April 2009)

The two 2009 Budgets produced notable increases in these effective taxation rates. Both Budget required government to raise additional revenue and with some urgency - increases in income taxes provided the easiest option. However, income taxation is not the only form of taxation and, as the review below will suggest, there are many in Ireland not paying their fair share and there are a number of available ways of substituting tax revenue from income for that raised through other taxation mechanisms.

[42] This information is only available online as these annexes were not included in the printed Budget 2010 book.

Future taxation needs

Government decisions to raise or reduce overall taxation revenue needs to be linked to the demands on its resources. These demands depend on what Government is required to address or decides to pursue. A valuable review of Ireland's future taxation needs was presented in a paper to our 2004 social policy conference (Collins, 2004:9-14). In that paper Collins points out that in the immediate term tax increases are not essential if the government avails of the funds available to it in the current account surplus (see section 2 earlier). However in the medium-term he indicated that the government faced a series of demands which will necessitate increases in the amount of taxation its collects. These demands include: contributions to the European Union from 2008 onwards when Ireland becomes a net contributor; payments for fines imposed under the Kyoto protocol; increases in Overseas Development Assistance (ODA) contributions; increases in social welfare payments in accordance with the NAPS; and increases in spending on education, healthcare and pensions as a result of an increase in the numbers of children and older people in the population over the next 20 years.

A further item that can be added to this list is the additional funding required to finance local government up to and after 2010. An indication of the size of this commitment was provided by a report from Indecon Economic Consultants (2005) commissioned by the Department of Environment, Heritage and Local Government. Among its conclusions the report pointed out the likelihood of an annual 'funding gap' of between €415m and €1,500m up to 2010. Thus the report recommended that central government provide 'a significant increase in the level of resources available to local authorities over the period to 2010' (2005:193, 194).

Research by Bennett et al (2003) also provides some insight into future exchequer demands. Table 3.2.5 presents estimates as a percentage of GDP for the costs of healthcare and pensions in Ireland in the years 2025 and 2050. As the population ages these figures will increase substantially, almost doubling between 2002 and 2050 from 8.9 to 16.7 per cent of GDP. Dealing purely with the pension issue, an ESRI study reached similar conclusions and projected that 'social welfare spending that is focused on older people' will rise from 3.1 per cent in 2004 to 5.5 per cent in 2030 and to 9.3 per cent in 2050. The 2008 OECD Economic Survey of Ireland reached similar conclusions suggesting a 2050 peak of 11.1 per cent of GDP (2008:80-84).[43]

[43] The 2010 National Pensions Strategy suggested a higher overall cost of pensions in 2050 as equivalent to 15.5% of GDP.

Table 3.2.5: Projected Costs of Healthcare and Pensions in Ireland, as % GDP

	2002	2025	2050
Healthcare	6.0	6.3	8.8
Pensions	2.9	4.5	7.9
Healthcare + Pensions	**8.9**	**10.9**	**16.7**

Source: Bennett et al (2003)

A recent addition to these items is the added costs of servicing the rapidly increased national debt and the ongoing financing costs of the various bank rescues, investments and bailouts. Collectively, the implications of these findings is that in the years to come Ireland will have to raise additional taxation revenue to meet these demands.

Is a higher tax-take problematic?

Suggesting that any country's tax take should increase normally produces negative responses. People think first of their incomes and increases in income tax, rather than more broadly of reforms to the tax base. Furthermore, proposals that taxation should increase are often rejected by suggestions that they would undermine economic growth. However, a review of the performance of the British and US economies over recent years is interesting in light of this issue.

In the years prior to the current international economic crisis, Britain achieved low unemployment and higher levels of growth compared to other EU countries (OECD, 2004). These were achieved simultaneously with increases in its tax/GDP ratio. In 1994 this stood at 33.7 per cent and by 2004 it had increased 2.3 percentage points to 36.0 per cent of GDP. Furthermore, in his March 2004 Budget the then British Chancellor Gordon Brown indicated that this ratio would increase again to reach 38.3 per cent of GDP in 2008-09 (2004:262). His announcement of these increases was not met with predictions of economic ruin or doom for Britain and its economic growth remained high compared to other EU countries (IMF, 2004 & 2008).

Taxation and competitiveness

Another argument made against increases in Ireland's overall taxation levels is that it will undermine competitiveness. However, the suggestion that higher levels of taxation would damage our position relative to other countries is not supported by international studies of competitiveness. Annually the World Economic Forum publishes a *Global Competitiveness Report* ranking the most competitive economies across the world. Table 3.2.6 outlines the top fifteen economies in this index for 2009-10 as well as the ranking for Ireland (which comes 25th). It also presents the difference between the size of the tax burden in these, the most competitive, economies in the world and Ireland for 2008.[44]

Table 3.2.6: Differences in taxation levels between the world's 15 most competitive economies and Ireland.

Competitiveness Rank	Country	Taxation level versus Ireland
1	Switzerland	+1.1%
2	United States	-1.4%
3	Singapore	*not available*
4	Sweden	+18.8%
5	Denmark	+20.0%
6	Finland	+14.5%
7	Germany	+8.1%
8	Japan	+0.0%
9	Canada	+3.9%
10	Netherlands	+9.2%
11	Hong Kong SAR	*not available*
12	Taiwan, China	*not available*
13	United Kingdom	+7.4%
14	Norway	+13.8%
15	Australia	+2.5%
25	**IRELAND**	-

Source: World Economic Forum (2009)
Notes: a) Taxation data from OECD for the year 2008 (2009: table A)
b) For some countries comparable data is *not available*.
c) Taxation data for Japan, Netherlands and Australia is only available for 2007
d) The OECD's provisional estimate for Ireland in 2008 = 28.3 per cent of GDP

Only the US reports a lower taxation levels compared with Ireland; with Japan collecting the same level. Of the other leading competitive economies all collect a greater proportion of national income in taxation. Over time Ireland's position on this index has varied, most recently falling from 22nd to 25th. When Ireland has

[44] This analysis updates that first produced by Collins (2004:15-18).

slipped back the reasons stated for Ireland's loss of competitiveness included decreases in economic growth, poor performances by public institutions and a decline in the technological competitiveness of the economy (WEF, 2003: xv; 2008:193). Interestingly, a major factor in that decline is related to underinvestment in state funded areas: education; research; infrastructure; and broadband connectivity. Each of these areas is dependent on taxation revenue and they have been highlighted by the report as necessary areas of investment to achieve enhanced competitiveness.[45] As such, lower taxes do not feature as a significant priority; rather it is increased and targeted government spending.

A similar point was expressed by the Nobel Prize winning economist Professor Joseph Stiglitz while visiting Ireland in June 2004. Commenting on Ireland's long-term development prospects he stated that "all the evidence is that the low tax, low service strategy for attracting investment is shortsighted" and that "far more important in terms of attracting good businesses is the quality of education, infrastructure and services." Professor Stiglitz, who chaired President Clinton's Council of Economic Advisors, added that "low tax was not the critical factor in the Republic's economic development and it is now becoming an impediment".[46]

Reforming and broadening the tax base

The methods by which the tax base should be reformed and broadened are an issue worth considering. *Social Justice Ireland* believes that there is merit in developing a tax package which places less of an emphasis on taxing people and organisations on what they earn by their own useful work and enterprise, or on the value they add or on what they contribute to the common good. Rather, the tax that people and organisations should be required to pay should be based more on the value they subtract by their use of common resources. Whatever changes are made should also be guided by the need to build a fairer taxation system, one which adheres to our core policy objective already stated.

There are a number of approaches available to Government in reforming the tax base. Recent Budgets have made some progress in addressing some of these issues while the 2009 Commission on Taxation Report has highlighted many areas that require further reform. A shorter review of the areas we consider a priority are presented below across the following subsections:

[45] A similar conclusion was reached in another international competitiveness study by the International Institute for Management Development (2007).

[46] In an interview with John McManus, Irish Times, June 2nd 2004.

Tax Expenditures / Tax Reliefs
Minimum Effective Tax Rates of Higher Earners
Corporation Taxes
Land Rent Taxes / Site Value Taxes
Second Homes
Taxing Windfall Gains
Financial Speculation Taxes

A separate and related section on environment taxes follows.

Tax Expenditures / Tax Reliefs

A significant outcome from the Commission on Taxation is contained in part eight of their Report which details all the tax breaks or tax expenditures as they are referred to officially. For years we have sought to have a full list of these tax breaks and their actual cost published. However, despite our best endeavours, neither the Department of Finance nor the Revenue Commissioners were able to produce such a list. The Report identifies 111 tax breaks - information on many of these was not available previously. The Report also shows that Government has no idea what many of these tax breaks are costing the Exchequer. Given the scale of public expenditure involved, this is a bizarre and totally unacceptable situation.

The Commission analysed each of the 111 tax breaks and made a recommendation on each one. We support most of these recommendations. However, we disagree with its proposal to tax child benefit. *Social Justice Ireland* believes that Government should move immediately to implement the recommendations of the Commission on tax breaks (with the exception of taxing child benefit). This would make the tax system fairer. It would also provide substantial additional resources towards achieving the adjustment Government has proposed for Budget 2011.

The Commission also detailed new methods for evaluation/introducing tax reliefs. We strongly welcome these proposals, indeed they are similar to the proposals the directors of *Social Justice Ireland* made to the Commission in written and oral submissions. The Commission's proposals focus on ex-ante (prior) evaluation of the costs and benefits of any proposed expenditure, the need to collect detailed information on each expenditure, the introduction of time limits for expenditures, the creation of an annual tax expenditures report as part of the Budget process and the regular scrutiny of this area by an Oireachtas committee. As part of the necessary reform of this area *Social Justice Ireland* believes that these proposals should be adopted.

Minimum Effective Tax Rates for Higher Earners

Evidence from both Department of Finance studies and Revenue Commissioner reports have shown that the major beneficiaries of the aforementioned tax breaks are those on the highest incomes.

In 2005 the Department of Finance commissioned a number of reports on the scale, extent, merit and distribution of the existing tax break schemes. The findings of these reports span some 1,000 pages and are of some interest (see Department of Finance 2006 Vols I, II, III). While it is impossible to summarise these findings over a few paragraphs, three examples provide a good indication of what the reports found.

In 2000 the government introduced a tax relief scheme for capital investments in Hotels and Holiday Camps. An assessment by Indecon Consultants for the Department of Finance found that up to 2006 these schemes resulted in a net loss in tax revenue (revenue forgone) of €120.5m (Department of Finance, 2006 Vol. I: 73). The report recommended that the scheme now be abolished; a decision that Budget 2006 subsequently took. As part of this review Indecon also considered the distribution of these tax reliefs. Table 3.2.7 presents the results of a confidential survey of Ireland's accountancy and tax professionals carried out by the consultants. In the survey these professionals were asked to indicate where in the income distribution were the recipients of these schemes located. The figures therefore represent indicative views based on the judgement and expertise of these professionals.[9] They indicate that all these benefits flowed to investors with a gross income of over €100,000 per annum and that two-thirds of those who benefited had annual gross incomes in excess of €200,000. Table 3.2.7 also reports a similar distribution analysis of those investors who availed of tax reliefs for multi-storey car parks. It presents an even more skewed allocation to those with incomes in excess of €200,000. In terms of tax revenue forgone this scheme cost the exchequer €15.9m.

[47] Accurate income distribution figures are unavailable as the Revenue Commissioners did not collect detailed information on these schemes.

Table 3.2.7: The % distribution of investors utilising two tax relief schemes according to the views of accountancy and tax professionals – by likely annual gross income

Gross Annual Income of Investors	Hotels and Holiday Camps	Multi-storey Car Parks
€200,000 +	66.7%	83.3%
€100,000 to €200,000	33.3%	16.7%
€50,000 to €100,000	0.0%	0.0%
Less than €50,000	0.0%	0.0%
Total	**100.0%**	**100.0%**
Net tax forgone up to 2006	**€120.5m**	**€15.9m**

Source: Department of Finance (2006,Vol I: 73-76, 297-298)

An assessment of the tax reliefs associated with the Urban renewal scheme by Goodbody Economic Consultants identified that between 1999 and mid-2006 the total cost of this scheme in terms of tax revenue forgone was €1,423m. When considering the equity implication of this scheme they concluded that "the tax benefits of the scheme have accrued to relatively few high income individuals" and that "it is difficult to escape the conclusion that the scheme has had very negative equity impacts" (Department of Finance, 2006 Vol. II: 84-86). Budget 2006 also abolished this scheme.

The suggestion that it is the better-off who principally gain from the provision of tax exemption schemes is underscored by a series of reports published by the Revenue Commissioners entitled *Effective Tax Rates for High Earning Individuals* (2002, 2005, 2006 and 2007). These reports provided details of the Revenue's assessment of the top 400 earners in Ireland and the rates of effective taxation they faced.[10] The reports led to the introduction of a minimum 20 per cent effective tax rate as part of the 2006 and 2007 Finance Acts for all those with incomes in excess of €500,000. During 2009 the Revenue Commissioners published an analysis of the operation of this new minimum rate using data for 2007 – the first year the scheme applied (Revenue Commissioners, 2009). Table 3.2.8 reports the findings of that analysis for a sample of 214 individuals with income in excess of €500,000; the report fails to define how comprehensive this sample is although it seems limited. The report also includes information on the distribution of effective tax rates among the 225 earners with incomes between €250,000 and €500,000.

[48] The effective taxation rate is calculated as the percentage of an individual's total pre-tax income that they pay in taxation.

Table 3.2.8: The Distribution of Effective Tax Rates among a sample of those earning in excess of €250,000 in 2007 (% of total)

Effective Tax Rate	Individuals with incomes of €500,000+	Individuals with incomes of €250,000 - €500,000
0%-5%	0%	19.6%
5% < 10%	0%	14.7%
10% < 15%	0%	27.1%
15% < 20%	77.6%	38.6%
20% < 25%	22.4%	0%
25% < 30%	0%	0%
30% +	0%	0%
Total Cases	**214**	**225**

Source: Revenue Commissioners (2009)

Social Justice Ireland welcomes the introduction of this scheme which marked a major improvement in the fairness of the tax system. However, it should be noted that a 20 per cent effective taxation rate in 2007 was equivalent to the amount of income tax paid by a single PAYE worker with a gross income of €40,000.

We also welcome the Budget 2010 decision to increase the minimum effective rate to 30 per cent (equivalent to the rate faced by a single PAYE worker on €58,000 gross) and to apply this to all incomes in excess of €400,000. The Minister also signalled that all incomes above €125,000 would be subject to an upward sliding scale of minimum effective tax payments – a further welcome reform.

We encourage the Government to continue to raise this minimum effective rate so that it is not out of line with that faced by PAYE earners on equivalent high-income levels. Following Budget 2010 a single individual on an income of €120,000 gross will pay an effective tax rate of 41.1 per cent; a figure which suggests that the minimum threshold for high earners has potential to adjust upwards over the next few years.

Corporation Taxes

Following Budget 2003, the standard rate of corporation tax was reduced from 16 per cent to 12.5 per cent at a full year cost of €305m. This reduction followed another reduction in 2002 which brought the rate down from 20 per cent to 16 per cent. The total cost in lost revenue to the exchequer of these two reductions was estimated at over €650m per annum at the time. Serious questions remain concerning the advisability of pursuing this policy approach. Ireland's corporation tax rate is now considerably below the corresponding rates in most of Europe. Windfall profits are flowing to a sector that is already extremely profitable.

Across the relevant literature no evidence of substance exists to support the contention that corporations would leave if the corporate tax rate were higher – at 17.5 per cent for example. Furthermore, the logic of having a uniform rate of corporation tax for all sectors is questionable. At a 2003 social policy conference which examined this issue David Begg (ICTU) stated, "there is no advantage in having a uniform rate of 12.5 per cent corporation tax applicable to hotels and banks as well as to manufacturing industry" (2003:12). In the last few years there has been some improvement in this situation with special, and higher, tax rates being charged on natural resource industries. *Social Justice Ireland* welcomes this as an overdue step in the right direction.

As the European Union expands corporation tax competition is likely to intensify. Already Estonia and the Isle of Man have put in place a zero per cent corporation tax rate, Cyprus has set its rate at 10 per cent and Hungary continues to reduce its rate; others are likely to follow.[49] Over the next decade Ireland will be forced to either ignore tax rates as a significant attraction/retention policy for foreign investors (this would be a major change in industrial policy) or to follow suit and compete by further cutting corporation tax. Consequently, there is a serious danger that Irish corporation taxes will be forced down to zero per cent during the next few years. Sweeney has warned of a dangerous situation where Ireland ends up "leading the race to the bottom" (2004:59). The costs of such a move, in lost exchequer income, would be enormous.

An alternative direction for corporation tax is to set a minimum rate for all EU countries. Given the international nature of company investment these taxes are fundamentally different from internal taxes, and the benefit of a European agreement which sets a minimum rate is clear. These would include protecting Ireland's already low rate from being driven down even lower, protecting the jobs in industries which might move to lower taxing countries and protecting the revenue generated for the exchequer by corporate taxes. *Social Justice Ireland* believes that an EU wide agreement on a minimum rate of corporation tax should be

[49] It is worth noting that the Isle of Man has retained a 10 per cent rate on the profits of banking institutions.

negotiated. We believe that the minimum rate should be set well below the 2009 EU-27 average rate of 23.5 per cent but above the existing low Irish level.[50] A rate of 17.5 per cent seems appropriate.

Land Rent Taxes / Site Value Taxes

Taxes on wealth are minimal in Ireland. We are the exception to the rule among developed countries in having tax on immovable property. Revenue is negligible from capital acquisitions tax because it has a very high threshold where bequests and gifts within families are concerned and it treats family farms and firms very generously. Following the publication of the Commission on Taxation Report (2009) much discussion has centered on their proposal for the introduction of a residential property tax. However, we believe that a Land Rent Tax is a more appropriate and fairer approach. It would lead to a substantial broadening of the base at a single stroke and would also lead to a reduction of the tax-take required from other sources, thus providing an opportunity for Government to produce a just and fair tax system.

The issue of land rent taxation is one that has received added attention in the recent past. Two papers at a 2004 Social Policy Conference directly addressed this issue (see O'Siochru, 2004:23-57; and Dunne, 2004:93-122) and the Chambers of Commerce of Ireland have published a report entitled *Local Authority Funding – Government in Denial* (2004) which called for an annual site tax.

A 'land value', 'land rent' or 'site-value' tax (all three names are used to describe the same concept) is based on the annual rental value of land. The annual rental site value is the rental value that a particular piece of land would have if there were no buildings or improvements on it. It is the value of a site, as provided by nature and as affected for better or worse by the activities of the community at large. The tax falls on the annual value of land at the point where it enters into economic activity, before the application of capital and labour to it.

The arguments for a land-rent tax are to do with fairness and economic efficiency. Most of the reward of rising land values goes to those who own land, while most of the cost of the activities that create rising land values does not. This is because rising land values - for example, in prosperous city centres or prime agricultural areas - are largely created by the activities of the community as a whole and by government regulations and subsidies, while the higher value of each particular site

[50] Data from Eurostat (2009:104).

is enjoyed by its owner. This means that it often pays land owners to keep sites unused in order to sell them later when (they hope) land values will have risen. Speculation on rising land values distorts land prices, generally making them significantly higher than they would otherwise be. NESC (2003:96) points out that the introduction of a tax on development land would have minimal economic effects given the immobility of land.

A land value tax is positive on both efficiency and equity grounds. From an efficiency perspective a site value tax would be a major step toward securing the tax base as it could not move to any location providing greater tax reductions. In doing this it would move the tax away from a transaction (such as stamp duty) which can make the tax base vulnerable as it is dependent on maintaining and increasing the scale of the transactions and move it instead to an immovable physical asset which is a much securer base. It would have other efficiency impacts such as ensuring that derelict sites were developed and that land would not be held over, as appears to be the situation at present, in an attempt to increase its value by creating artificial scarcity of land for development.

A land value tax is also positive on equity grounds. High land values in urban areas of Ireland are mainly a product of the economic and social activity in those areas. Consequently, it can be argued that a substantial portion of the benefits of these land values should be enjoyed by all the members of the community and not just the site owners. As well as this the increasing site values are closely linked to the level of investment in infrastructure those areas have received. Much of that investment has been paid for by taxpayers. It can be argued that a substantial portion of the benefits of the increasing site value should go to the whole community through the taxation system and not just remain with the site owner who may well have made no contribution to the investment that produced the increased value.

In short, *Social Justice Ireland* believes that land-rent taxation would lead to more efficient land use within the structure of social, environmental and economic goals embodied in planning and other legislation.

Second Homes

While addressing Ireland's housing problem, the *National Development Plan Mid-Term Review* (ESRI, 2003) pointed out the growing problem of second homes. It noted that a quarter of all houses built in 2003 were second (holiday) houses and will have nobody living in them for nine months of the year. Based on data collected by Census enumerators the CSO reported that on census night (April

23rd) 2006 there were 49,789 unoccupied holiday homes in Ireland representing approximately 3 per cent of the national housing stock. These number have increased since then in many cases due to excess building at the peak of the housing boom. Table 3.2.9 outlines the county-by-county distribution of these holiday homes.

Table 3.2.9: The Number and Distribution of Holiday homes in Ireland, from Census 2006.

County	No. Holiday Homes	County	No. Holiday Homes
Donegal	8,275	Louth	575
Wexford	6,601	Dublin City & County	418
Cork City & County	6,561	Kilkenny	406
Kerry	5,990	Meath	346
Mayo	4,216	Limerick City & County	346
Clare	3,624	Carlow	308
Galway City & County	3,172	Westmeath	271
Sligo	1,540	Longford	261
Waterford City & County	1,326	Offaly	220
Leitrim	1,192	Monaghan	171
Wicklow	1,156	Kildare	116
Roscommon	942	Laois	103
Tipperary	874		
Cavan	779	**State**	**49,789**

Source: CSO (2007:92)

What is often overlooked when this issue is being discussed is that the infrastructure to support these houses is substantially subsidised by the tax-payer. Roads, water, sewage and electricity infrastructure are just part of this subsidy which goes, by definition, to those who are already better off as they can afford these second homes in the first place. *Social Justice Ireland* supports the views of the ESRI (2003) and the Indecon report (2005:183-186; 189-190) on this issue. We believe that people purchasing second houses should have to pay these full infrastructural costs, much of which is currently borne by society through the Exchequer and local authorities.

There seems something perverse in the fact that the taxpayer is providing substantial subsidies to the owners of these unoccupied (mostly holiday) houses while so many people do not have basic adequate accommodation. The second house issue should be addressed so that priority can be given to supplying accommodation which people need and will be lived in all year round.

Taxing Windfall Gains

An undesirable feature of the recent economic boom was the vast profits being made by property speculators on the rezoning of land by local authorities. For some time we have called for a substantial tax to be imposed on the profits earned from such decisions. As rezonings are made by elected representatives in the interest of society generally, it seems appropriate that a sizeable proportion of the windfall gains they generate should be made available to local authorities and used to address the ongoing housing problems they face (see section 3.5). In that regard we welcome the recent Government decision to put such a tax in place. The proposed windfall tax level of 80 per cent is appropriate and as table 3.2.10 shows this still leaves speculators and land owners with substantial profits from these rezoning decisions.

Table 3.2.10: Illustrative examples of the Operation of an 80% Windfall Gain Tax on Rezoned Land

Agricultural Land Value	Rezoned Value	Profit	Tax @ 80%	Post-Tax Profit	Profit as % Original Value
€50,000	€400,000	€350,000	€280,000	€70,000	140%
€100,000	€800,000	€700,000	€560,000	€140,000	140%
€200,000	€1,600,000	€1,400,000	€1,120,000	€280,000	140%
€500,000	€4,000,000	€3,500,000	€2,800,000	€700,000	140%
€1,000,000	€8,000,000	€7,000,000	€5,600,000	€1,400,000	140%

Note: Calculations assume an eight-fold increase on the agricultural land value upon rezoning.

We encourage the finalisation of the legislation associated with this measure and look forward to its long overdue introduction. We also believe that the profit from this process should then be targeted on funding local authorities.

Financial Speculation taxes

As the international economic chaos of the past two years has shown the world is now increasingly linked via millions of legitimate, speculative and opportunistic financial transactions. Similarly, global currency trading has been increasing dramatically throughout the last few decades. It is estimated that a very high proportion of all financial transactions traded are speculative currency transactions – these speculative transactions are completely free of taxation.

There is growing support worldwide for the introduction of a tax on such speculative exchange transactions. The Tobin tax, proposed by the Nobel Prize winner James Tobin, provides a potential solution. It is a progressive tax, designed to target only those profiting from currency speculation. Therefore, it is neither a tax on citizens, nor on business. Given the recent world economic experience, the tax also has merit in assisting Governments and regulators to continually monitor the risk that financial institutions are taking.

The majority of foreign exchange dealings are done by one hundred of the world's largest commercial and investment banks. The scale of their dealings is estimated at US$1.5 trillion worth of currency every day; all this in essentially unregulated financial markets. In 1998 the financial institution with the largest share of this market, Citibank, engaged in foreign exchange transactions worth US$8.5 trillion, a value in excess of the corresponding US GDP for that same year. The scope of the Tobin tax varies. Initially, James Tobin suggested a tax on all purchases of financial instruments denominated in another currency. Since then, Canadian economist Rodney Schmidt has broadened the tax to include all foreign exchange transactions. These would include simple exchanges of one currency for another (spot transactions) as well as complex derivative financial instruments including forwards, swaps, futures and options if they involve two currencies. The recent proposals in the UK for a 'Robin-Hood Tax' represent a further development of these proposals.

The rate would be determined by each country enacting the tax, but the tax range recommended to produce moderate market calming and revenue-raising outcomes is between 0.1 and 0.25 per cent. While this may seem very small to consumers, relative to VAT rates and income taxes, the impact on the margins of currency speculators would be enough to curb their activities.

The revenue from the tax would be considerable - somewhere in the region of €50 -100 billion per year. Though the effect of the tax over time would be to reduce the volume of currency speculation and thus the potential revenue from the tax, nevertheless the intake will remain high. It is proposed that the revenue generated by this tax be used for national social development and international development co-operation purposes. According to the United Nations, the amount of annual income raised from the tax would be enough to guarantee to every citizen of the world basic access to water, food, shelter, health and education. Therefore, this tax has the potential to wipe out the worst forms of material poverty throughout the world.

When James Tobin first put forward his idea he envisaged the tax being adopted by every country in the world simultaneously. Otherwise, he argued, speculators would "flock" to those countries without Tobin tax laws. Since such international agreement seemed improbable, the tax was seen by many as a worthy but impracticable proposal. However, over recent years the work of economists and financial experts has demonstrated that universal simultaneous adoption is not vital for a successful implementation. Essentially, foreign currency markets are concentrated on a global scale and if the principal countries implement the tax, this would suffice to cover the planet as a whole. Eight major countries account for more than 80 per cent of world exchange transactions, the foremost four for 65 per cent. In the City of London, the largest financial centre with 33 per cent of the world total, the 10 biggest banks account for 50 per cent of transactions. What is needed is for one major region of the world to implement the tax. Consequently, *Social Justice Ireland* welcomes the increasing attention this proposal has been receiving at European Inter-Governmental Level. We believe that the time has come for such a tax, It would simultaneously facilitate, and perhaps fund, the required regulation of financial speculation while providing substantial funds to adequately address the world development issues highlighted in the Millennium Development Goals (see section 3.12).

Introducing Environmental Taxes

Environmental taxes also have a role to play in broadening Ireland's tax base. We address this issue over the following two subsections:

Carbon Taxes
Cap and Share

Carbon Taxes

Budget 2010 announced the long-overdue introduction of a carbon tax – the tax had been promised since Budget 2003 and committed to in the *National Climate Change Strategy* and *Programme for Government*. In his Budget speech, the Minister for Finance indicated that the tax would be structured along the line of the proposal from the Commission on Taxation (2009: 325-372). The tax will be linked to the price of carbon credits and is to be set at an initial rate of €15 per tonne of CO_2 with products taxed in accordance to the level of omissions they create. The tax is due to be incorporated into the price levels of various goods from mid-2010. The proposal seems likely to increase petrol, diesel and home heating oil by approximately 4c per litre, natural gas by 0.3c per kWh, briquettes by 36c per bale and coal by €1.71 per bag.

While we welcome the development, we regret the lack of detail in Budget 2010 on the accompanying measures to protect low income households and rural dwellers. The Government should be more specific in defining how it will assist these households other than indicating possible future fuel vouchers and increase rural transport funding.

Cap and Share

Another approach in the area of environmental taxation is called 'Cap and Share'. This is a personal carbon trading scheme aimed at supporting the transition to a lower carbon intensity economy. Cap and Share (C&S) envisages the establishment of an overall cap on greenhouse gas emissions and, subsequently, the allocation of 'entitlements' to every resident based on an equal division of the overall cap. Upstream companies (fuel importers, refineries, etc.) would be required to purchase sufficient entitlements to match the emissions from their operations. C&S is founded on the philosophy of equal rights for all to emit to the atmosphere. At the downstream end, C&S rewards individuals who consume electricity and fuel at below average levels, whilst those with greater than average carbon intensity would be penalised. Design of the scheme needs to ensure that it does not result in disadvantaged sectors of society being made worse off.

At a 2004 Social Policy Conference Douthwaite provided some detail on this approach (2004: 125-137). He suggested that a tradable quota system could be introduced and to achieve this, Ireland would divide the total tonnage of carbon dioxide it is allowed to emit under the agreement it reached with its EU partners under the Kyoto arrangements – its 1990 emissions plus 13 per cent - by its current population and issue permits for that amount - roughly 15.5 tonnes of CO_2 per head - to the population, perhaps at the rate of 1.3 tonnes each month. Citizens could then sell on these permits, through the financial institutions, and polluters such as large firms and oil distribution companies would have to purchase them. The price received for these permits would vary according to the demand for fossil energy and just how well Ireland and the rest of the EU was doing in getting emission levels down. If the EU economy was booming and a lot of energy was being used, the price of the permits would be high but, equally, so would be the price of petrol, electricity and home-heating oil. If the economy was depressed, these prices, and the amount we got for our permits, would fall. This builds an automatic cushion against higher energy prices into the system, which protects, in particular, the least well-off who, although they spend a greater proportion of their incomes on energy, spend less on it in absolute terms. The provision of this cushion is very important since, as energy is used in the production of everything we use and consume, all prices will go up as a result of any restrictions on energy use. The proceeds from the permit sales would also provide the average person with enough extra purchasing power to cover the higher costs of the fuels and (because of the higher energy prices) the other goods and services they buy, provided that their purchases are not excessively energy-intensive. However, if some individuals were able to cut their direct and indirect fuel use below their entitlement, they would make themselves better off. On the other hand, if they continued to drive around in their SUVs, they would have to pay more frugal people for the privilege. The fact that fossil fuels themselves and goods made with significant amounts of fossil energy would cost more would encourage people to find lower-fossil-energy alternatives and enable the transition to renewable energy sources to gather pace. In short, a quota system would give people the price signals to move in the right direction.[51] [52] A detailed report from Comhar (2008) has advanced a similar proposal.

Building a fairer taxation system

The need for fairness in the tax system was clearly recognised in the first report of the Commission on Taxation more than twenty-five years ago. In that volume it stated:

> "…in our recommendations the spirit of equity is the first and most important consideration. Departures from equity must be clearly justified by reference to the needs of economic development or to avoid imposing unreasonable compliance costs on individuals or high administrative costs on the Revenue Commissioners." (1982:29)

The need for fairness is very obvious today and *Social Justice Ireland* believes that this should be a central objective of the current reform of the taxation system. While we recognise that many of the reforms below can only occur once the current crisis in the exchequer's finances has been resolved, we include them here as they represent necessary reforms that would greatly enhance the fairness of Ireland's taxation system. This section is structured across eight parts:

[51] A more comprehensive outline of this proposal is presented in Douthwaite (2004) and in Feasta/NEF (2006).

[52] A working group on refundable tax credits is also examining the possibility of the 'share' element of this scheme being administered via a refundable tax credits.

Standard Rating Discretionary Tax Expenditures
Keeping the Minimum Wage Out of the Tax Net
Favouring changes to tax credits rather than tax rates
Favouring changes to tax credits rather than tax bands
Introducing Refundable Tax Credits
Introducing a Refundable Tax Credit For Children
Reforming Individualisation
Making the taxation system simpler

Standard rating discretionary tax expenditures

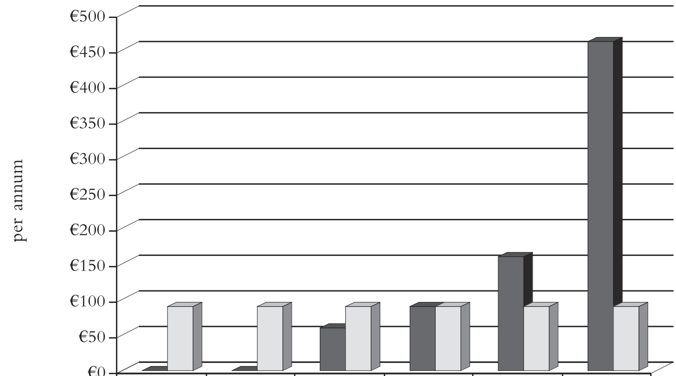
One crucial step towards achieving a fairer tax system is to standard rate all discretionary tax reliefs/expenditures, making them available at the 20 per cent rate only. If there is a legitimate case for making a tax relief/expenditure available then it should be made available in the same way to all. It is unfair that some people can claim certain tax reliefs at a rate of 20 per cent (the standard tax rate) and others with higher incomes can claim it at a higher rate. That unfairness is further exacerbated by the fact that it is those who are better off who can claim these reliefs at the upper rate. Standard rating tax expenditures offers the potential to simultaneously make the tax system fairer and fund these necessary developments without any significant macroeconomic implications.[53]

Keeping the minimum wage out of the tax net

A major achievement of Budget 2005 was the decision by the Minister of Finance to remove those on the minimum wage from the tax net. This decision had an important impact on the growing numbers of working-poor and addresses an issue with which *Social Justice Ireland* is highly concerned. The fiscal and economic crisis of 2008-10 lead to Government reversing this policy – post Budget 2009 #2 earners on more than €15,028 per annum are subject to the income levy on all their earnings. In 2009 the annualised value of the minimum wage is approximately €17,500.[54] While there are likely to be some difficulties on the margins of the new threshold (and for some low income families) the fact that it is approximately €3,000 above the poverty line for a single adult recognises a need to protect the most vulnerable in society. In the years to come, as resources return, we expect the Government to restore the policy of keeping the minimum wage outside the tax net.

[53] See O'Toole and Cahill (2006:215) who also reach this conclusion.
[54] The hourly value of the minimum wage is €8.65. For a 39 hour week over 52 weeks this totals to €17,542.

Chart 3.2.2: Budget 2007 comparison of a 1% cut in the top tax rate and an increase in tax credits of €90 for each taxpayer.



	€25,000	€33,000	€40,000	€43,000	€50,000	€80,000
1% Top tax rate cut	0.00	0.00	60.00	90.00	160.00	460.00
€90 increase Tax credits	90.00	90.00	90.00	90.00	90.00	90.00

Favouring changes to tax credits rather than tax rates

Social Justice Ireland believes that any future income tax changes should be concerned with changes to either tax credits or tax bands rather than tax rates. In the context of achieving fairness in the taxation system, changes to tax credits rather than tax bands are more desirable.

To explain this point further, we start by comparing a change in tax credits against a change in tax rates (the next section makes a comparison with tax bands). One of the initiatives announced in Budget 2007 was a cut in the top tax rate of one per cent (from 42 to 41 per cent). In his Budget speech the Minister indicated that the full year cost of this change was €186m. The Budget documentation also indicated that the full-year cost of a €90 increase in the tax credits of every tax payer equaled €185m. Therefore, both policy changes have roughly the same exchequer cost. Chart 3.2.2 compares these two changes and the increased income they delivered to earners across the income distribution.

An increase in tax credits would provide the same value to all taxpayers across the income distribution; provided they are earning sufficient to pay more than €90 in income taxes. Therefore, the increased income received by an earner on €25,000 and on €80,000 is the same – an extra €90. However, a decrease in the top tax rate only benefits those paying tax at that rate. Therefore, the earner on €25,000 gains nothing from this change while those on €50,000 gain €160 per annum and those on €80,000 gain €460 per annum. The higher your income the greater the gain.

As chart 3.2.2 shows, in Budget 2007 all single people earning less than €43,000 would have gained more from an increase in tax credits rather than a decrease in the top tax rate. For a couple (not shown in the diagram), all those earning less than €86,000 would have been better off had the government used the same money to deliver an increase in tax credits rather than a decrease in the top tax rate.

In terms of fairness, changing tax credits is a fairer option than changing tax rates. Government should always take this option when it has money available to reduce income taxes.

Favouring changes to tax credits rather than tax bands

In reforming income taxation policy over the years and decades to come, Government must be conscious of always enhancing fairness. The following example based on numbers from Budget 2008 illustrates the choices between changing either tax credits or tax bands.

If €535 million were available for distribution in a Budget it could be used to either

(i) increase the 20 per cent tax band by €5,000 (full year cost €536.1m) or (ii) increase personal tax credits by €250 a year (full-year cost €533.75m).[55] While the exchequer cost of these two alternatives is roughly the same, their impact is notably different:

(i) Increasing the tax band by €5,000 would be of no benefit to anyone with incomes at or below the top of the current band (i.e. €35,400 for a single person) but would provide a benefit of €1,000 a year to a single person earning more than €40,400. Single people with incomes in the €35,400-40,400 range would benefit by a proportion of the €1,000. (The thresholds for married people with one or two incomes are different but the impacts are along the same trajectory as identified for single people here).

[55] Figures from Department pre-Budget 2008 income tax ready reckoner.

(ii) Increasing the tax credit by €250 a year would mean that every earner with a tax bill in excess of €250 a year would benefit by that amount.

In terms of fairness, increasing tax credits is a fairer option than widening the standard rate tax band. Government should always take this option when it has money available to reduce income taxes. It has the additional advantage of helping to address the 'working poor' issue which, as we have highlighted earlier, is emerging as a growing problem that requires a policy response.

Introducing refundable tax credits

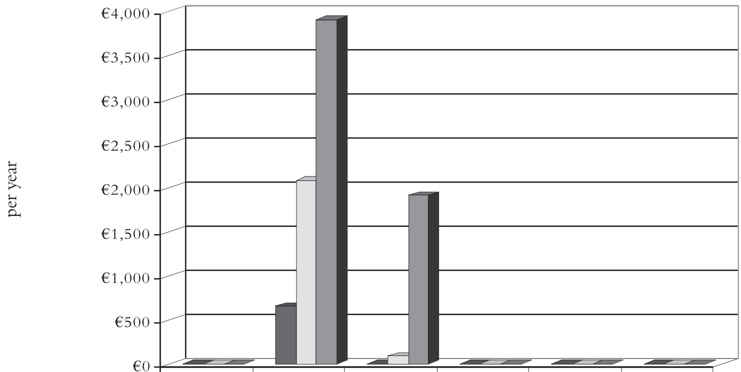
Social Justice Ireland **established a working group to examine the issue of refundable tax credits for Ireland. Our aim in establishing this group is that it should build on the available evidence to provide the data, technical details and policy implications appropriate for the introduction of a refundable tax credit system in Ireland. This work is almost complete and we plan to publish the group's report during 2010.**

The move from tax allowances to tax credits was completed in Budget 2001. This was a very welcome change because it put in place a system that had been advocated for a long time by a range of groups. One problem persists however, a problem that the old system of tax allowances also had. If a person does not earn enough to use up his or her full tax credit then he or she will not benefit from any tax reductions introduced by government in its annual budget. In effect this means that, under the present system, those with the lowest pay will not benefit in any way at budget time.

A simple solution exists to rectify this problem: make tax credits refundable. This would mean that the part of the tax credit that an employee did not benefit from would be "refunded" to him/her by the state. A Working Group established under the *Programme for Prosperity and Fairness* examined the feasibility of making this happen but did not complete its report.

The major advantage of making tax credits refundable would lie in addressing the disincentives currently associated with low-paid employment. The main beneficiaries of refundable tax credits would be low-paid employees (full-time and part-time). Chart 3.2.3 displays the impacts of the introduction of this policy across various gross income levels. It clearly shows that all of the benefits from introducing this policy would go directly to those on the lowest incomes.

Chart 3.2.3: How much better off would people be if tax credits were made refundable?



	LTU**	€15,000	€30,000	€50,000	€75,000	€100,000
Single	0	660	0	0	0	0
Couple 1 Earner*	0	2090	90	0	0	0
Couple 2 Earners*	0	3920	1920	0	0	0

Notes: * Except in LTU case where there is no earner
** LTU: Long Term Unemployed

As regards administering this reform the central idea recognises that most people with regular incomes and jobs would not receive a cash refund of their tax credit because their incomes are too high; they would simply benefit from the tax credit as a reduction in their tax bill. Therefore, as chart 3.2.3 shows no change is proposed for these people and they would continue to pay tax via their employers, based on their net tax liability after their employers have deducted tax credits on behalf of the Revenue Commissioners. For other people on low or irregular incomes, the refundable tax credit could be paid in either of two ways:

- The person entitled to the credit could apply for it to the Revenue Commissioners at the end of the year
  or
- They could be given the option of requesting that their tax credit be paid directly e.g. into their bank account, by the Department of Social and Family Affairs (DSFA); in these cases employers would not subtract the tax credit from the gross tax liability of these people. Instead, the DSFA would supply them with a book of payments (as is done with Child Benefit

payments at present). [In this situation it is important to point out that nobody on social welfare would see their income increase through receipt of a refundable tax credit. In a situation where they were receiving such a credit their social welfare payment would be reduced by the value of the tax credit].

In order to qualify for a refundable tax credit a person would have to satisfy the following criteria:

- They should be 21-64 years of age. (The refundable tax credit could also be made available for people over 65+ depending on what funding Government made available)
  and
- They should be currently working for at least 12 months, for the equivalent of at least 8 hours per week, as evidenced by tax/PRSI returns.

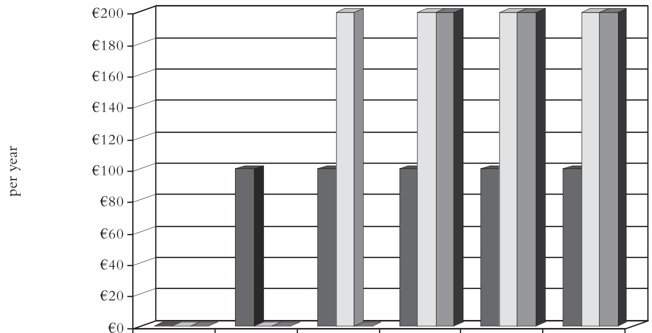
Employees and self-employed, including farmers, are encompassed within the proposal. Spouses could opt to receive the 'married' part of the personal tax credit and the Home Working Spouse tax credit directly.

Following the introduction of refundable tax credits, all subsequent increases in the level of the tax credit would be of equal value to all employees.

To illustrate the benefits of this approach, charts 3.2.4 and 3.2.5 compare the benefits of a €100 increase in tax credits before and after the introduction of refundable tax credits. Chart 3.2.4 shows the effect as the system is currently structured – an increase of €100 in credits, but these are not refundable. It shows that the gains are allocated equally to all categories of earners above €50,000. However, there is no benefit for these workers whose earnings are not in the tax net.

Chart 3.2.5 shows how the benefits of a €100 a year increase in tax credits would be distributed under a system of refundable tax credits. This simulation displays the equity attached to using the tax-credit instrument to distribute budgetary taxation changes. The benefit to all categories of income earners (single/couple, one-earner/couple, two-earners) is the same. Consequently, in relative terms, those earners at the bottom of the distribution do best.

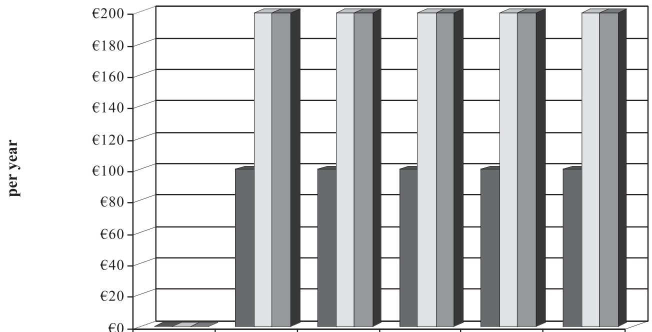
Chart 3.2.4: How much better off would people be if tax credits were increased by €100 per person?



	LTU**	€15,000	€25,000	€50,000	€75,000	€100,000
Single	0	100	100	100	100	100
Couple 1 Earner*	0	0	200	200	200	200
Couple 2 Earners*	0	0	0	200	200	200

Notes: * Except in LTU case where there is no earner
** LTU: Long Term Unemployed

Chart 3.2.5: How much better off would people be if tax credits were increased by €100 per person and this was refundable?



	LTU**	€15,000	€25,000	€50,000	€75,000	€100,000
Single	0	100	100	100	100	100
Couple 1 Earner*	0	200	200	200	200	200
Couple 2 Earners*	0	200	200	200	200	200

Notes: * Except in LTU case where there is no earner
** LTU: Long Term Unemployed

Overall the merits of adopting this approach are: that every beneficiary of tax credits could receive the full value of the tax credit; that the system would improve the net income of the workers whose incomes are lowest, at modest cost; and that there would be no additional administrative burden placed on employers. Outside Ireland, the refundable tax credits approach has gathered more and more attention over recent years including a detailed Brooking Policy Briefing on the issue published in the United States in late 2006 (see Batchelder et al, 2006). In reviewing this issue in the Irish context Rapple stated that "the change is long overdue" (2004:140). *Social Justice Ireland* believes that if the tax system is to be fair then tax credits should be made refundable.

Reforming individualisation

Social Justice Ireland supports the individualisation of the tax system. However, the process of individualisation followed by government to date has been deeply flawed and unfair. The cost to the exchequer of this transition has been in excess of €0.75 billion, and almost all of this money has gone to the richest 30 per cent of the population. A significantly fairer process would have been to introduce a basic income system that would have treated all people fairly and ensured that a windfall of this nature did not accrue to the best off in this society (see section 3.1).

All the predictions currently indicate that there will be a future increase in the level of unemployment. Given the current form of individualisation, couples who see one partner lose his/her job will end up even worse off than they would have been had the current form of individualisation not been introduced.

Before individualisation was introduced, the standard-rate income-tax band was €35,553 for all couples. After that they would start paying the higher rate of tax. Now, the standard-rate income-tax band for single-income couples is €44,400, while the band for dual-income couples is €70,800. If one spouse (of a couple previously earning two salaries) leaves a job voluntarily or through redundancy, the couple loses the value of the second tax band.

Making the taxation system simpler

Our tax system is not simple. In a book reviewing Ireland's taxation system Bristow (2004) argues that "some features of it, notably VAT, are among the most complex in the world". The reasons given to support this complexity vary but they are focused principally around the need to reward particular kinds of behaviour which is seen as desirable by legislators. This, in effect, is discrimination in favour of one kind of activity or against another. There are many arguments against the present complexity and in favour of a simpler system.

Discriminatory tax concessions in favour of particular positions are often very inequitable. They often contribute far less to equity than might appear to be the case. On many occasions they fail to produce the economic or social outcomes which were being sought. Sometimes they generate very undesirable effects. At other times they may be a complete waste of money since the outcomes they seek would have occurred without the introduction of a tax incentive. Having a complex system also has other down-sides. It can, for example, have high compliance costs both for tax-payers and for the Revenue Commissioners who are responsible for collecting tax.

For the most part society at large gains little or nothing from the discrimination contained in the tax system. In some cases this discrimination causes very negative effects. Mortgage interest relief, for example, and the absence of any residential or land-rent tax have contributed to the rise in house prices. Complexity makes taxes easier to evade, invites consultants to devise avoidance schemes and greatly increases the cost of collection. It is also inequitable because those who can afford professional advice are in a far better position to take advantage of that complexity than those who cannot afford to do this. A simpler taxation system would serve Irish society and all individuals within it, irrespective of their means, better.

In conclusion, we outline our key policy proposals with regard to taxation.

Policy Proposals on Taxation

- ***Social Justice Ireland*** **believes that Government should:**
  - **increase the overall tax take**
  - **adopt policies to broaden the tax base**
  - **develop a fairer taxation system**
  - **we outline our policy proposals under each of these headings below.**

Increase the overall tax take

- **Move towards increasing the total tax take to 34.9% of GDP – a level which will keep Ireland as a low tax economy.**

Broaden the tax base

- **Move immediately to implement the recommendations of the Commission on Taxation on tax breaks (with the exception of taxing child benefit).**

- **Put in place procedures within the Department of Finance and the Revenue Commissioners to monitor on an ongoing basis the cost and benefits of all current and new tax expenditures.**

- **Continue to increase the minimum effective tax rates on very high earners (those with incomes in excess of €125,000) so that these rates are consistent with the levels faced by PAYE workers.**

- **Move to negotiate an EU wide agreement on minimum corporate taxation rates (a rate of 17.5% would seem fair in this situation).**

- **Introduce a land-rent or site-value tax.**

- **Introduce charges so that those who construct or purchase second homes pay the full infrastructural costs of these dwellings.**

- **Introduce the proposed 90 per cent windfall tax on the profits generated from all land rezonings.**

- **Collaborate with other EU member states to introduce a tax on financial speculation and currency transactions such as the Tobin Tax.**

- **Move decisively to shift the burden of taxation from income tax to eco-taxes on the consumption of fuel and fertilisers, waste taxes and a land rent tax. In doing this, government should ensure that the impact of this on people with low incomes should not be negative.**

- **Successfully introduce the proposed carbon tax and investigate the Cap and Share approach as advocated by Comhar and Feasta among others.**

Develop a fairer taxation system

- **Standard rate all discretionary tax expenditures.**

- **Adjust tax credits and the income tax levy so that the minimum wage returns to being out of the tax net.**

- **Make tax credits refundable.**

- **Ensure that individualisation in the income tax system is done in a fair and equitable manner.**

- **Integrate the taxation and social welfare systems.**

- **Begin to monitor and report tax levels (personal and corporate) in terms of effective tax rates.**

- **Develop policies which allow taxation on wealth to be increased.**

- **Ensure that the distribution of all changes in indirect taxes discriminate positively in favour of those with lower incomes.**

- **Adopt policies to simplify the taxation system.**

- **Poverty-proof all budget tax packages to ensure that tax changes do not further widen the gap between those with low income and the better off.**

3.3 Work

CORE POLICY OBJECTIVE: WORK
To ensure that all people have access to meaningful work

The past two years have seen Ireland return to the phenomenon of widespread unemployment. The transition from near full-unemployment to high-unemployment has been the real characteristic of this recession. The implications for people, families, social cohesion and the exchequer's finances have been serious. Economic forecasts for the remainder of 2010 indicate that unemployment will increase further. The ESRI's Winter 2009 *Quarterly Economic Commentary* forecast that unemployment would increase to an annual average rate of 13.75 per cent of the labour force for 2010 having been 4.6 per cent in 2007. There can be little doubt that we are entering a very challenging period where high levels of long-term unemployment once again become a characteristic of Irish society.

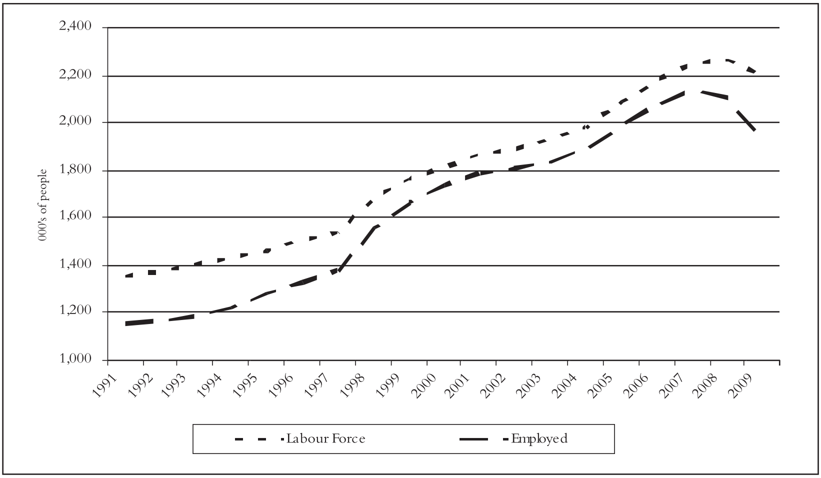
Having first reviewed the evolution of this situation, this section of the *Socio-Economic Review* considers the implications and challenges which arise for Government and society. We also review the impact on various sectors of the working-age population before examining the narrowness of how we consider and measure the concept of 'work'.

The labour force

The recent dramatic turnaround in the labour market contrasts with the fact that one of the major achievements of recent years had been the increase in employment and the reduction in unemployment, especially long-term unemployment. In 1991 there were 1,155,900 people employed in Ireland. That figure increased by almost one million to peak at 2,146,000 in mid-2007; during early 2006 the employment figure exceeded two million for the first time in the history of the state. Overall, the size of the Irish labour force has expanded significantly and today equals over 2.2 million people, almost nine hundred thousand more than in 1991 (see chart 3.3.1).

However, during the past two years emigration has returned resulting in a decline in the labour force (first recently arrived migrants returned home, then native Irish began to leave) employment has fallen and unemployment has dramatically increased. CSO figures indicate that during the first quarter of 2009 the numbers employed fell below two million.

Chart 3.3.1: The Numbers of People in the Labour Force and Employed in Ireland, 1991-2009.



Source: CSO, QNHS various editions

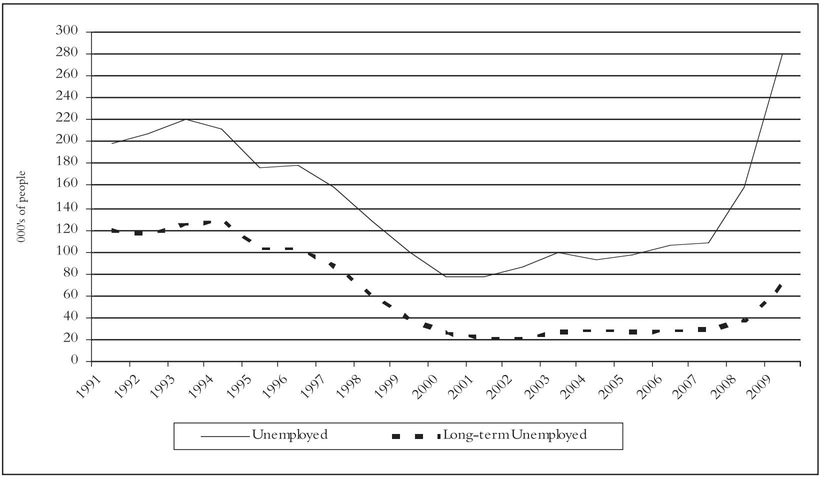
The numbers unemployed

At the outset it is important to outline what the term 'unemployment' means. There are two measurement sources often quoted, the *Quarterly National Household Survey* (QNHS) and the *Live Register*. The former is considered the official and most accurate measure of unemployment although it appears only four times a year unlike the monthly live register data.

The CSO's QNHS unemployment data use the definition of 'unemployment' supplied by the International Labour Office (ILO). It lists as unemployed only those people who, in the week before the survey, were unemployed *and* available to take up a job *and* had taken specific steps in the preceding four weeks to find employment. Any person who was employed for at least *one hour* is classed as employed. By contrast, the live register counts everybody 'signing-on' and includes part-time employees (those who work up to three days a week), those working but on short weeks, seasonal and casual employees entitled to Unemployment Assistance or Benefit.

As chart 3.3.2 shows, the period from 1993 was one of decline in unemployment. During mid-2001 Irish unemployment reached its lowest level at 3.6 per cent of the labour force. Since then the slowdown in the international and domestic economy has brought about increases in the rates. During 2006 unemployment exceeded 100,000 for the first time since mid-1999 with a total of 104,800 people recorded as unemployed in mid 2006.

Chart 3.3.2: The Numbers of Unemployed and Long-Term Unemployed in Ireland, 1991-2009.



Source: CSO, QNHS various editions

While QNHS figures for early 2010 will not be available until mid-2010, table 3.3.1 gives some indication of the transformation that occurred between late 2007 and early 2010. In that period both the number in the labour force and the numbers employed fell. Unemployment increased by almost 180,000 people bringing the unemployment rate up from 4.5 per cent to over 13 per cent.

Table 3.3.1: Labour Force Data, 2007, 2008 and Projections for 2010

	Quarter 4 2007	Quarter 4 2008	Projected 2010*
Labour Force	2,239,900	2,222,700	*not available*
In Employment	2,138,900	2,052,000	> 2,000,000
Unemployed	101,000	170,600	aprox 280,000
of whom LT Unemployed	27,700	40,500	*not available*
Unemployment Rate	4.5 %	7.7 %	13.75 %
LT Unemployment Rate	1.2 %	1.8 %	*not available*

Source: CSO, QNHS December 2009:17 and ESRI QEC December 2009:1

Notes: LT = Long Term (12 months or more)

*These are the ESRI Projected figures for all of 2010. As of December 2009 the CSO reported the unemployment level at 12.7%.

Table 3.3.2: Numbers on the Live Register (unadjusted), Jan 2008 – Jan 2010

Year	Month	Males	Females	Total
2008	January	116,200	65,300	181,400
	May	130,700	71,100	201,800
	September	156,100	84,200	240,200
	December	194,600	95,400	290,000
2009	January	220,400	105,900	326,300
	February	238,200	114,300	352,500
	March	250,500	118,700	369,200
	April	257,800	124,000	381,900
	May	265,500	128,700	394,100
	June	275,400	140,000	415,500
	July	281,300	151,100	432,400
	August	284,200	152,600	436,700
	September	278,000	141,900	419,900
	October	273,600	138,800	412,400
	November	276,100	137,400	413,500
	December	282,900	140,700	423,600
2010	January	291,600	145,300	436,900

Source: CSO *Live Register Report*, February 2010

The *Live Register*

While the live register is not an accurate measure of unemployment it is a useful barometer of the nature and pace of change in employment and unemployment. Increases suggest a combination of more people unemployed, more people on reduced working weeks and consequently reductions in the availability of work hours to the labour force. Table 3.3.2 shows the number of people signing on the live register increased rapidly across 2008 and 2009. By January 2010 the numbers signing-on the live register had increased 240 per cent from two years earlier.

Increasing unemployment: implications and challenges

The scale of these increases are enormous. However, it is crucial that Government, commentators and society in general remember that each of these numbers represents people who are experiencing dramatic and, in many cases, unexpected turmoil in their and their families' lives. As Irish society comes to terms with the enormity of this issue, this perspective should remain central.

In responding to this situation *Social Justice Ireland* believes that the Government should:

- Resource the upskilling of those who are unemployed and at risk of becoming unemployed.
- Maintain a sufficient number of active labour market programme places available to those who are unemployed.
- Adopt policies to address the worrying trend of youth unemployment. In particular, these should include education initiatives and retraining schemes.
- Recognise that many of the unemployed are skilled professionals who require appropriate support other than training.
- Prioritise initiatives in the National Development Plan (NDP) that strengthen social infrastructure e.g. school building programme, social housing programme.
- Introduce a targeted re-training scheme for those made unemployed from the construction industry in recognition of the fact that this industry is never likely to recover to the level of employment it had in recent years.
- Monitor groups at very high risk of unemployment.
- Recognise the scale of the evolving long-term unemployment problem and adopt targeted policies to begin to address this.
- Ensure that the social welfare system is administered such that there is minimal delays in paying the newly unemployed the social welfare benefits to which they are entitled.

While the increase in unemployment has been spread across people of all ages and sectors, table 3.3.3 highlights the very rapid increase on the live register of those aged less than 25 years. Previous experiences, in Ireland and elsewhere, have found that many of those under 25 and over 55 find it challenging to return to employment after a period of unemployment. This highlights the danger of major increases in long-term unemployment in the coming years and suggests a major commitment to retraining and re-skilling will be required. In the long-run Irish society can ill afford a return to the long-term unemployment problems of the 1980s. In the short-run the new-unemployed will add to the numbers living on low-income in Ireland and will impact on future poverty figures.

Table 3.3.3: Persons under 25 yrs on the Live Register, Jan 2008 - Jan 2010

Month and Year	Numbers	Month and Year	Numbers
January 2008	36,900	May 2009	83,900
March 2008	40,800	June 2009	91,100
May 2008	42,700	July 2009	94,600
September 2008	53,700	August 2009	95,000
December 2008	62,000	September 2009	89,800
January 2009	70,300	October 2009	84,900
February 2009	75,600	November 2009	83,400
March 2009	79,300	December 2009	84,400
April 2009	80,300	January 2010	85,900

Source: CSO *Live Register Report*, January 2010

Work and people with disabilities

The results of the 2004 QNHS special module on disability revealed that of all persons aged between 15 and 64, 10.9 per cent indicated that they had a longstanding health problem or disability (CSO, 2004). This equates to 298,300 people in Ireland, of whom 155,800 were male and 142,500 were female. Of those individuals only 37 per cent (110,800) were in employment. This is a figure considerably below the participation rate of the overall population in 2004 which stood at 61 per cent. Furthermore, of those employed approximately one-quarter worked part-time while the remaining three-quarters were in full-time employment.[56]

[56] Census 2006 found comparable results, reporting that 9.3 per cent of the population had a disability – 393,785 people (CSO, 2007:13).

This low rate of employment among people with a disability is of concern. Apart from restricting their participation in society it also ties them into state dependent low-income situations. Therefore it is not surprising that Ireland's poverty figures reveal that people who are ill or have a disability are the group with the second highest risk of poverty (see table 3.1.4). *Social Justice Ireland* believes that further effort should be made to reduce the impediments faced by people with a disability in achieving employment. In particular consideration should be given to reforming the current situation where many such people face losing their benefits, in particular their medical card, when they take up employment. This situation ignores the additional costs faced by people with a disability in pursuing their day-to-day lives. For many people with disabilities the opportunity to work is denied to them and they are trapped in unemployment, poverty or both.

Some progress was made in Budget 2005 to increase supports intended to help people with disabilities access employment. However, sufficient progress has not been made. New policies, including that outlined above, need to be adopted if this issue is to be addressed successfully and is all the more relevant given the growing employment challenges of the past two years.

Asylum seekers and work

Social Justice Ireland remains very disappointed that the government continues to reject the proposal to recognise the right to work of asylum seekers. We along with others advocated that where government fails to meet its own stated objective of processing asylum applications in six months, the right to work should be automatically granted to asylum seekers. Detaining people for an unnecessarily prolonged period in such an excluded state is completely unacceptable. Recognising asylum seekers right to work would assist in alleviating poverty and social exclusion among one of Ireland's most vulnerable groups.

The need to recognise all work

A major question raised by the current labour-market situation concerns assumptions underpinning culture and policy making in this area. One such assumption concerns the priority given to paid employment over other forms of work. Most people recognise that a person can work very hard even though they do not have a conventional job. Much of the work carried out in the community and in the voluntary sector fits under this heading. So too does much of the work done in the home. *Social Justice Ireland*'s support for the introduction of a basic income system comes, in part, from a belief that all work should be recognised and supported.

The need to recognise voluntary work has been acknowledged in the Government White Paper, *Supporting Voluntary Activity* (Department of Social, Community and Family Affairs, 2000). The report was prepared to mark the UN International Year of the Volunteer 2001 by Government and representatives of numerous voluntary organisations in Ireland. The report made a series of recommendations to assist in the future development and recognition of voluntary activity throughout Ireland. The national social partnership agreement *Towards 2016* also contains commitments in this area. In that agreement the Government undertakes to:

> . . . continue to develop policies on volunteering arising from the package of measures initiated in February 2005. A key principle underlying the Government's approach is that volunteering finds meaning and expression at a local level and that supports and funding should seek, as far as possible, to recognise this reality. The Government remains committed to further developing policy to support volunteering, drawing on the experience in delivering these measures and informed by the recommendations of the Task Force on Active Citizenship (*Towards 2016*:71).

An insight into this issue was provided by a report presented to the Joint Oireachtas Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs. It established that the cost to the state of replacing the 475,000 volunteers working for charitable organisations would be a minimum of €205 million and could cost up to €485 million per year.

Social Justice Ireland believes that government should more formally recognise and acknowledge all forms of work. We believe that everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society. However, we believe that policy making in this area should not be exclusively focused on job creation. Policy should recognise that w*ork* and a *job* are not always the same thing.

The Work of Carers

The work of Ireland's carers receives minimal recognition in spite of the essential role their work plays in society. According to the Carers Association people caring full-time for the elderly and people with disabilities are saving the state approximately €2.5 billion a year in costs which it would otherwise have to bear. In its Pre-Budget Submission in March 2009 the Carers Association calculated there were 160,917 carers in Ireland providing 3,724,434 hours of care which was valued at more than €2.5bn.

Recent results from the 2006 Census give similar indications. It found that 4.8 per cent of the population aged over 15 provided some care for sick or disabled family members or friends on an unpaid basis. This figure equates to almost 161,000 people. The dominant caring role played by women was highlighted by the fact that 100,214 (62.25 per cent) of these care providers were female.[57] When assessed by length of time, the Census found that almost 41,000 people provide unpaid help to ill or disabled family members and friends for 43 hours a week or more, a working week considerably in excess of the standard working week for paid workers (CSO, 2007: 119-121).

Social Justice Ireland welcomes the ongoing examination of this area by the Oireachtas Joint Committee on Social and Family Affairs. We also welcomed the commitment in *Towards 2016* contained a welcome commitment to develop a National Carers Strategy. However, the March 2009 announcement by Government that they were to abandon the finalisation and publication of this strategy is shortsighted. We strongly urge government to reverse this decision and complete the preparation of the strategy. It is crucial that policy reforms be introduced to reduce the financial and emotional pressures on carers. In particular these should focus on addressing the poverty experienced by many carers and their families alongside increasing the provision of respite care for carers and for those for whom they care. In that context, the twenty-four hour responsibilities of carers contrast with the recent improvements in employment legislation setting limits on working-hours of people in paid employment.

In conclusion, we outline key policy proposals with regard to work.

Policy Proposals on Work

- **Adopt the following policy positions in responding to the recent rapid increase in unemployment:**
  - **Resource the upskilling of those who are unemployed and at risk of becoming unemployed.**
  - **Maintain a sufficient number of active labour market programme places available to those who are unemployed.**
  - **Adopt policies to address the worrying trend of youth unemployment. In particular, these should include education initiatives and retraining schemes.**

[57] A 2008 ESRI study entitled '*Gender Inequalities in Time Use*' reached similar conclusions (McGinnity and Russell, 2008:36, 70).

- **Recognise that many of the unemployed are skilled professionals who require appropriate support other than training.**
- **Prioritise initiatives in the National development Plan (NDP) that strengthen social infrastructure e.g. school building programme, social housing programme.**
- **Introduce a targeted re-training scheme for those made unemployed from the construction industry in recognition of the fact that this industry is never likely to recover to the level of employment it had in recent years.**
- **Monitor groups at very high risk of unemployment.**
- **Recognise the scale of the evolving long-term unemployment problem and adopt targeted policies to begin to address this.**
- **Ensure that the social welfare system is administered such that there is minimal delays in paying the newly unemployed the social welfare benefits to which they are entitled.**

• **Funding for programmes supporting community should be expanded to meet the growing pressures arising from the current economic downturn.**

• **A new programme should be put in place targeting those who are very long-term unemployed (i.e. 5+ years).**

• **Seek at all times to ensure that new jobs have reasonable pay rates and adequately resource the inspectorate.**

• **As part of the process of addressing the working poor issue, reform the taxation system to make tax credits refundable.**

• **Develop employment-friendly income-tax policies which ensure that no unemployment traps exist. Policies should ease the transition from unemployment to employment.**

• **Adopt policies to address the obstacles facing women when they return to the labour force. These should focus on care initiatives, employment flexibility and the provision of information and training.**

• **Reduce the impediments faced by people with a disability in achieving employment. In particular address the current situation**

where many face losing their benefits when they take up employment.

- **Recognise the right to work of all asylum seekers whose application for asylum is at least six months old (and who are not entitled to take up employment).**

- **Recognise work that is not paid employment. Everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society. This, however, should not be confined to job creation. *Work* and a *job* are not the same thing.**

- **Request the CSO to conduct an annual survey to discover the value of all unpaid work in the country (including community and voluntary work and work in the home). Publish the results of this survey as soon as they become available.**

- **Give greater recognition to the work carried out by Carers in Ireland and introduce policy reforms to reduce the financial and emotional pressures on carers. In particular these should focus on addressing the poverty experienced by many carers and their families alongside increasing the provision of respite care for carers and for those for whom they care.**

- ***Social Justice Ireland* regrets Government's March 2009 decision to abandon the finalisation and publication of the National Carers Strategy. This decision is short-sighted and should be reversed.**

- **Expand the Rural Social Scheme.**

3.4 Public Services

CORE POLICY OBJECTIVE: PUBLIC SERVICES
To ensure the provision of, and access to, a level of public services regarded as acceptable by Irish society generally

Increasingly Ireland is being identified as a country whose public services are underdeveloped. Given the wealth of the economy, this is a situation that is far from acceptable. Because poorer people rely on public services more than those who are better off, it is they who are most acutely affected by this shortage.

This issue has been examined by the National Economic and Social Forum (NESF). In its report entitled *Improving the Delivery of Quality Public Services* it recommended a series of developments (2006:112-117). *Social Justice Ireland* believes that Government should implement the approach for the delivery of public services outlined in the NESF report.

We address public services over this section and the next three sections on housing & accommodation, healthcare and education. This section assesses public transport, library services, information and communications technology, telecommunications, free legal aid, sports facilities and regulation.[58]

Public transport

Transport remains a most problematic area. Bottlenecks throughout the country are adding to the difficulty and cost experienced by everybody in conducting their lives. The rapid increase in the number of cars over the last decade has also added to problems of environmental destruction.[59]

Transport policy should seek to combine easy access, affordable and high-quality public transport with the high costs of ownership and use of private vehicles. While it may be necessary to re-schedule some public transport initiatives that had been planned as part of the National Development Plan it is crucial that Government give priority to public transport over private transport in allocating capital funding.

[58] Issues specifically related to the provision of public services in rural areas are examined in section 3.11.

[59] The environmental impact of cars is discussed in 3.10(b).

Continued support is also required for the development of public transport schemes in rural Ireland. For such a policy to be credible it must be comprehensive, adequately resourced and enhance the current provision. These schemes significantly increase the quality of life of those living in remote rural areas, particularly older people. The Rural Transport Initiative (RTI) has been very successful to date. However, increased funding which has been promised, is required if the full potential of the RTI is to be realised.[60]

It should also be recognised that public transport generally has a long way to go before it reaches the levels usually associated with a developed society. We urge Government to honour commitments already entered into and to implement a comprehensive and effective public transport strategy in consultation with stake-holders including the community and voluntary sector which has a vital contribution to make and role to play in local and rural transport services.

Library services

Libraries play an important role in Irish society. According to the Library Council there are over 14 million visits to public libraries annually. The Local Government Management Services Board (LGMSB) indicated that in 2007 on average 20.5 per cent of the population in each local authority area was a registered member of a public library; a figure corresponding to approximately 870,000 members (2008:29-30). They also reported that in 2008 there were on average 3.2 visits per person to libaries and an average of 3.13 books were issued per head of population (2009:29-32). These membership figures alone do not capture the increasing level of usage by adults of the reference, information and other services in public libraries, such as local history and exhibitions. Reflecting this, a 2003 survey by TNS (MRBI) found that 36 per cent of the adult population had used a public library recently. The same survey also found that 68 per cent of adults were or had been a member of a public library (Library Council, 2004). Clearly, public libraries play a strong and central role in Irish society. *Social Justice Ireland* believes that as part of our commitment to providing a continuum of education provision from early childhood to third level and throughout the life-cycle. Ireland needs to recognise the potential that the library service offers.

Central to such developments is information and easy access to this information. Coupled with information is the need for easy access to modern means of

[60] The RTI is addressed in more detail in section 3.11.

communication. Libraries are obvious centres with potential to support thes objectives. To play this potential role, expansion of the library service is essential

Recent budgetary policy has been neglectful of this important role with significant cuts in all recent Budgets. We regret this move and call for a sustained substantial investment in these facilities. In the long-term a failure to resource this service properly is short-sighted.

Information and communications technology

Increasingly the ability to use information and communications technology (ICT) is becoming a central requirement in modern society. The phenomenon of a technological divide is becoming evident. In particular it is of concern that a number of young people, including early school-leavers (many of whom are now unemployed), have little or no skill in ICT. Consequently initiatives are necessary to improve information technology provision in schools, as well as to further increase its availability in areas such as public libraries and community centres. While progress has been made, particularly as regards public libraries, Government needs to show greater commitment to this area.

It also needs to address the issue of including everybody in the information society. In addressing this issue it is crucial that priority is given to ensuring access is available to those who currently cannot afford the market costs. Ignoring this will ensure that the "digital divide" will widen social exclusion. More, targeted, resources are needed.

Telecommunications

Three issues arise within the topic of telecommunications. First, we are concerned by a request in March 2003, and repeated on a number of occasions since, by Eircom, Ireland's principal telecommunications company, that they be relieved of their universal public service obligation to provide a telephone for every house in the country. Instead they proposed sharing the annual cost of this obligation with other telecommunications companies and with consumers. The impact of such a change would be sizeable on the poor and on those living in rural areas. Both would experience an increase in the proportions of their incomes needed to be spent to ensure they had access at home to a telephone land line. We welcome the fact that this change was not introduced; however the fact that it was requested raises concerns that an attempt to revisit this issue may occur in the years ahead. Any such change which would impose additional costs on people who are already isolated from society, physically and financially, should be resisted. In considering any future decisions of this nature the Communications Regulator (ComReg) should take these societal points into account.

A second issue in the telecommunications area concerns one of the consequences of the growth in mobile phone usage over recent years. This has seen a decline in usage of public payphones. In response to this a large number of these payphones have been decommissioned. We urge care in any further decision to remove more payphones.

Finally, *Social Justice Ireland* welcomes the commitment in *Towards 2016* that the Government will continue to explore technical options to address the requirements of people living in underserved areas, and remote rural areas. We believe that the use of technological advances offers a real method of addressing many of the inequities that exist in the allocation of, and access to, information and telecommunications resources. One obvious goal of public policy should be to ensure nationwide coverage for broadband and mobile phones. The ongoing failure in this context means that particular areas, especially in rural Ireland, are particularly disadvantaged.

Free legal aid

Citizens depend on the law and associated institutions to defend their rights and civic entitlements. A central element of this system, particularly for those with limited incomes, is the free legal aid system. The Legal Aid Board provides civic legal aid to people with incomes of less than €18,000 per annum; recipients contribute a nominal sum. In 2008 21,000 people availed of legal aid and the Board provided aid and advice in 17,900 cases. These figures include the Board's work on refugee legal services. The Board have also reported that waiting times to receive aid can be up to four months.

Social Justice Ireland believes that free legal aid is an important public service. In the current economic climate, with rising unemployment and decreasing income, it is likely that the demand on the Legal Aid Board will grow. The provision and adequate support for this service is a basic requirement of governance. Government should continue to support and enhance this service.

Sports facilities

An insight into the role played by sport in Irish society was provided in an ESRI report entitled *The Social and Economic Value of Sport in Ireland* (Delaney and Fahy, 2005). Its findings indicated that: approximately 400,000 adults (15 per cent of the adult population) volunteer for sport in some way each year; 20 per cent of the adult population play sport; 30 per cent of adults are members of sports clubs; and the economic value of sport is between 1-2 per cent of GNP. In reaching its conclusions the report notes that current government policy commitments to promote social capital need to take account of the social aspects of sport and their potential contribution to the further development of social capital and volunteering in Ireland. Similarly it finds that there should be greater dialogue between those concerned with sports policy and those concerned with policy on social capital and volunteering; their common interest in sport should be recognised and explored; and their efforts to support social capital and volunteering should be co-coordinated.

However, recent studies have also indicated a declining level of participation by Irish people, and in particular young people, in sports activities. Long term this may have significant health consequences. There is a special case to be made for poor areas, most of which have limited, if any, sports facilities. The National Sports Council has developed a creative initiative of local sports partnerships. Some of these are working effectively and attempting to address this problem. Further funding for local sports partnerships should be made available. Given their huge potential such funding would be most worthwhile.

The national agreement, *Towards 2016*, contained a number of initiatives relating to sport and sports facilities. It committed government to: (i) increasing support for sports infrastructure and sporting organisations recognising that sport has the potential to be a driver for social change and that targeting specific groups can address issues of exclusion and inequality; (ii) promoting sport in education settings; and (iii) achieving the Irish Sport Council target to increase by 3 per cent the numbers of children taking part in sport. *Social Justice Ireland* supports each of these commitments and looks forwards to seeing the implementation of various initiatives aimed at fulfilling them.

Consideration also needs to be given to the way in which exchequer funds are allocated towards sport. We note a recent ESRI study which concluded that public expenditure is skewed towards elite sport at the expense of grassroots activity, is too focused on new facilities and is biased towards traditional team games (Lunn, 2008). As we develop sports policy in the context of increasingly scarce public expenditure resources, *Social Justice Ireland* believes that more in-depth consideration needs to be given to how we maximise the returns to these investments. In many cases simple schemes to encourage participation and use of existing sports facilities are required; certainly these are currently lacking.

Regulation

Regulatory policy in Ireland has failed in many areas and requires significant reform over the next few years. This has been clearly demonstrated in the problems that have emerged in the financial services sector. A serious re-think is required to ensure that regulation plays a stronger and far more effective role to ensure there is no repetition of these huge failures.

Central to our opinion on how regulation should develop is the view that all regulators, be they currently in existence or established in the future, should be required to consider the societal impact of any reforms they propose before they are implemented. They should also have the capacity to monitor what is happening and to act effectively and quickly when negative impacts occur. There are a range of impacts that flow from decisions taken by people in the various areas where regulation applies. Regulation should be judged on how its outcome impacts on social, cultural and sustainability issues in society as well as on the economy. Implementing regulation with this as its central aim would certainly achieve better regulation for all. It would also ensure consistently better outcomes for consumers. Such an approach would have prevented the failure of the regulatory process in the current banking crisis.

We also believe that there should be solid and justifiable reasons for introducing regulation. It should not be introduced just to create choice/competition within the market. For example, to achieve competition in the electricity market the electricity regulator increased the price of electricity. While this may achieve competition we question the benefit to people. Furthermore assessment mechanisms should be established to allow an analysis of regulation pre and post its implementation. Central to such an assessment procedure should be an examination of its societal impacts. We also believe that, as part of the assessment procedure, inputs should be sought from interested parties including the community and voluntary pillar of the social partnership process.

A further important aspect is the need to consider the impact of regulation within the context of regional policy. Cross-subsidisation issues, in postal or electrical services, are important to retain equity between rural and urban dwellers. A further challenge for regulatory authorities must be to retain this inter-regional equity.

Regulation and regulatory law has profoundly failed Ireland in recent years. It should be framed in such a way as to ensure that it is effective, timely, accessible and interpretable. Currently regulatory law is complex and in many cases requires those being regulated to divert a considerable quantity of resources to keep up with it. Complex regulation will also make it difficult for interested parties to actively participate in the pre and post regulation assessment mechanisms. *Social Justice Ireland* believes it is important that where regulation has been judged to be a failure, government should reform it at the earliest opportunity.

Policy Proposals on Public Services

- **Focus policy on ensuring that there is provision of, and access to, a level of public services regarded as acceptable by Irish society generally.**

- **Target funding strategies to ensure that far greater priority is given to providing an easy-access, affordable and high-quality public transport system.**

- **Implement the approach for the delivery of public services outlined in the NESF report.**

- **Allocate the additional resources promised to the Rural Transport Initiative, which increases significantly the quality of life of those living in remote rural areas, particularly older people and women.**

- **Support the further development of library services throughout the country.**

- **Increase the provision of open-access information technology in public libraries.**

- **Take the necessary steps to include everybody in the information society.**

- **Ensure nationwide coverage for broadband and mobile phones**

- **Give more in-depth consideration to how public funds are used to**

encourage sport and sporting activity. In many cases simple schemes to encourage participation and use of existing sports facilities are required; certainly these are currently lacking.

- **Adopt further information-technology programmes to increase the skills of schoolchildren, early school-leavers, unemployed and older people.**

- **Take action to address the huge failures identified in the regulatory process as clearly identified by the crisis in banking and financial services.**

- **Adopt policies which ensure that all types of regulation are judged against how they impact on social, cultural and sustainability issues within society as well as on the economy. Implementing regulation with this balance as its central aim would achieve better regulation for all.**

- **Ensure equality of access across all public services.**

3.5 Housing and Accommodation

CORE POLICY OBJECTIVE:
HOUSING & ACCOMMODATION

To ensure that adequate and appropriate accommodation is available for all people and to develop an equitable system for allocating resources within the housing sector

Housing and accommodation policy

Issues concerning housing and accommodation have had a major profile in recent years. Most of that profile, however, has been concerned with the provision and cost of privately owned accommodation and more recently the challenges associated with the large surplus housing stock that has appeared throughout the country on foot of foolish and reckless speculative investments and the economic collapse. A comparison of European housing tenures illustrates the existence of three main models of housing provision: an owner-occupier sector, a rental sector and a social housing sector. Table 3.5.1 gives details of how Irish tenure patterns have changes over time. In 2006 77.2 per cent of households were owner-occupiers, a figure which gives Ireland one of the highest rates of owner occupation in the EU (CSO, 2009:61; 2003:55). Compared to other countries Irish housing policy supports owner occupation to the detriment of all other forms of housing tenure; a feature which reflects the policy choices of government.

Table 3.5.1: Nature of Occupancy of Private Households, Ireland 1961-2006

Year	Owner-occupied	Rented	Other
1961	59.8%	35.6%	4.6%
1971	68.8%	28.9%	2.3%
1981	74.7%	22.6%	2.6%
1991	80.0%	17.9%	2.1%
2002	79.8%	18.5%	1.7%
2006	77.2%	21.3%	1.5%

Source: CSO (2009:61)

Ireland's level of home ownership reflects the high value Irish people put on owning their own homes. It also reflects public policy which provided a variety of tax incentives to those who have the resources to invest in housing. Since the 1970s it has been the policy of successive Irish governments to subsidise owner occupation heavily. This has been achieved by the abolition of local rates on residential property and the subsequent failure to implement a system of residential property tax. More recently investment policies have been introduced that favour investment in residential development, for example investors in urban renewal schemes stood to gain over 419 per cent on their investment (Bacon, 1998). These policy developments, combined with policies of mortgage-interest tax relief and very favourable tenant purchase schemes have resulted in an extremely high level of home ownership. Owner-occupiers make up 77.2 per cent of the Irish households – this is considerably higher than the EU average of 63.4 per cent. Government housing policy has resulted in a housing system that is not tenure neutral and which has led to the residualisation of the rental sector, both public and private.

The down-the-line effect of this policy is the lack of adequate accommodation for larger and larger numbers of households. The value of home ownership should be discussed in the light of present realities. These include: the excessive prices paid for houses and for land rezoned for housing in recent years and the subsequent phenomenon of negative-equity and instability in the financial sector; the burden of mortgage repayments especially on young families; the ghettoisation of local authority housing because private owners object to developments which may seem to devalue their properties; difficulties in providing suitable accommodation for special groups including Travellers, homeless people, asylum-seekers, young offenders and drug abusers.

The housing crisis

During most of the last decade improved levels of economic growth combined with low interest rates resulted in high levels of housing inflation. This in turn resulted in a crisis in housing provision in both the public and the private sectors. In the private sector this crisis was evident from the rapid increase in house prices and from the severe difficulties currently being experienced by those who pay inflated prices for their homes (difficulties that are likely to persist for these household for most of the next decade). In the public sector the demand (waiting lists) for social housing has remained high and is increasing.

Housing: a new philosophy

A series of publications by the economist Professor PJ Drudy of Trinity College have offered an interesting new approach to how Irish society views housing. In his paper at a 2005 *Social Policy Conference*, in a co-authored book with Michael Punch -entitled *Out of Reach* (2005) – and in a chapter in the *Social Policy in Ireland* book (Drudy, 2006) he has outlined these views.

The essence of Professor Drudy's proposal is to view housing as a home rather than as a market commodity. In his conference paper Professor Drudy stated that we should "place the emphasis on housing as a home – shelter, a place to stay, to feel secure, to build a base, find an identity and participate in a community and society". Therefore he continued: "housing thus becomes a central feature of 'development' – a process not simply comprising increases in economic growth, but containing positive actions to improve the quality of life and wellbeing for all" (2005: 44).

In concluding his paper, Drudy suggested that Irish society now needs to address "a fundamental philosophical question: is it the purpose of a housing system to provide investment, speculative or capital gains for those with the necessary resources or should the critical aim be to provide a home as a right for all citizens?" (2004: 46). In his view it is time now for Ireland to move away from seeing housing as a commodity to be traded on the market like any other tradable commodity; and to accept the latter opinion that views housing as a social requirement like health services or education.

Social Justice Ireland strongly welcomes and endorses these views. Had society adopted this approach over the past decade the Irish economy, and many Irish families, would not be in a precarious financial position. It is now time that we formally incorporate this approach into our national housing policy.

NESC report on housing in Ireland

At the end of 2004 the National Economic and Social Council (NESC) published a major report on housing. A central conclusion of the NESC housing report was that the supply of social housing will have to rise dramatically if the needs of Irish society are to be addressed in the years ahead. The main recommendation of the council on the issue of social housing is outlined in table 3.5.2. It calls on Government to "create an expanded and more flexible stock of social housing - adding in the order of 73,000 permanent social housing units to bring the stock to 200,000 dwellings by 2012 - in a manner that is consistent with other public investment needs and sound public finances" (2004:221).

Table 3.5.2: The role of social housing in Ireland in 2012

	2012
Total number of dwellings	1,653,000
Social housing as a % of total	12.0
Number of social housing units	200,000
Population of Ireland	4,505,000
Social housing units per thousand	44.4

Source: Data are based on NESC projection (2004:152-153) and CSO (2004:26) projections for 2011 (assumption M1F1).

The figure of 200,000 social housing units had been calculated based on the projected increases in the Irish population over that period and in the context of limited responses to existing social housing needs (e.g. homelessness, community based accommodation for disabled and older persons). The scale of the challenge facing Irish society can be gauged from the fact that at the end of 2004 the total stock of social housing (including units managed by both local authorities and the voluntary and cooperative housing sector) stood at about 127,000.

NESC concluded that to achieve the target of 200,000 units over the eight year period between 2005 and 2012, an annual increase of in excess of 9,000 units is necessary. They also pointed out that an estimated capital investment of €1.4bn a year would be required to achieve a net increase of 73,000 units by 2012. Given the recent decreases in building costs, construction wages and the price of development land the figure is now likely to be considerably lower.

Social Justice Ireland believes that reaching this target is essential if Ireland is to achieve the goal of ensuring that everyone in the country has appropriate accommodation. However, in the current climate we must be careful not to chase simplistic solutions to the crisis through large-scale allocation of surplus housing stock (via NAMA and elsewhere) to local authorities for social housing. If such a model is to be adopted it should be careful to avoid the creating of large clusters of social housing and instead use this opportunity to integrate social housing throughout the housing stock. This may be a difficult solution in the short-run, but it is the better outcome for Ireland in the longer-term.

Waiting lists: how many and for how long?

The most recent assessment of local authority waiting lists occurred on the 31st of March 2008 and the results have been published by the Department of

Environment, Heritage and Local Government. It found that there was a total of 56,249 households on local-authority housing waiting lists (see table 3.5.3).[61] This figure represents an increase of over 30 per cent since the 2005 assessment. However, since 1996 waiting lists have more than doubled and the 2008 figure indicates that across Ireland about 150,000 people are in need of accommodation. Report from Local Authorities in late 2009 and early 2010 suggest that these waiting list have increased further as the impact of the recession has driven additional households on to these waiting lists.

Table 3.5.3: The Need for and Supply of Local Authority (LA) Social Housing, 1996- 2005

Year	Households on LA Waiting Lists	Stock of LA Housing Units	Waiting List as % of Rental Stock
1996	27,427	98,394	28
1999	39,176	99,163	40
2002	48,413	104,688	46
2005	42,946	109,779	39
2008	56,249	118,396	47

Source: Department of the Environment, Heritage and Local Government, *Housing Statistics Bulletin,* various issues.

It is worthwhile examining the composition of this total waiting list figure. Table 3.5.4 shows that in 2008 the largest category of households on the lists was those labelled as being not able to meet costs of existing accommodation. This group accounted for 53 per cent of the waiting list or 29,583 households. Comparing this figure to previous editions of the *Housing Statistics Bulletin* reveals that this figure increased from 34 per cent in 1999 (it reached 44 per cent in 2002) but that it has decreases since 2005. A comparison with the 2005 figures also reveals that the other big increase is for those in housing need due to "medical or compassionate grounds" (+6 per cent).

Analysis of the housing statistics also reveals that 46 per cent (25,550) of all those households on the waiting lists consist of single-person households. The majority of those waiting are Irish citizens (77 per cent) while a further 12 per cent are EU-citizens and the remainder are from elsewhere in the world. A further 6,299 individuals on the waiting lists were classified as either refugees or individuals who had been granted permission to remain in the state.

[61]The published 2008 figures also included a revision to the figures published for 2005.

Table 3.5.4: Breakdown of the Local Authority Housing Waiting List by Major Categories of Need, 2005 and 2008

Category of Need	% 2005	No. of Households 2008	% 2008
Homeless	4.5	1,394	3
Travellers	2	1,317	2
Existing accommodation unfit	4	1,757	3
Existing accommodation overcrowded	10	4,805	9
Involuntarily sharing of accommodation	8	4,965	9
Young persons leaving institutional care	0.5	715	1
Medical or compassionate grounds	8	8,059	14
Older persons	4	2,499	4
Disabled or handicapped	1	1,155	2
Not able to meet costs of existing accommodation	58	29,583	53
Total	**100.00**	**56,249**	**100.00**

Source: Calculated from Department of the Environment, Heritage and Local Government, *Housing Statistics Bulletin* (2009:99).

Table 3.5.5 indicates a clear association between being in housing need and low income. It reports household income (unadjusted for household composition) and finds that almost three-quarters of households possess an annual income of less than €15,000. Larger households are likely to have larger incomes (alongside larger living expenses), yet only 5 per cent recorded an income above €25,000.

Table 3.5.5: Breakdown of the Local Authority Housing Waiting List by Household Income, 2008

Household income band	Number of Households	% of Waiting List
Below €10,000	15,841	28
€10,001-€15,000	25,580	45
€15,001-€20,000	7,194	13
€20,001-€25,000	4,918	9
€25,001-€30,000	1,697	3
Over €30,000	1,019	2
Total	**56,249**	**100**

Source: Calculated from Department of the Environment, Heritage and Local Government, *Housing Statistics Bulletin* (2009:101).

When the 56,249 households on the 2008 waiting lists are classified by the length of time they have spent on the waiting list the figures reveal that 29 per cent of all households have been waiting for more than three years. A further 20 per cent are on the list for between 2-3 years while 20 per cent are waiting for between 1-2 years. The remaining 31 per cent have been waiting for less than a year.

In the context of all these figures it has to be acknowledged that more progress needs to be made. Achieving that progress requires a greater commitment to providing social housing. Implementing NESC's social housing recommendation (see table 3.5.2) will significantly address this problem and move Ireland closer to achieving *Social Justice Ireland*'s core policy objective of ensuring that appropriate accommodation is available for all.

House completions

Table 3.5.6 shows the rate of house completions in the various sectors between 1993 and 2008. 2006 marked a peak in the levels of house completions with over 93,000 units completed. Since then the rate of dwelling completion has rapidly declined and projections suggest that it will decline further in 2010.

In 2008 the vast majority of new houses (87 per cent) were built by the private sector (down from 91 per cent in 2007). Local authorities built 4,905 new homes in 2008, just short of the record number of completions achieved in 2007. The figures for 2008 also reveal a further growth in the levels of voluntary/non-profit and co-op housing. These organisations built 1,896 dwellings during that year and they now account for over a quarter of all publicly assisted housing completions. Currently they are managing a stock of approximately 25,000 dwellings. This trend is very welcome and underscores the growing role this sector is playing. *Social Justice Ireland* believes this sector has a major contribution to make in addressing the current housing crisis and that government must give further assistance to facilitating its continued growth.

Table 3.5.6: House Completions, 1993–2010				
Year	**Local Authority Housing**	**Voluntary/ Non Profit Housing**	**Private Housing**	**Total**
1993	1,200	890	19,301	21,391
1994	2,374	901	23,588	26,863
1995	2,960	1,011	26,604	30,575
1996	2,676	917	30,132	33,725
1997	2,632	756	35,454	38,842
1998	2,771	485	39,093	42,349
1999	2,909	579	43,024	46,512
2000	2,204	951	46,657	49,812
2001	3,622	1,253	47,727	52,602
2002	4,403	1,360	51,932	57,695
2003	4,516	1,617	62,686	68,819
2004	3,539	1,607	71,808	76,954
2005	4,209	1,350	75,398	80,957
2006	3,968	1,240	88,211	93,419
2007	4,986	1,685	71,356	78,027
2008	4,905	1,896	44,923	51,724
2009*	–	–	–	23,000
2010*	–	–	–	12,000

Source: Department of Environment, Heritage and Local Government, *Housing Statistics Bulletins (various editions)*.

Note: * figures for 2009 and 2010 are projections as published by AIB (2009) and the Central Bank (2009) respectively.

Table 3.5.7: Local Authority Completions and Acquisitions, 1995–2008			
Year	**Local Authority Completions**	**Local Authority Acquisitions**	**Total**
1995	2,960	882	3,842
1996	2,676	897	3,573
1997	2,632	585	3,217
1998	2,771	511	3,282
1999	2,909	804	3,713
2000	2,204	1,003	3,207
2001	3,622	1,400	5,022
2002	4,403	671	5,073
2003	4,516	456	4,972
2004	3,539	971	4,510
2005	4,209	918	5,127
2006	3,968	1,153	5,121
2007	4,986	2,002	6,988
2008	4,905	787	5,692

Source: Department of the Environment, Heritage and Local Government, *Housing Statistics Bulletin (various editions).*

Table 3.5.7 also shows a welcome development in local authorities' response. The total number of local authority completions plus acquisitions increased substantially to almost 7,000, after falling in 2003 and 2004, and progressing slowly or remaining static in 2005 and 2006. The economic crisis curtailed the number of local authority acquisitions in 2008 decreasing the overall annual number once again.

Towards 2016 and Social Housing

The national partnership agreement *Towards 2016* provided a number of commitments in the area of social housing. *Social Justice Ireland* believes that these commitments, outlined below, offer a real opportunity to enhance the sector. These commitments are:

- The total number of new commencements/acquisitions in the period 2007-2009 will be 27,000 units.
- To further assist the voluntary and co-operative sector the Government will arrange through Local Authorities for additional land/units to be provided under this Agreement for the purpose of meeting identified housing need.

Units/sites sufficient to supply some 3,000 dwellings will be identified and made available over the period 2007-2009.

- Minimum standards regulations for the private rented sector will be updated by the Dept of Environment, Heritage and Local Government and effectively enforced by Local Authorities.
- As a result of the various social and affordable housing measures the accommodation needs of some 60,000 new households will be addressed over the period 2007-2009.

The Planning and Development (Amendment) Act, 2002.

Social Justice Ireland considers the decision by the government to repeal section V of the Planning and Development Act 2000 to be most unwise. This u-turn changed the 20 per cent rule which required all developers to allocate 20 per cent of all housing built for social and affordable housing. This policy was worthwhile for two reasons. First it facilitated a more speedy provision of housing for those on our ever-growing waiting lists (see table 3.5.2) and second it opened up the prospect of Ireland developing as a more socially integrated nation.

In the context of Ireland's social housing crisis, the decision to repeal this section of the Act was wrong. One of the major achievements of the government in the 1997-2002 period was that it showed a long-absent willingness to address the social housing and societal integration issue. Therefore it is particularly sad that within six months of re-assuming office it chose to cancel one of its most noteworthy previous achievements.

The private rented sector

Traditionally the private rental sector was the residual sector of the Irish housing system. The private rented sector is the "tenure of last resort for those unable to obtain local authority housing or not yet ready to enter owner-occupation" (McCashin, 2000:43). It was characterised by poor-quality accommodation and non-secure tenure at the lower end of the housing market. Today, this sector is highly differentiated, with high-quality housing and relatively secure tenure at the upper end of the market, and low-quality housing and insecurity of tenure at the lower end. Both ends of the market have experienced dramatic increases in rent over the last decade.

Table 3.5.8: Percentage distribution of housing units by occupancy status, 1961-2006.

Occupancy Status	**1961**	**1971**	**1981**	**1991**	**2002**	**2006**
LA Rented	18.4	15.9	12.7	9.7	6.9	7.5
Private Rented	17.2	10.9	8.1	7.0	11.1	10.3
Owner Occupied	53.6	60.7	67.9	80.2	77.4	77.2
Other	10.8	12.5	11.2	3.0	4.6	5.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: CSO (2003:28) and calculated from CSO (2007:48).

The percentage of the population dependent on this sector to meet their housing needs declined from 17.2 per cent in 1961 to 7 per cent in 1991 (see table 3.5.8). This compares with an EU average of 21 per cent. The results of Census 2006 indicate that the composition of the sector changed dramatically during the last 15 years. A combination of a growing population, changing household structure, and the increasing cost of owner-occupation has seen the number of households in the private rented sector increase by almost 50 per cent. As table 3.5.8 shows the private rented sector now accounts for 10 per cent of households. In total in 2006 there were 145,317 households living in the private rented sector. Of these 16,621 rented unfurnished dwellings and 128,696 rented furnished or part-furnished dwellings. The average weekly rents paid were €161.57 for unfurnished and €191.09 for part/fully furnished dwellings (CSO, 2009: 339–48).

Ensuring that the standard of accommodation offered by this sector is at an appropriate level is a task which falls to the Private Residences Tenancy Board (PRTB) and local councils. Despite legal requirements, and the linking of tax deductions to registration, it remains the case that a sizeable proportion of the privately rented residences in the country are not registered with the PRTB. As of 31st December 2008 there were 206,054 tenancies registered (PRTB, 2009).

The *Housing Statistics Bulletin* also reports on the level and geographical distribution of inspections of these registered properties. The data indicated that in some areas inspections are common while in others they are far lower. For example there were 703 inspections during 2007 in Cork city, 266 in Galway city, 26 in Sligo county and 30 in Louth county. Nationwide, in 2007 a total of 14,008 dwellings were inspected with 17 per cent being found to not meet the regulatory requirements (2008:93).

The 2007 figures mark important progress in this area as they indicate that for the first time all local authorities are carrying our inspections. *Social Justice Ireland* believes that as this sector continues to expand the government must take steps to ensure that all local authorities begin to carry out a reasonable number of inspections. Implementing such a policy would further enhance recent progress towards increasing standards in this sector. We also believe that it is important that further efforts are made to officially register more properties.

Rental Accommodation Scheme (RAS)

At the lower end of the housing market an increasing number of households are in receipt of a Supplementary Welfare Allowance in the form of rent supplement. There have been substantial changes to the rent supplement programme over the past three years. Following on the furore caused by the changes introduced as part of Budget 2004, Government has now taken a number of initiatives to address the concerns raised at that time. Of greater importance, however, Government now recognises that the rent supplement programme, originally designed as an emergency intervention, has expanded into a housing payment for a great many people who had spent several years in receipt of rent supplement. The introduction of the new Rental Accommodation Scheme (RAS) was a welcome move in the right direction.

All local authorities are implementing RAS and all have transferred households from rent supplement to RAS. From 2005 to the end of December 2008 local authorities had accommodated 18,011 former rent supplement households with a long-term housing need. Of these, 9,401 were accommodated under RAS directly, and a further 8,610 under other social housing options (DEHLG, 2009:87). We look forward to this programme continuing to develop and expand in the years ahead.

As part of national policy dealing with the current surplus in the housing market, Government has increased funding to housing associations so that they may purchase some of the 'empty houses' and housing developments across the country. While the current situation offers the possibility to significantly address the waiting list problems of recent years, *Social Justice Ireland* believes that care needs to be taken to ensure that the mistakes of housing policy in the past, and in particular the creation of large clusters of social housing, are not repeated.

Homelessness

It is possible to extract from the assessment of housing needs information about those most urgently in need of accommodation – the homeless. Data from the last three assessments has shown that the level of homelessness across the country has fallen from 2,468 in 2002 to 2,399 in 2005 and to 1,394 in 2008. A Homeless Agency (2008) study focused on Dublin entitled *Counted in 2008* found that there were 2,366 homeless adults comprising 2,144 households in the capital city. This figure represents a 4 per cent increase on the 2005 figure (2,066 households). Of the total homeless adults 68 per cent were male with the majority aged between 30-49 years (2008: 34). Almost half of the 2,366 adults in homeless services became homeless for the first time between March 2005 and March 2008.

Research has shown that there are three broad categories of homeless people. The first category consists of those who become homeless because of poverty combined with either eviction or a relationship breakdown. The second and growing category of homeless persons consists of those who have chronic disabilities or special needs as a result of alcoholism, mental illness or drug dependency. This group has multiple needs, of which housing is just one (Homeless Initiative, 1999). A report for the National Advisory Committee on Drugs in mid-2005 noted that the vast majority (87 per cent) of the homeless people they surveyed first used drugs before becoming homeless. It also noted that 74 per cent of homeless individuals reported lifetime use of an illicit drug (Lawless and Corr, 2005:95, 97). A third category of homeless persons has emerged in Ireland in recent years – this comprises asylum-seekers, migrants and refugees who have specific housing and other social-service needs. The association between homelessness and mental health problems was assessed in a study at the Mater Hospital in Dublin. It found that one-third of all referrals for psychiatric assessment from its A&E department were homeless people. In all it is estimated that about 40 per cent of Ireland's homeless have mental health difficulties. These facts underscore the vulnerability of the homeless and the need for ever greater efforts to continue to address this problem.

Over time the nature and scale of Ireland's homeless problem has changed significantly. *Social Justice Ireland* believes that the resources allocated to this area over recent years have now provided sufficient residential places for those who seek a place to stay and who in the past were refused because of the lack of available accommodation; often emergency accommodation. However, there remains homelessness related to mental health, drug and migration issues. These are problems that require solutions far beyond the simple provision of a bed. There is also a need for greater availability of transitional places. The current economic crisis has further increased the challenges in this area, reduced funding combined with increased demand look set to ensure that the Government will not meet the *Towards 2016* target of eliminating homelessness by the end of 2010.

Traveller accommodation

Results from the 2006 Census of Population show that there were 22,435 members of the Travelling community in Ireland. These comprised 11,028 males and 11,407 females living in a total of 4,371 Traveller households. Of these households, 60 per cent (2,640) lived in a house, 6 per cent (260) in a flat or apartment and 28 per cent (1,221) in 'temporary housing units' such as a caravan or mobile home. The Census also reports that among adult Travellers (those aged 15 years and over) only 3.4 per cent had completed upper secondary (leaving certificate or equivalent) education (CSO, 2007: 32, 45, 61). As a minority group, Travellers have been very exposed to social exclusion and in particular have experienced continued problems with the provision of accommodation. Responding to the report of The National Traveller Accommodation Consultative Committee (published in January 2005) the then Minister of State for Housing, Noel Ahern, admitted that the pace at which Traveller accommodation is provided was too slow. A similar view was expressed by the Council of Europe in May 2004. Reform in this area is long overdue and necessary.

Housing and people with a disability

Social Justice Ireland welcomes the recognition by NESC in its review of housing policy that "a particular gap is the lack of a strategic framework to support the provision of tailored housing and housing supports for people with disabilities" (2004:157). A feature of having a disability is additional housing costs. Primarily these costs are for adjustments to residences to ensure access and continued use. For some years local authorities have provided a disabled persons housing grant to assist in the cost of these changes. However, during 2002 the Irish Wheelchair Association reported that an estimated six thousand people with disabilities across the state were waiting for these grants. Limited progress has been made since. Besides quality of life issues studies have shown that the cost of keeping people who are older or who have a disability in nursing care is almost eight times the cost of adapting and providing health care within their own homes.

The commitment in *Towards 2016* to establish a National Housing Strategy for People with Disabilities has been honoured. Such a strategy can play an important part in enhancing the provision of tailored housing and housing support to people with disabilities. Funding this strategy adequately is a necessity and *Social Justice Ireland* believes that the government should allocate appropriate funding to reduce any unnecessarily long waiting lists. Furthermore, as a growing number of people with disabilities who have a housing need seek access to social housing and as the population ages the demands on this scheme will increase. Therefore we believe that the government should judge the value of the investments required under this strategy broadly.

Children and housing

Living in housing that is overcrowded, damp, in disrepair or in a poor neighbourhood can be damaging to people of all ages. However, its impact on children's welfare tends to be very significant.

A study produced for the Children's Research Centre at Trinity College Dublin by Simon Brooke found that between 1991 and 2002 the numbers of children living in these conditions doubled. According to the report entitled *Housing Problems and Irish Children* there are some 50,000 children living in such conditions. The report found that there is a concentration of these problems among children in one-parent families and among those living in rented accommodation. In response to this problem the report suggested that local authorities need to create a specific fund to provide regular maintenance of their dwellings. Furthermore the report called for the current minimum standards set for the private rented sector to be raised and that these be enforced by local authorities. Finally the report suggested that the National Children's Strategy be revised to include housing as a 'basic need'.

Social Justice Ireland welcomed the recommendations of this report. As we have previously highlighted Ireland has a serious problem with child poverty. Continually research has pointed out that low income and low accommodation standards are associated with poor health levels and poor future educational and life opportunities. More resources need to be allocated to this area.

Policy Proposals on Housing and Accommodation

- **Adopt new social housing targets for the period from 2012 onwards that take account of the growing local authority housing waiting lists.**

- **Continue to increase the budget allocation for social housing including co-op and voluntary/non-profit housing, on the scale required to eliminate local authority housing waiting lists.**

- **Develop and support policies focused on mixed housing, mixed communities, choice of tenure, and mix of different-sized housing units.**

- **Provide sufficient resources to implement the commitment in *Towards 2016* to eliminate homelessness by the end of 2010.**

- **Ensure that 20 per cent of building land is allocated for social and affordable housing.**

- **Provide sufficient resources for the security and management of local-authority housing.**

- **Actively implement and enforce the legislation on the private rented sector of housing.**

- **Ensure that nobody remains dependent on rent supplement for more than 18 months. To this end ensure prompt delivery and adequate resourcing of the Rental Accommodation Scheme (RAS).**

- **Provide the resources required to ensure implementation of the local authorities Travellers' Accommodation programmes.**

- **Give priority to tackling ongoing issues concerning accommodation for refugees and asylum-seekers.**

- **Introduce a policy where people purchasing second houses (holiday homes) should pay the full infrastructural costs of these homes.**

- **Integrate housing policy with other social and care supports to enable vulnerable people (e.g. disability, elderly, homeless) to live independent lives.**

- **Ensure that sufficient funds are made available to reduce the waiting lists for the disabled persons housing grant.**

3.6 Healthcare

CORE POLICY OBJECTIVE: HEALTHCARE

To provide an adequate healthcare service focused on enabling people to attain the World Health Organisation's definition of health as a *state of complete physical, mental and social well-being and not merely the absence of disease or infirmity*

Healthcare is a social right that every person should enjoy. People should be assured that care in their times of vulnerability is guaranteed. The standard of care is dependent on the resources made available which in turn is dependent on the expectations of the society. The obligation to provide healthcare as a social right rests on all people. In a democratic society this obligation is transferred through the taxation and insurance systems to government and other bodies who assume/contract this responsibility

Health inequalities in Ireland

A very welcome insight into the extent of health inequalities in Ireland has been provided by the Public Health Alliance of the Island of Ireland (PHAI). This group, a north-south alliance of non-governmental organisations, statutory bodies, community and voluntary groups, advocacy bodies and individuals who are committed to work together for a healthier society by improving health and tackling health inequalities, have published a detailed report entitled *"Health in Ireland – An Unequal State"*. The report gathered together the baseline information on health inequalities in Ireland and its findings are worthy of serious attention. These included:

- Between 1989 and 1998 the death rates for all causes of death were over three times higher in the lowest occupational class than in the highest
- The death rates for all cancers among the lowest occupational class is over twice as high for the highest class, it is nearly three times higher for strokes, four times higher for lung cancer, six times for accidents
- Perinatal mortality is three times higher in poorer families than in richer families
- Women in the unemployed socio-economic group are more than twice as likely to give birth to low birth weight children as women in the higher professional group

- The incidence of chronic physical illness has been found to be two and a half times higher for poor people than for the wealthy
- Men in unskilled jobs were four times more likely to be admitted to hospital for schizophrenia than higher professional workers
- The rate of hospitalisation for mental illness is more than 6 times higher for people in the lower socio-economic groups as compared with those in the higher groups
- The incidence of male suicide is far higher in the lower socio-economic groups as compared with the higher groups
- The 1998 and 2002 National Health and Lifestyle Surveys (SLAN) found that poorer people are more likely to smoke cigarettes, drink alcohol excessively, take less exercise, and eat less fruit and vegetables than richer people. Poorer people's lifestyle and behavioural choices are directly limited by their economic and social circumstances
- On average 39 per cent of people surveyed in 2003 identified financial problems as the greatest factor in preventing them from improving their health.

The report also found that some groups experience particularly extreme health inequalities. These include:

- Members of the Traveller community live between 10 and 12 years less than the population as a whole
- The rate of sudden infant deaths among Travellers is 12 times higher than for the general population
- Research has found that many expectant mothers in direct provision suffer malnutrition, babies in these communities suffer ill-health because of diet, many adults experience hunger
- Homeless people experience high incidence of ill-health – a 1997 report found that 40 per cent of hostel dwellers had a serious psychiatric illness, 42 per cent had problems of alcohol dependency, 18 per cent had other physical problems
- The incidence of injecting drug use is almost entirely confined to people from the lower socio-economic groups.

The PHAI also compared the health of people in Ireland against that of the 15 other EU states (pre-enlargement) They found that Irish people compare badly with the experience of citizens in other EU counties. These findings included:

- Mortality rates in Ireland are worse than the EU average for a range of illnesses, particularly diseases of the circulatory system, breast cancer and death from smoking related illnesses
- Irish women have almost twice the rate of death from heart disease as the average European woman
- The incidences of mortality for Irish women for cancers of the breast, colon, larynx and oesophagus and for ischaemic heart disease are among the highest in the EU
- At the age of 65 Irish men have the lowest life expectancy in the EU.

(PHAI, 2004:3-4).

Poverty and health status

The link between poverty and ill health has been well established by international and national research such as that outlined above. The poor get sick more often and die younger than those in the higher socio-economic groups. Poverty directly affects the incidence of ill health; it limits access to affordable healthcare and reduces the opportunity for those living in poverty to adopt healthy lifestyles. Reflecting this, a 2006 study of the accessibility of health care found 18.9 per cent of Irish people indicated that cost had deterred them from visiting a GP and seeking medical advice (O'Reilly and Thompson, 2006). Healthcare exclusion is a major dimension of poverty and social exclusion.

Life expectancy and infant mortality

In 2007 Irish males had life expectancies of 76.8 years while Irish females are expected to live 4.8 years longer reaching 81.6 years (see table 3.6.1). The story behind these figures incorporates many of the findings of the PHAI report and the earlier poverty figures. Ireland's poverty problem has serious implications for health in light of the fact that there is a clear link between poverty and ill health. This relationship has been well supported by international research. Thus, those in lower socio-economic groups have a higher percentage of both acute and chronic illnesses.

Table 3.6.1: EU-27 life expectancy at birth by sex in 2007, in years.			
Country	**Males**	**Females**	**Difference**
France	77.5	84.4	6.9
Spain	77.7	84.1	6.4
Italy	78.4	83.8	5.4
Belgium	77.3	83.3	6.1
Sweden	78.9	83.0	4.1
Austria	77.3	82.9	5.5
Finland	75.8	82.9	7.0
Luxembourg	77.6	82.7	5.1
Netherlands	78.0	82.3	4.3
Slovenia	75.0	82.3	7.3
Germany	76.9	82.3	5.4
Greece	77.0	82.0	5.0
Malta	77.2	81.8	4.5
Cyprus	77.0	81.7	4.7
United Kingdom	77.6	81.7	4.1
IRELAND	**76.8**	**81.6**	**4.8**
Portugal	75.2	81.6	6.4
Denmark	76.0	80.5	4.5
Czech Republic	73.7	79.9	6.2
Poland	71.0	79.7	8.8
Estonia	67.4	78.5	11.1
Slovakia	70.5	78.1	7.6
Hungary	69.2	77.3	8.2
Lithuania	64.9	77.2	12.3
Latvia	65.8	76.5	10.7
Bulgaria	69.2	76.3	7.1
Romania	69.2	76.1	7.0
EU 27	**75.8**	**82.0**	**6.2**

Source: CSO 2009:54

Health expenditure

Healthcare must be seen as a social right for all people. For this to be upheld governments need to provide funding to ensure this occurs. In table 3.6.2 we see that Ireland spends 7.5 per cent of GDP on health; well below the EU-27 average of 8.6 per cent. Less is spent on public and private health as a proportion of GDP than the majority of other EU-27 countries. In Gross National Income (GNI) terms this expenditure translates into a figure of 8.6 per cent.[62] In comparison France spends 11.1 per cent, Germany spends 10.4 per cent and Portugal 10 per cent. Ireland has the eleventh lowest expenditure on health (measured as a percentage of GDP) according to EU-27 data, although this ranking position has been increasing over time. Healthcare costs tend to be higher in countries which have a higher old age dependency ratio. This is not yet so significant an issue for Ireland as the old age dependency ratio is extremely low (10.8 per cent are aged 65 yrs and over) compared to a much higher EU average. However, this level of funding must be seen as inadequate in light of the fact that waiting lists, bed closures, shortage of staff and long-term care requirements are issues in the health service today. Clearly, there are significant efficiencies to be gained in a restructuring of the Irish health system, and in particularly the HSE. However, as the population ages and demand for facilities increases funding as a percentage of national income will have to rise.[63]

Table 3.6.2: EU-25 health expenditure as a percentage of GDP, 2007

Country	%	Country	%
France	11.1	Finland	7.6
Germany	10.4	Hungary	7.6
Portugal	10.0	**Ireland (% of GDP)**	**7.5**
Austria	9.9	Luxembourg	7.2
Greece	9.9	Slovakia	7.0
Belgium	9.5	Bulgaria	6.9
Denmark	9.5	Czech Republic	6.8
Netherlands	9.3	Cyprus	6.3
Italy	9.0	Lithuania	6.2
Sweden	8.9	Poland	6.2
Ireland (% of GNI)	**8.6**	Latvia	6.0
Slovenia	8.4	Romania	5.7
United Kingdom	8.4	Estonia	5.0
Malta	8.3		
Spain	8.1	**EU 27**	**8.6**

Source: CSO (2009:53)

[62] GNI is similar to the concept of GNP and has a similar value.

[63] This issue is also analysed in section 3.2 of this review.

Primary care

Primary Care has been recognised as one of the cornerstones of the health system. This was given recognition by the publication of a strategy *Primary Care – A New Direction* (2001). Between 90 and 95 per cent of the population are treated by the primary care system. The model of a primary care team presented in the document must be viewed in its most flexible form so that it can respond to the local needs assessment. The principle underlining this model should be a social model of health. This is in keeping with the World Health Organisation's definition on health. Universal access is needed to ensure that a social model of health as outlined in the document becomes a reality. For the development of *Primary Care – A New Direction* there is a clear need for the allocation of more resources. This would need an increase in the percentage of the healthcare budget being allocated for primary care.

The General Medical Service (GMS) system was first introduced in 1972 and it gave a commitment that 40 per cent of the population would be covered by this system. By 1977 some 39 per cent of the population were eligible for medical cards on income grounds. By 2007 this figure had decreased to approximately 29.5 per cent of the population. For families just over the eligibility level a visit to the GP and a prescription could cost some 25 per cent of their total weekly income. The implications of this for many individuals and families are that they cannot afford to access appropriate care at the time needed. This reduction must be viewed in the light of failed government commitments contained in, for example, the Department of Health and Children's document *Quality and Fairness – A Health System for You* (2001). Accessibility is one of the factors in ensuring equity. Among other things equity is about outcomes. To achieve parity in outcomes requires recognition of the social determinants of health. The World Health Organisation (WHO) makes the following observation:

> Community participation is a programmatic necessity. Without the close involvement of the community, and its families and individuals in health promotion, disease prevention and care of the sick, there is little likelihood that health services will have a durable impact on the health of the community.

The importance of paying attention to local people's own perspective on their health and to understand the impact of the conditions of their lives on their health is essential to community development and to community orientated approaches to primary care. There needs to be a community development approach to ensure that the community can define its own health needs, work out how these needs can best be met collectively and decide on a course of action to achieve the outcomes in partnership with service providers. This will ensure greater control over the social, political, economic and environmental factors that determine the health status of any community.

The Government's own Primary Care Strategy acknowledges the need for "community involvement" as a key factor in addressing health issues and recognises the need for partnership in both the planning and evaluation of all services. Community participation is an "essential component of a more responsive and appropriate care system which is truly people-centred" (Chief Medical Officers Report).

Primary care teams

Ireland's healthcare system has struggled to provide an effective and efficient response to the health needs of its population. Despite a huge increase in investment in recent years great problems persist. One key initiative that would make a substantial positive impact on reducing these problems would be the development of primary care teams across the country.

Primary care teams draw the health professionals in an area together into a team that provides a one-stop shop where people can go locally rather than heading directly to the accident and emergency unit in the nearest hospital. Up to 80 per cent of those who go to accident and emergency units should not be there.

The National Social Partnership Agreement *Towards 2016* contains a commitment to engage in ongoing investment to ensure integrated, accessible services for people within their own community with a target of 300 primary care teams by end-2008, 400 by 2009 and 500 by 2011. However, progress towards this target has been unacceptably slow. *Social Justice Ireland* strongly supports the immediate implementation of this commitment and its potential to have a very positive impact on Ireland's healthcare services.

However, we strongly urge Government and the HSE to ensure that these centres are progressed on the basis of local needs assessment including fair coverage of both rural and urban areas. We also urge Government and the HSE to take the necessary action to ensure that development of the 200 primary care teams for these centres is initiated as soon as possible. Furthermore, we urge all involved to ensure that the target of 500 teams is reached by the target date of end-2011.

Finally, to complement these initiatives, the national agreement also commits to continue to develop out-of-hours GP services in line with the recommendations of the GP out-of-hours service review

Medical Cards

The introduction of 30,000 new medical cards and 200,000 'doctor visit only' cards in Budget 2005 was a small step in the right direction. However, a great deal more needs to be done before the 1996 level of provision is regained. In 1996 1,252,384 people on low incomes were covered by full medical cards. After Budget 2005 1,069,934 people were similarly covered. Today there are approximately 1,400,000 people with medical cards.

The eligibility thresholds for full medical cards have not been raised but the numbers have grown because many newly unemployed people have seen their income slip below the threshold. The eligibility threshold for 'doctor-only' cards was raised in mid-2006 to a level 50 per cent above the standard medical card thresholds. As of December 2007 there were 75,542 doctor-only cards.[64] The process of applying for a medical card is difficult and there is a long time-delay before applications are approved which is not acceptable.

What is required is full medical card coverage for all people in Ireland who are vulnerable. Currently, the income threshold for accessing a medical card is far below the poverty line. This in effect creates an employment trap as parents are often afraid to take up a job and, consequently, lose their medical card even though their income remains low. The 'doctor visit only' cards are an improvement on the previous situation only if they are upgraded to full medical cards in due course. At present they will create new problems as many people will now find themselves in the most unenviable situation of knowing what is wrong with them but not having the resources to purchase the medicines they need to be treated.

Mental health

The National Health Strategy entitled *Quality and Fairness* (2001) identifies mental health as an area to be developed. The Expert Group on Mental Health Policy invited written submissions and held consultation days with all relevant stakeholders. We welcomed the publication of the report *Vision for Change - Report of the Expert Group on Mental Health Policy*. To date, little has been implemented to achieve this vision.

[64] Dail speech by Minister for Health and Children, December 19th 2007.

There is an urgent need to address this whole area in the light of the World Health Report (2001) *Mental Health: New Understanding, New Hope* where it is estimated that, in 1990, mental and neurological disorders accounted for 10 per cent of the total Disability-Adjusted Life Years (DALYs) lost due to all diseases and injuries. This was 12 per cent in 2000. By 2020, it is projected that these disorders will have increased to 15 per cent. This has serious implications for services in all countries in the coming years.

In recent years there have been some positive policy developments in this area. We welcome the *Towards 2016's* commitment to deliver one child and adolescent community mental health team per 100,000 of the population by 2008 and two per 100,000 of the population by 2013. However, this commitment has not yet been honoured.

Areas of concern

There is a need for effective outreach and follow-up programmes for people who have been in-patients in institutions upon their discharge into the wider community. These should provide:

- Sheltered housing (high, medium and low supported housing)
- Monitoring of medication
- Retraining and rehabilitation
- Assistance with integration into community

A stronger emphasis on the development of community services for all levels of mental health is urgently required. People with an intellectual disability who require a mental health service frequently find they do not have a psychiatric service available to them. Furthermore, there is a lack of appropriate mental healthcare for all who need it, especially vulnerable groups including children, the homeless, prisoners, Travellers, asylum seekers and refugees and other minority or vulnerable groups. People in these and related categories have a right to a specialist service to provide for their often-complex needs. A great deal remains to be done before this right could be acknowledged as being recognised and honoured in the healthcare system.

When the social determinants of health (housing, income, childcare support, education etc.) are not met the connection between those who are disadvantage and ill health is well documented. This is also true where mental health issues are concerned.

Suicide

A related problem to mental health is suicide. For many years the topic of suicide was one rarely discussed in Irish society and as a consequence the healthcare and policy implications of its existence were limited. Data show that the numbers of suicide in Ireland has climbed over the last decade. In 1993 327 suicides were recorded and by 2007, the latest year for which data is available, the number of suicides had increased to 460. Over time Ireland's suicide rate has risen from 6.3 suicides per 100,000 people in 1980 to 10.8 suicides per 100,000 people in 2007 (OECD, 2005 and CSO, 2008:88).

The age and sex distribution of suicides provides an important insight into what groups in Irish society are most prone to suicide. Table 3.6.3 provides a breakdown for 2005 (the latest year for which a detailed breakdown is available) when there were 481 deaths by suicide and self-inflicted injury. It shows that suicide is predominantly a male phenomenon with almost 80 per cent of suicide victims being male. When assessed by age group the data suggest that young people, and in particular young males, are the groups most at risk. Young males aged between 15 and 34 account for over 36 per cent of all suicides in 2005. Among this age-group in the population, suicide is one of the largest killers.

Table 3.6.3: Suicides in Ireland in 2005, by age group and gender.

Age group	**Male**	**Female**	**Total**
10-14 years	2	1	3
15-24 years	82	20	102
25-34 years	92	23	115
35-44 years	76	13	89
45-54 years	66	19	85
55-64 years	43	12	55
65-74 years	19	7	26
75-84 years	2	3	5
85 years+	0	1	1
All ages	**382**	**99**	**481**

Source: CSO Report on Vital Statistics (2008:117)

The sustained high level of suicides in Ireland is a significant healthcare and societal problem. Of course the statistics in table 3.6.3 only tell one part of the story. Behind each of these victims are families and communities devastated by these tragedies. Likewise, behind each of the figures is a personal story which leads to victims taking their own life. *Social Justice Ireland* believes that further attention and resources need to be given to addressing and researching Ireland's suicide problem. In that light, we welcome the establishment of the national office of suicide prevention and the directions laid out in the National Strategy for Action on Suicide Prevention (2005-2014). Resources are also required for the support systems that must be provided for such vulnerable groups. As a society we need to become more aware of this issue and more aware of methods to prevent it.

Older people

Mental health issues affect all groups in society. A particularly vulnerable group are older people with dementia as they often fall between two stools. i.e. mental health versus general medical care. Therefore there needs to be a co-ordinated service provided for this group. It is important that this service be needs based and service-user-led and should be in keeping with international human rights standards and best practice in line with the principles in the World Health Organisation's 2001 annual report.

Research and development in all areas of mental health is needed to ensure a quality service is delivered. Providing good mental health services should not be viewed as a cost but rather as an investment for the future. Public awareness needs to be raised to ensure a clearer understanding of mental illness so that the rights of those with mental illness are recognised.

We acknowledge the significant investment made to develop services for older people and the commitments made in *Towards 2016*. We welcomed the announcements of the introduction of "*A Fair Deal – The Nursing Home care Support Scheme 2008*". This initiative has been activated. It remains critical that sufficient capital investment is provided to ensure that the additional numbers of residential care beds are made available to meet the growing demand as identified. The focus on the development of community based services to support older people to remain in their own homes/communities for as long as this is possible is to be welcomed. Improved funding is also required for home help services, day care centers and home care packages.

Disability

The government's approach in Budget 2004 and subsequent Budgets to the funding of the Disability Services over a five-year period was a welcome initiative. This development has enabled a more co-ordinated and strategic approach to the planning and delivery of services. There are many areas within the Disability Sector which are in need of further development and core funding and these need to be supported.[65]

The health system reform process

It is a recognised fact that there was a need to restructure the health system as the last major re-organisation occurred some thirty years ago. The reform programme needs to be in keeping with the commitments and the vision of the National Health Strategy and Primary Care Strategy "a health system that supports and empowers you, your family and community to achieve your full health potential. A health system that is there when you need it, that is fair and that you can trust". The reform process has identified the HSE (Health Services Executive) as the Executive Arm of the Health Service. Within this process there is a clear democratic deficit which has not been addressed to date. There is a need to recognise that community participation and involvement is key in the planning, delivery and evaluation of services to ensure that the vision of the Strategy is achieved. We welcome the establishment of a Service User Involvement Group. In this context, the commitment in *Towards 2016* to establish a new mechanism for consultation with the Community and Voluntary pillar has been honoured. This mechanism needs continued development to ensure an integrated health service is achieved.

There are serious problems with the annual budget for health. In 2010 this is an especially difficult situation as the healthcare budget has been reduced dramatically. Government provides an inadequate budget each year to cover the expenditure that is required. Likewise, it provides too little investment in infrastructure now to enable the new model of health to emerge in the future. It has a 'pass the parcel' approach to the annual budget in this context with no clarity between the Department of Finance, the Department of Health and Children and the HSE on what exactly is to be delivered and how it is to be funded. A transparent and honest approach to the annual budget is required. It is important that there is clarity about the cost of each scheme and how this cost is being funded. Efficiencies are required and getting value for money is essential. However these should be targeted at areas where efficiencies can be delivered without compromising the quality of the service. Consequently, we argue that there is a need to be specific about the efficiencies that are needed and how these efficiencies are to be delivered. Within this framework it is then possible to insist, with credibility, on getting delivery in these areas.

[65] Other Disability related issues are addressed throughout this review.

Future healthcare costs

A number of the factors highlighted elsewhere in this review will have implications for the future of our healthcare system. The projected increases in population by the CSO imply that there will be many more people living in Ireland in 10-15 years time, many of whom will be of different nationalities. In this context, we recognise the development of the *National Intercultural Health Strategy 2007-2012*. One clear implication of this will be additional demand for more healthcare and more healthcare facilities. In the context of our past mistakes it is important that Ireland begin to plan for this additional demand and begin to train staff and construct facilities to cope.

As we indicated in section 3.2, on taxation, the ageing of the population over the next four decades will be an additional challenge to the provision of healthcare. Again, planning and investment is required.

Policy Proposals on Healthcare

- **Recognise the considerable health inequalities present within the Irish healthcare system and provide sufficient resources to tackle them.**

- **Give far greater priority to community care and restructure the healthcare budget accordingly. Overall, government should ensure that at least 35 per cent of the non-capital healthcare budget is allocated to community care. In the process care should be taken to ensure that the increased allocation does not go to the GMS or the drug subsidy scheme.**

- **Develop and implement targets on health status within the *NAPinclusion*.**

- **Increase the percentage of the health budget allocated to health promotion and education in partnership with all relevant stakeholders.**

- **Address the serious problems with the annual budget for health. In particular ensure that government provides an adequate budget each year to cover the expenditure required and that the Department of Finance, the Department of Health and Children and the HSE co-**

ordinate on what exactly is to be delivered and how it is to be funded. A transparent and honest approach to the annual budget is required.

- **Provide the childcare services with the additional resources necessary to effectively implement the Child Care Act.**

- **Develop nursing care of older people in their own community on the model of hospice care.**

- **Establish monitoring procedures that will ensure the criteria for admission to continuing care for the elderly in receipt of state subvention for such services are administered in a manner, which is flexible and sensitive to the needs of the population.**

- **Provide additional respite care for elderly people and people with disabilities and ensure this is not compromised by the funding provided for the Fair Deal..**

- **Resource and implement the commitment in *Towards 2016* to provide 500 primary care teams by 2011; 400 of these were due to be in place by the end of 2009.**

- **Promote equality of access and outcomes to services within the Irish healthcare system.**

- **Ensure that structural and systematic reform of the health system reflects the key principles of the Health Strategy aimed at achieving high performance, person centred, quality of care and value for money in the health service.**

- **Develop and resource mental health services, in particular by implementing the *Towards 2016* commitment and by recognising that this will play a key factor in the health status of the population.**

- **Continue to facilitate and fund a campaign to give greater attention to the issue of suicide in Irish society. In particular, focus resources on educating young people.**

- **Raise the eligibility threshold for the medical card.**

- **Implement the recommendations of the Health Service report on 'The Medical Card Scheme'.**

- **Monitor and evaluate the National Health Reform Programme to ensure equity, people-centeredness, quality and accountability for all.**

- **Enhance the process of planning and investment so that the healthcare system can cope with the increase and diversity in population and the ageing of the population projected to happen over the next few decades.**

- **Work toward universal access to primary care.**

3.7 Education and Education Disadvantage

CORE POLICY OBJECTIVE:
EDUCATION & EDUCATION DISADVANTAGE
To provide relevant education for all people throughout their lives, so that they can participate fully and meaningfully in developing themselves, their community and the wider society

Education can be an agent for social transformation. *Social Justice Ireland* believes that education can be a powerful force in counteracting inequality and poverty while recognising that, in many ways, the present education system has quite the opposite effect. Recent studies confirm the persistence of social class inequalities which are seemingly ingrained in the system. Even in the context of the increased participation and economic expansion of much of the last decade, the education system continues to mediate the vicious cycle of disadvantage and social exclusion between generations. While there are a number of programmes and initiatives to tackle educational disadvantage, many of these initiatives simply involve providing additional resources for disadvantaged schools. Our policy approach in this area is based on a belief that early school leaving is a particularly serious manifestation of wider inequality in education, which is embedded in and caused by structures in the system itself.

Expenditure on Education

Ireland's expenditure on education equalled 4.9 per cent of GDP (5.6 per cent of GNI) in 2006, the latest year for which comparable EU-wide data is available (see table 3.7.1). This compares to an EU-25 average of 5.1 per cent of GDP in that year. Over time, as national income has increased the share allocated to education has slowly increased; a fact which we strongly welcome. In 1995 expenditure on education equalled 4.4 per cent of GDP and 5.4 per cent of GNP (OECD, 2005:30).

Table 3.7.1: EU-27 expenditure on education as a percentage of GDP, 2006

Country	%	Country	%
Denmark	8.0	**IRELAND (GDP)**	**4.9**
Cyprus	7.0	Lithuania	4.8
Sweden	6.9	Estonia	4.8
Finland	6.1	Italy	4.7
Belgium	6.0	Czech Republic	4.6
Slovenia	5.7	Germany	4.4
IRELAND (GNI)	**5.6**	Spain	4.3
France	5.6	Bulgaria	4.2
United Kingdom	5.5	Slovakia	3.8
Netherlands	5.5	Luxembourg	3.4
Austria	5.4	Greece*	4.0
Hungary	5.4	Malta*	6.8
Poland	5.3	Romania*	3.5
Portugal	5.3		
Latvia	5.1	**EU 27**	**5.1**

Source: CSO (2009:48)
Notes: * Data for 2005

Using Irish data we can analyse public non-capital education expenditure per student in Ireland over the 1998-2007 period. It shows that there have been real increases at all three education levels. Table 3.7.2 shows that these changes have been 61 per cent in first level, 55 per cent for second level students and 6 per cent at third level. While a substantial proportion of these increases can be allocated to increased pay for teachers, the increase is nevertheless noticeable. The trend is also partly explained by the trend in student numbers. Between 1998/99 and 2007/08 the numbers of students in Ireland grew by 7.5 per cent at first level and declined by 7.4 per cent at second level. However, over the same period, the number of third level students increased by around 29 per cent (CSO: 2009:47). It should also be noted, however, that Ireland's young population as a proportion of total population is large by EU standards and, consequently, a higher than average spend on education might be expected.

Table 3.7.2: Ireland's non-capital public expenditure on education 1998-2007, expressed at 2006 prices

€ per pupil				
Year	**First level**	**Second level**	**Third level**	**Total expenditure €m**
1998	3,684	5,505	10,162	4,934
1999	3,820	5,605	10,425	5,055
2000	4,104	5,878	10,115	5,256
2001	4,253	6,440	10,522	5,551
2002	4,677	6,882	10,579	5,933
2003	5,108	7,387	10,394	6,323
2004	5,488	7,450	10,071	6,509
2005	5,519	7,647	10,305	6,624
2006	5,780	8,085	10,883	7,018
2007	5,930	8,531	10,745	7,333

Source: CSO, 2009:47

When viewed in an international context, the most striking feature of investment in education in Ireland, relative to other OECD and EU countries, is our comparative under-investment in primary education relative to international norms (not to mention our very limited public funding for early childhood education)[66]. Irish investment in third-level education, which is widely regarded as inadequate, is approximately at the OECD average. However, our public investment at second level and, in particular, at primary level is substantially below the OECD average and is among the lowest of all OECD countries when the expenditure is standardised as a percentage of GDP.[67]

The importance of investment in education is widely acknowledged. For individuals, the rewards from education are clear. Those with higher qualifications earn, on average, far more over their lifetime than those with lower qualifications. However, for those who do not assign great value to improving education levels in themselves, a study published by Statistics Canada shows a clear and significant association between pro-active investment in education in any period and a country's subsequent growth and labour productivity (Coulombe et al, 2004). This study, which looked at adult literacy skills of people in 14 countries who entered

[66] Budget 2009#2 proposed some reforms in the area of early childhood education and we look forward to reviewing its progress as the new scheme becomes established.
[67] See OECD (2004: 216; 2009:69-70).

the labour force in the period 1960 to 1995, identified a clear and significant association between investments in human capital in each period and a country's subsequent growth and labour productivity. Specifically, a rise of 1 per cent in literacy scores relative to the international average is associated with an eventual 2.5 per cent relative rise in labour productivity and a 1.5 per cent rise in GDP per head.

Planning for future education needs

Over the past number of years there has been minimal long-term strategic planning by the Department of Education as regards investment in education facilities at primary and secondary level. This factor was most strongly highlighted in Budget 2008 when the Government announced 'an immediate increase of €95m in funding for the Primary School Building programme'. However, it remains a worry that it is only at the end of 2007 that we began to plan for increases in child number at primary schools, starting September 2008. This is particularly the case given detailed data available from Census 2001 and 2006 which signalled these impending increases and their timing and spatial distribution.

In that context *Social Justice Ireland* believes it is important that Government, and in particular the Department of Education, pay attention to the population projections calculated by the CSO for the years to come. In its 2008 publication *Population and Labour Force Projections 2011-2041* the CSO signalled that the number of primary school children will increase from 433,900 in 2001 to almost 500,000 by 2011 and will climb further to almost 550,000 by 2016 (CSO, 2008:27, 33). In its 2008 report the CSO specifically addressed the school population issue and stated that:

> "The projected changes will directly impact on the population of school-going age. Taking the "primary" school population as being broadly represented by those aged 5-12 years, the numbers in this category are projected to increase progressively under all combinations of assumptions in the period 2006-2021…Even in the absence of migration (M0) the "primary" school going population is projected to increase by between 30,000 and 68,000 over the period 2006-2021, depending on the fertility assumption chosen" (CSO, 2008: 28).

Addressing future needs at secondary school the CSO stated:

> "The numbers of children of "secondary" school age (i.e. persons aged 13-18 years5) under all combinations of assumptions are projected to continue

to decline until 2011 and to then experience a recovery by 2016 due to the higher number of births from 2003 onwards" (CSO, 2008: 28).

Table 3.7.3 summarises the CSO's projections.[68]

Table 3.7.3: School going population, CSO projections 2011-2041

Year	Primary (ages 5-12)	Secondary (ages 13-18)
2001 (actual)	433,900	375,300
2006 (actual)	450,500	342,300
2011	497,200	337,900
2016	548,700	370,100
2021	599,500	401,500
2026	611,200	441,900
2031	583,000	463,500
2036	543,500	452,500
2041	528,500	420,500

Source: CSO (2004; 2008:27, 33) using M2F1 population projection assumption.

While it is likely that some of these projections will be reduced given the current recession, *Social Justice Ireland* believes that these increases require long-term planning and more comprehensive programmes of school expansion; rapid reactions are neither prudent nor appropriate public policy.

Literacy problems

The issue of literacy has been contentious in recent times. Some years ago an OECD survey found that a quarter of the Ireland's adult population performed at the very lowest level of literacy. More recently, the OECD found that Ireland's fifteen-year olds have the fifth best literacy rates out of 27 OECD countries. The reality appears to be that the literacy levels among Ireland's school-going population is much higher than among the population generally. But this hides a more telling fact.

A 2004 report prepared for the Department of Education examined literacy standards in disadvantaged primary schools. This report by the Education Research Centre at St Patrick's College, Drumcondra found that more than 30 per cent of

[68] Recent economic events, including the return of emigration, are likely to have some impact on these figures, in particular those for primary school numbers. However, the scale of this impact is likely to be small.

children in those schools suffer from severe literacy problems. Furthermore, it concluded that only a small minority of 12-year olds from these areas take a positive view of their own reading achievement (Eivers et al, 2004). A similar report by the same authors published in late 2005 reaffirmed these findings and also noted that in some poorer areas up to 50 per cent of pupils have literacy difficulties (Eivers et al, 2005)

Both reports highlight the two-tier pattern of Ireland's educational outcomes. Many do very well. But it is also clear that a great many are being left behind. As identified in a 2003 report by the Department of Education and Science, "the worrying tendency for educational disadvantage to cluster in specific schools/areas and to be reproduced across generations raises serious equity issues and highlights the need for effective educational interventions"(2003:7).

The Department of Educations policy for tackling literacy problems among adults is in the opinion of *Social Justice Ireland* simply unacceptable. As part of the 2007 Government *NAPinclusion* document a target for adult literacy policy was set stating that "the proportion of the population aged 16-64 with restricted literacy will be reduced to between 10%-15% by 2016, from the level of 25% found in 1997" where "restricted literacy" is defined as level 1 on the International Adult Literacy Scale. People at this level of literacy are considered to possess "very poor skills, where the individual may, for example, be unable to determine the correct amount of medicine to give a child from information printed on the package" (OECD).

As table 3.7.4 shows, in numerical terms this implies that the aim of government policy is to have "only" 301,960 adults with serious literacy difficulties in Ireland by 2016.[69]

Table 3.7.4: Irish Government Adult Literacy Target for 2016	
Adult population (under 65 yrs) in 2016	3,019,600
10% "restricted literacy" target	301,960
15% "restricted literacy" target	452,940

Source: Calculated from CSO (2008:27) using the lowest CSO population projection for 2106 – the M0F2 population projection assumption.

[68] Recent economic events, including the return of emigration, are likely to have some impact on these figures, in particular those for primary school numbers. However, the scale of this impact is likely to be small.

The question needs to be asked, how can policy aim to be so unambitious? How will these people with serious literacy problems function effectively in the economy and society that is emerging in Ireland? How can they get meaningful jobs? In reality achieving this target could only be interpreted as representing substantial and sustained failure.

Overall, *Social Justice Ireland* believes that the government's literacy target is illogical, un-ambitious and suggests a complete lack of interest in seriously addressing this problem. This is totally unacceptable in a society which, for the first time in its history, has the resources to tackle these problems effectively and comprehensively. This target on literacy should be revised downwards dramatically and the necessary resources committed to ensuring that the revised target is met. *Social Justice Ireland* believes that the government should adopt a new and more ambitious target of:

> reducing the proportion of the population aged 16-64 with restricted literacy to 5 per cent by 2016; and to 3 per cent by 2020.

This will still leave approximately 150,000 adults without basic literacy levels in 2016. However, this target is a more ambitious and realistic in the context of the future social and economic development of Ireland.

Early school leaving and unemployment

Socio-economic background is closely linked to early school leaving as a high proportion of early school leavers come from semi-skilled and unskilled manual backgrounds. Employment opportunities and earning power are linked generally to level of education attained. People with no qualifications are more likely to be unemployed and if employed are less likely to gain promotion in their careers. As the analysis in section 3.1 of the review has show, they are also more likely to be experiencing poverty. Even in the context of increased participation, the education system continues to mediate the transmission of disadvantage and social exclusion between generations.

Table 3.7.5: Early school leavers by labour force status and sex, 2007

Labour force status	Persons	Males	Females
In employment	27,200	19,800	7,400
Unemployed	8,300	6,300	2,000
Unemployment rate of early school leavers (%)	23.4	24.1	21.3

Source: CSO, 2008:52

The unemployment rate for persons in Ireland aged 18-24 with, at most, lower second level education (and not in further education or training) was 8.4 per cent in 2007. Since then it is likely to have increased further. The significantly higher risk of unemployment attached to early school leaving underscores the need to give greater focus to this issue. Continued high rates of early school leaving will lead to the growth of a substantial group of people permanently excluded from the benefits of Irish society in the decades ahead. According to the CSO the proportion of persons aged 18-24 who left school with, at most, lower second level education in Ireland, was 12.3 per cent in 2006 (CSO 2008:52).

In recent studies both the ESRI and the National Education Welfare Board (NEWB) has indicated that 800-1,000 children each year fail to make the transition from primary to secondary school. Retention from lower to upper second level is currently roughly 83 per cent through schooling (therefore 17 per cent are early school leavers). The CSO figures quoted above suggest that further education and training opportunities are bringing a further 4-5 per cent of the cohort up to a level of or equivalent to 'at least upper second level' by the time they reach 20 to 24 years old, which is encouraging but serves to illustrate the scale of the problem that remains.

Government has invested heavily in trying to secure a school-based solution to this problem such as the NEWB. It may well be time to try alternative approaches aimed at ensuring that people in this cohort attain the skills required to progress in the future.

Key issues: Early childhood education

Budget 2009 #2 made a commitment that Government will introduce an early childhood education scheme. In the past the issue of early childhood education has not had a high profile within Ireland's policy development processes. However, this situation has changed in recent years with the growing realisation of the importance of early education for children. Nowadays the benefits of early education are acknowledged as studies show that it helps to determine how long children stay in school and how quickly they will find employment after leaving school. This requires a greater emphasis and additional resources within the Irish education system if the high non-completion rates outlined above are to be addressed successfully. We welcome the recent moves in this direction and encourage Government to promote this scheme in a way which ensures it is accessible, appropriately resourced and monitored.

Key issues: Lifelong learning

One of the basic principles that should underpin lifelong learning is the democratic one of equality of status as people. Access in adult life to desirable employment and choices is closely linked to level of educational attainment. Equal political rights cannot exist where some are socially excluded and educationally disadvantaged. The lifelong opportunities of those who are educationally disadvantaged are in sharp contrast to the opportunities for meaningful participation of those who have completed a second or third level education. Therefore, lifelong education should be seen as a basic need. In this context, second chance education and continuing education are vitally important and require ongoing support.

Access to educational opportunity and meaningful participation in the system together with access to successful outcomes is central to the democratic delivery of education. This is not to suggest a one-menu approach for everyone; rather it posits a variety of channels leading to parity of esteem. Equally it does not suppose a similar timeframe for the completion of a particular phase of education for everyone. Such a vision mirrors the stated policy of the White Paper on Adult Education and Lifelong Learning (2000), which sought to develop a strategic and targeted response which is co-ordinated within itself and with other sectors. This strategy would also enable progressive movement between education/home/work as a prelude to the development of mass provision. However, certain priority groups would be targeted initially and in the future in the interests of social inclusion and economic efficiency.

Within this context it is important to emphasise that people should not be seen as failures if they choose not to progress to third level on successful completion of second level education. This is a fundamentally different issue to the failure to complete second level education. It should be acknowledged that it is perfectly acceptable for young people to take alternative pathways to adult self-reliance and participation in the labour market. However, this suggests that people who take this approach should have access (for education and training purposes) to the resources that would otherwise have been spent on them by the state if they had gone into full-time third level education directly from school. An initiative along these lines is required. The exchequer invests 2.5 times more money per capita in the education of those who complete three years of third-level education than it does for those who leave school before the completion of post-primary education. In the light of the barriers to educational participation of the more disadvantaged people, especially at post-school level, a basic educational allowance for full-time and part-time education should be available to each person between the ages of eighteen and forty who does not proceed to third level from school. Eligible parties seeking re-entry to second chance education at all levels could draw upon such monies on demand for educational courses. Such an initiative could serve to increase access over an extended period for people currently disadvantaged by financial constraints and third-level structures. In this way, a culture of access to continuing lifelong educational opportunity might become the norm. The right to equality of educational opportunity has long been accepted both by individuals and by the state. This concept of equality of educational opportunity implies equality of educational funding by the state for its citizens. Such funding is, in fact, an issue of rights, of equality, of social inclusion and of citizenship. It should be additional to funding for educationally disadvantaged, socially excluded and marginalised people. Also, it should be additional to funding provided to respond to educational disadvantage through the home and the community.

Additional resources required

The Irish public has consistently favoured a situation where government meets all the costs of first and second level education. There is also strong support for government supporting additional educational spending on children with learning difficulties. Likewise there is strong support for government providing the necessary support to ensure there are alternative pathways for those who fail to complete second level education. Government should act on this support and provide the required financing on condition that it can be shown that value is being got for the money invested.

There is also a need that funding should be secured for early childhood education and for lifelong education. It is clear that substantial additional funding will be required to support these areas in the years ahead.

Education is widely recognised as crucial to the achievement of our national objectives of economic competitiveness, social inclusion and active citizenship. However, the overall levels of public funding for education in Ireland are out-of-step with our social and economic aspirations. This under-funding is most severe in the early years of education and in the area of second-chance education – the very areas that are most vital in terms of the promotion of greater equity and fairness.

Policy Proposals on Education and Education Disadvantage

- **Make access to ongoing educational opportunity the norm. To this end:**
  - **Ensure quality childcare and pre-school education, preferably in a community setting.**
  - **Ensure meaningful participation in education up to the end of second level.**
  - **Prioritise access to education for those outside the formal school system by the provision of user friendly structures and systems which enable success.**
  - **Increase the resources available for adult education.**

- **Adopt a new and more ambitious adult literacy target.**

- **Significantly increase the funding provided to address literacy problems including the funding provided to the National Adult Literacy Agency (NALA).**

- **Introduce a Basic Educational Allowance for full-time and part-time education for each person between ages 18 and 40 who does not proceed to third level from school.**

- **Target resources to address the problem of early school leaving and thereby minimise the future costs (for the individual and society) of this problem.**

- **Provide the necessary resources to ensure relevant education is available to migrants, Travellers, people with a disability and other vulnerable groups.**

- **Ensure the right to self-realisation and equal participation in society by**
  - **widening access to back-to-education initiatives**
  - **improved student support for the educationally disadvantaged**
  - **the provision of a basic educational investment allowance**
  - **work-linked and full-time literacy initiatives.**

3.8 Intercultural & Migration Issues

CORE POLICY OBJECTIVE:
INTERCULTURAL & MIGRATION ISSUES

To ensure that all people can contribute to developing the underpinning values and meaning of society and can have their own cultures respected in this process, and to ensure that Ireland is open to welcoming people from different cultures and traditions in a way that is consistent with our history, our obligations as world citizens and with our economic status

Respect for and recognition of their culture represents an important right of people within every society. Culture is defined by UNESCO as "the whole complex of distinctive spiritual, material, intellectual and emotional features that characterise a society or social group. It includes not only the arts and letters, but also modes of life, the fundamental rights of the human being, value systems, traditions and beliefs".

Many people in Ireland today – particularly Travellers, immigrants, refugees and asylum-seekers among others – do not experience a society where the majority population respects their cultures. In fact, as we become more racially diverse, it becomes evident that Irish society is capable of being as racist as any of our European neighbours who live in mixed racial societies. Government policy should encourage the creation of a multi-racial, inclusive society.[70] The establishment of the office of the Minister of State for Integration was a welcome move in this direction. However, more progress is needed in this area.

The Key Challenge of Integration

The rapid internationalisation of the Irish population in recent years presents this country with a key challenge - that of avoiding the mistakes made by many other countries through integrating rather than isolating these new migrant populations. Immigrants make up approximately ten per cent of the Irish labour force a figure that is unlikely to change significantly over the next few years, even when account is taken of emigration levels. The aforementioned CSO population projections (see section 2) also suggest that the immigrant population will continue to expand over

[70] Issues concerning migrant workers are dealt with in section 3.3.

forthcoming decades once the national and international economies have recovered. *Social Justice Ireland* believes that this is a major policy agenda and one that requires immediate attention. Some of this can be addressed by commitments in the national partnership agreement, *Towards 2016*, to establish a new framework to address the broader issue of integration policy.

It is worth noting the comments of President McAleese on this issue; delivered in a speech to the British Council in London in March 2007. There she stated that "drawing these newcomers deeply and happily into every facet of Irish society is one of the most important social issues we face over the next few decades…As one of the world's great exporters of people, as a culture steeped in the emigrant experience, we have both the challenge now, and the chance, to make the emigrant experience in Ireland something to be truly proud of".

Despite the fact that we have focused principally on the problems facing refugees, asylum-seekers and migrants, it is important to recognise that other groups, such as Travellers, also require their culture to be respected as of right.[71] Implementation of the recommendations of the Task Force on the Travelling People has progressed with the establishment of the structures recommended by the report. However, it is now very important to ensure that the recommendations of the report are fully implemented.

Migrant Workers

Asylum-seekers are not the only foreigners who have come to Ireland in numbers over recent years. Many Irish companies recruited staff from abroad and various assessments of the performance of the Irish economy over the past decade have identified the input of these workers as of importance to the achievement of our economic growth over the period up to 2008. Others arrived here from new EU member states and many other countries. Without this increased number of skilled workers from outside Ireland, our economy would not have sustained its high growth rates during those years.

A key requirement in this context is the need to integrate immigration policy with refugee and asylum-seeking policy. It also requires a recognition and acceptance of the importance of equality of respect and esteem in this area. We also note the need for more detailed information on the number of migrant workers living in Ireland. It is generally accepted that the Census 2006 figures were likely to be an

[71] We have addressed other issues concerning Travellers in a number of other sections of this review.

underestimate of the true picture – for example the Census found that there were 63,276 Poles when the figure is generally accepted to be around 100,000 and it also reported that there were 16,633 Chinese when the figure is likely to be between 60,000 and 100,000. We welcome the *Towards 2016* commitment to dedicate resources to investigating further the size of these groups and we look forward to its results. While some members of these communities have left and are likely to leave over the next year or two, the provision of this information is important for the policy formation process and will be a challenge for Census 2011

Refugees and Asylum Seekers

For many years across the world the number of refugees forced to flee from their own countries in order to escape war, persecution and abuses of human rights was declining. In its most recent report the United Nations High Commission for Refugees (UNHCR) signalled a sizeable reversal of this trend. By the end of 2008, the latest period for which comprehensive statistics are available, the total population of concern to UNHCR was estimated at 42 million persons, including 15.2 million refugees; 827,000 asylum-seekers; 604,000 refugees who had repatriated during 2008; and 26 million internally displaced persons (IDPs) protected/assisted by UNHCR (UNHCR, 2009).

Irish people have a long tradition of solidarity with peoples facing oppression within their own countries, but that tradition is not reflected in our policies towards refugees and asylum-seekers. *Social Justice Ireland* believes that Ireland should use its position in international forums to highlight the causes of the displacement of peoples. In particular Ireland should use these forums to challenge the production, sale and free access to arms and the implements of torture.

Table 3.8.1 shows how the number of asylum-seekers in Ireland increased between 1992 and 2002. Since then the numbers declined and in 2009 they dropped below 3,000 for the first time in more than a decade. The main countries of origin of the 2009 applicants were Nigeria (21.2 per cent), Pakistan (9.6 per cent), China (7.2 per cent), DR Congo (3.8 per cent) and Zimbabwe (3.4 per cent).

The figures for asylum-seekers in 2002 represented the highest number of applications on record. In response the government amended the 1996 Refugee Act and created two independent statutory offices for the processing of asylum applications: the Refugee Applications Commissioner and the Refugee Appeals Tribunal. Additional staff and resources have been allocated to speed up the processing times for asylum applications; however the delay for some applicants is still considerable. The Refugee Legal Service has also been given more staff and resources.

Table 3.8.1: Applications for asylum in Ireland, 1992-2009

Year	Number	Year	Number
1992	39	2001	10,325
1993	91	2002	11,634
1994	362	2003	7,900
1995	424	2004	4,766
1996	1,179	2005	4,323
1997	3,883	2006	4,314
1998	4,626	2007	3,985
1999	7,724	2008	3,866
2000	10,938	2009	2,689

Source: Office of the Refugee Applications Commissioner Monthly Statistics (January, 2010).

While asylum-seekers are assigned initial accommodation in Dublin, most are subsequently allocated accommodation at locations outside Dublin, pending completion of the asylum-seeking process. The Reception and Integration Agency (RIA) was established to perform this task. As of December 2009 RIA had 54 accommodation centres including two reception centres across Ireland. A total of 6,494 people were resident in these centres (RIA, 2009: 14-15).

The policy of "direct provision" employed in almost all of these centres results in these asylum-seekers receiving accommodation and board, together with €19.10 per week per adult and €9.60 per child. *Social Justice Ireland* believes that this is an inadequate amount of money. Furthermore, over time this sum has remained unchanged and its value has therefore been eroded by inflation. To assess the impact of inflation on the real value of these payments table 3.8.2 calculates the decreasing buying power of these sums since the introduction of the euro currency on January 1st 2002. Prior to the arrival of the euro payments equalled £15 per week per adult and £7.50 per week per child.

Table 3.8.2: The Real Value of Direct Provision Payments, 2002-2009				
Year	**Inflation rate**	**Real Adult Value**	**Real Child Value**	**% devaluation versus 2002**
Start	2002	**€19.10**	**€9.60**	-
2002	4.6%	€18.22	€9.16	4.60%
2003	3.5%	€17.58	€8.84	7.94%
2004	2.2%	€17.20	€8.64	9.96%
2005	2.5%	€16.77	€8.43	12.22%
2006	4.0%	€16.10	€8.09	15.73%
2007	4.9%	€15.31	€7.69	19.86%
2008	4.1%	€14.68	€7.38	23.14%
2009	-4.5%	€15.34	€7.71	19.68%

Source: Calculated from CSO (2010:2)

Over these eight years inflation has decreased the buying power of these payments by over 19 per cent. Even if there is some justification for such a small income support payment for these asylum-seekers receiving accommodation and board it is incomprehensible that it should be allowed to constantly decrease in real terms year after year. *Social Justice Ireland* believes that these direct provision payments should be increased immediately to at least €65 a week for an adult and €38 for a child. The change would have minimal cost and provide some small improvements in the subsistence life being lead by these asylum-seekers.

Ireland has both a moral and legal responsibility towards refugees and asylum-seekers. As a nation whose own people have themselves experienced the pain of emigration in the past, we should be to the forefront in implementing our obligations under the 1951 UN Geneva Convention relating to the Status of Refugees. The non-governmental organisations (NGOs), already playing a major role in addressing the many issues that arise in this context, should be resourced to continue and develop their work.

Asylum-seekers are among the most excluded and marginalised in Ireland, yet they are treated in a very unjust way by Irish society. The single most important issue in this context is the fact that they are denied access to employment. Consequently we propose that asylum-seekers who currently are not entitled to take up employment should be allowed to do so with immediate effect. Removing this restriction would have a major impact on reducing their poverty and exclusion. In this context we regret the ending of the FAS asylum seekers project with no replacement giving entry to the labour market.

Policy Proposals on Intercultural & Migration Issues

- **Develop and resource a cultural policy which involves a dynamic conserving of traditions and beliefs, while also developing a vision for the future which incorporates hope, confidence and involvement.**

- **Implement the commitment in *Towards 2016* to establish a new framework to address the broader issue of integration policy. In doing so recognise that this is a key policy objective necessary for the long term wellbeing and stability of Irish society.**

- **Recognise the right to work of all asylum-seekers whose application for asylum is at least six-months old (and who are not entitled to take up employment).**

- **Provide fully resourced language training for migrants and asylum-seekers.**

- **Give special consideration to gender and cultural sensitivities of migrants and asylum-seekers.**

- **Ensure proper protection and care of minors, while safeguarding their rights and the integrity of the migration and asylum processes.**

- **Give to asylum-seekers on 'direct provision' who are more than six months awaiting the processing of their application, equal rights to accommodation and other social welfare provision, in line with the rights enjoyed by other Irish residents.**

- **Immediately increase the weekly allowance allocated to asylum-seekers on 'direct provision' to at least €65 a week for an adult and €38 for a child.**

- **Increase the winter and summer clothing allowance for asylum seekers to €200 paid twice a year (€400 in total).**

- **Provide access to free full-time education, certified courses and public health education for migrants and asylum-seekers.**

- **Ensure that appropriate measures are taken to address the trafficking of women and children for sexual exploitation.**

- **Recognise that prostitution is violence in its own right.**

- **Government should argue that the production and sale of arms and instruments of torture be curtailed and should lobby for the elimination of child soldiers.**

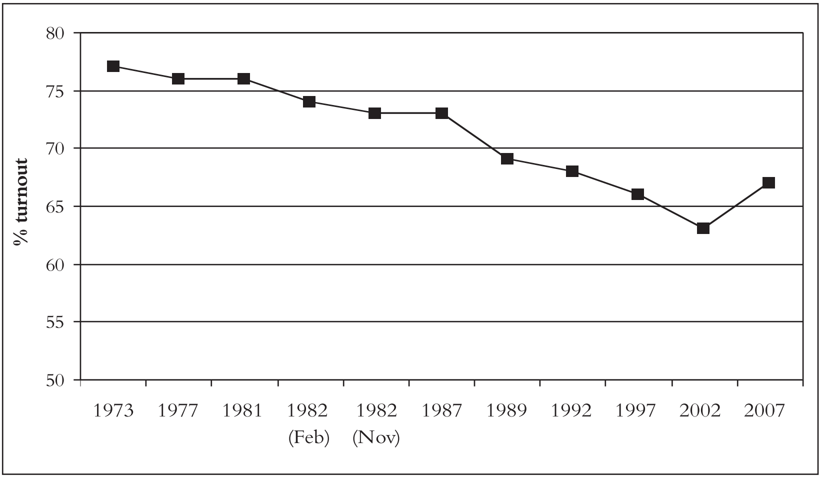
3.9 Participation

CORE POLICY OBJECTIVE: PARTICIPATION

To ensure that all people have a genuine voice in shaping the decisions that affect them and to ensure that all people can contribute to the development of society

The changing nature of democracy has raised many questions for policy-makers and others concerned about the issue of participation. Decisions often appear to be made without any real involvement of the many affected by the decisions' outcomes. Voter apathy is widespread and as chart 3.9.1 shows turnout has been falling over much of the last three decades. The 2007 turnout, at 67 per cent, was an improvement on the historically low 2002 figure. However, it still remains someway below the average turnout achieved by other European countries at 72 per cent (CSO, 2003:36).[72]

Chart 3.9.1: Percentage turnout in Irish General Elections, 1973-2007.



Source: CSO (2003:36) and Department of Environment, Heritage and Local Government (2007).

[72] The 2006 review of the accuracy of the electoral register may suggest that these official figures are somewhat understated.

An insight into how people regard the electoral process was revealed by the results of a CSO quarterly national household survey module on voter participation and abstention issued in April 2003. It examined participation in the May 2002 general election and found high levels of non-participation among young people.[73] Just over 40 per cent of those aged 18-19 and only 53 per cent of those aged 20-24 years voted in the 2002 election. This contrasts with participation figures of well above 80 per cent for older voters aged over 65.

The survey also examined why people did not participate in the election and found that 20.4 per cent of non-voters said they had "no interest"; 10.6 per cent were "disillusioned" with politics; 3.7 per cent felt that their "vote would make no difference"; and 2.9 per cent were "lacking understanding/information" and so did not vote. Other reasons for not voting were: *not registered* (21.8 per cent); *away* (15.6 per cent); *too busy* (8.5 per cent); *illness/disability* (6 per cent); *no polling card* (3.8 per cent); and *lack of transport* (1.3 per cent). Across the age groups young people were more likely to be *not registered* and *not interested* (CSO, 2003:5). Finally the survey also found that it is those people who participate least in other areas of society (employment, voluntary groups, organisations) that do not participate in elections.

The implications of these findings suggest that many people, especially young people, have little confidence in the political process. They are disillusioned because the political process fails to involve them in any real way, while also failing to address many of their core concerns. Transparency and accountability are demanded but rarely delivered. A new approach is clearly needed to address this issue.

An agreed forum and structure for argument on issues on which people disagree is a need that is becoming more obvious as political and mass communication systems develop. Most people are not involved in the processes that produce plans and decisions which affect their lives. They know that they are being presented with a *fait accompli*. More critically, they realise that they and their families will be forced to live with the consequences of the decisions taken. A lack of structures and systems to involve people in the decision-making process results in the exclusion and alienation of large sections of society. It causes and maintains inequality.

Any exclusion of people from debate on the issues that affect them is suspect. Such exclusion leaves those responsible for it open to charges concerning the arbitrary use of power. Some of the decision-making structures of our society and of our

[73] A similar study was not carried out following the 2007 General Election.

world allow people to be represented in the decision-making process. However, almost all of these structures fail to provide genuine participation for most people affected by their decisions. Our society and the world in which we live need decision-making structures that enable participation.

Real participation by all is essential if society is to develop and, in practice, to maintain principles guaranteeing satisfaction of basic needs, respect for others as equals, economic equality, and religious, social, sexual and ethnic equality. Modern means of communication and information make it relatively easy to involve people in dialogue and decision-making. It is a question of political will - will the groups who have the power share it with others?

Some progress has been made in recent years. At local government level the development of Community Forums, Strategic Policy Committees and County/City Development Boards are moves in this direction. So also are developments in social partnership at national level, most importantly the creation in 1996 of the fourth pillar of social partners to represent the community and voluntary sector. This was a welcome initiative and much appreciated by the groups concerned. However, much remains to be done in this area and deeper issues need to be addressed.

Task Force on Active Citizenship

The Task Force on Active Citizenship was established in 2006. It was asked to recommend measures which could become part of public policy to facilitate and encourage a greater degree of engagement by citizens in all aspects of life and the growth and development of voluntary organisations as part of a strong civic culture. Its final report, published in March 2007, provided a total of 25 broad ranging recommendations for enhancing citizen's participation in all aspects of Irish life. *Social Justice Ireland* considers this an important report and we note the *Towards 2016* commitment that, arising from the work of this Task Force, consideration will be given to the development of appropriate measures and indicators of social capital, and to future approaches in relation to citizenship education and voter participation. We believe that it is now an opportune time for the development of these much needed indicators.

A forum for dialogue on civil society issues

An issue that is contributing to disillusionment with the political process concerns the range of civil society issues that are of major concern to large numbers of people. These are issues that many people feel are not being addressed adequately;

insofar as a discussion or debate does take place, they feel that they are not allowed to participate in any real way.

Social partnership, as we have pointed out, is one process aimed at improving the participation of various sectors in Ireland. However, it is in danger of being overloaded. The various social partners in the five pillars of social partnership – employers, trades unions, farmers, environmental organisations and the community and voluntary pillar – represent large segments of Irish society. However, they do not represent, nor do they claim to represent, all of Irish society. In fact the case is made, with some legitimacy, that none of these social partners represents their own entire sector.

The development of a new forum within which a civil society debate could be conducted on an ongoing basis would be a welcome addition to the political landscape in Ireland. Such a forum could make a major contribution to improving participation by a wide range of groups in Irish society.

Establishment of such a forum would ensure that civil society issues were not being loaded onto the already extensive work of social partnership in the socio-economic area. It would also be complementary to the work of the National Economic and Social Council which already has an extensive agenda.

Social Justice Ireland proposes that government authorise and resource an initiative to identify how a civil society debate could be developed and maintained in an ongoing way in Ireland, and to examine how it might connect to the growing debate at European level around civil society issues.

There are many issues such a forum could address. One such issue that comes to mind, given recent developments in Ireland, is the issue of citizenship, its rights, responsibilities, possibilities and limitations in the twenty-first century. Another topical issue is the shape of the social model Ireland wishes to develop in the decades ahead. Do we follow a European model or an American one? Or do we want to create an alternative – and, if so, what shape would it have and how could it be delivered? The issues a civil society forum could address are many and varied. Ireland would benefit immensely from having such a forum.[74]

[74] For a further discussion of this issue see Healy and Reynolds (2003:191-197).

Impact on the democratic process

Would a civil society forum and a new social contract against exclusion take from the democratic process? Democracy means "rule by the people". This implies that people participate in shaping the decisions that affect them most closely. What we have, in practice, is a highly centralised government in which we are "represented" by professional politicians. The more powerful a political party becomes, the more distant it seems to become from the electorate. Party policies on a range of major issues are often difficult to discern. Backbenchers have little control over, or influence on, government ministers, opposition spokespersons or shadow cabinets. Even within the cabinet some ministers seem to be able to ignore their cabinet colleagues.

The democratic process has certainly benefited from the participation of various sectors in other arenas such as social partnership. It would also benefit from taking up the proposals to develop a new social contract against exclusion and a new forum for dialogue on civil society issues.

The decline in participation is exacerbated by the primacy given to the market by so many analysts, commentators, policy-makers and politicians. Many people feel that their views or comments are ignored or patronised, while the views of those who see the market as solving most if not all of society's problems are treated with the greatest respect.

Markets have a major role to play. But it needs to be honestly acknowledged that markets produce very mixed results when left to their own devices. In terms of many policy goals, they are extremely limited. Consequently other mechanisms are required to ensure that some re-balancing, at least, is achieved. The mechanisms proposed here simply aim to be positive in improving participation in a twenty-first century society.

Supporting the Community and Voluntary Sector

An important development emerging from the *Towards 2016* national agreement saw the government acknowledge the important role of the community and voluntary sector in service provision. The agreement signalled an increase in funding for the sector. It also noted that the Government is committed to appropriately resourcing the sector into the future and that it remains committed to the principle of providing multi-annual statutory funding. These were welcome commitments. However, the thrust of policy in *Towards 2016* has been reversed.

The national agreement *Towards 2016* committed the Government to provide the following specific additional supports to the sector:

- The Community Services Programme + €30m by 2009.
- Increased funding of €5m per annum to support volunteering.
- Increased funding of €10m per annum to support the C & V Sector, including the costs arising from contributing to evidence based policy making, over and above normal activities and programmes.

However, the failure of the *NAPinclusion* to deliver new funding for the Community and Voluntary sector on the scale required raised serious questions concerning Government's commitment to honour the terms of the national agreement. An additional €200m had been sought by the C&V Pillar of social partners as part replacement for the money taken out of the sector with the reduction in the number of places on the Community Employment scheme (which followed the fall in unemployment) in previous years. A commitment to additional funding on this scale is essential to legitimate Government bona fides in this area. Instead. recent Budgets have seen a major reduction in the funding available to the C&V sector. At the very moment that economic pressures placed increasing demands on the sector, Government reduced the funding being made available.

Policy Proposals on Participation

- **Establish and resource a forum for dialogue on civil society issues. This initiative should identify how a civil society debate could be developed and maintained in an ongoing way in Ireland and should examine how it might connect to the growing debate at European level around civil society issues.**

- **Ensure that Strategic Policy Committees (SPC), County Development Boards (CDB) and Community Forums strengthen participation at local level.**

- **Resource the ongoing participation of the community and voluntary sector in both the CDB and SPC structures.**

- **Significantly increase the funding to C&V sector organisations providing services and facilitating participation at national and local level.**

- **Ensure that there is real and effective monitoring of policy implementation. Involve a wide range of perspectives in this process, thus ensuring inclusion of the experience of those currently excluded.**

- **Resource voter education programmes for young people and socially excluded people.**

- **Implement the recommendations of the Task Force on Active Citizenship.**

- **Strengthen the mechanisms of engagement between the state and the C&V sector.**

3.10 Sustainability

CORE POLICY OBJECTIVE: SUSTAINABILITY

To ensure that all development is socially, economically and environmentally sustainable

Sustainability is a crucial issue for people and the environment in the 21st century. Too often, however, sustainability is defined in terms that are too narrow. Sustainability is about a range of issues including environmental, economic and social. To complement the economic and social analysis elsewhere in this publication, this section focuses first on promoting sustainable development before then turning to assess environmental issues.

(a) Promoting Sustainable Development

The search for a humane, sustainable model of development has gained momentum in recent times. After years of people believing that markets and market forces would produce a better life for everyone, major problems and unintended side-effects have raised questions and doubts. There is a growing awareness that sustainability must be a constant factor in all development, whether social, economic or environmental.

This fact was reiterated by Kofi Annan, the Secretary-General of the United Nations, at the opening of the World Summit on Sustainable Development in Johannesburg, South Africa (September 2002). There he stated that the aim of the conference was

> to bring home the uncomfortable truth that the model of development that has prevailed for so long has been fruitful for the few, but flawed for the many.

And he further added that

> the world today, facing the twin challenges of poverty and pollution, needs to usher in a season of transformation and stewardship – a season in which we make a long overdue investment in a secure future.

Sustainable development has been defined in many different ways. Perhaps the best-known definition is that contained in *Our Common Future* (World Commission on Environment and Development, 1987:43):

> development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

It is crucial that the issues of environmental, economic and social sustainability be firmly at the core of the decision making process.

The need for shadow national accounts

Conventional economic models of development or progress fail to meet the needs of millions and millions of people on this planet today. This failure is evident even within better-off countries such as Ireland. These conventional economic models also compromise the ability of future generations to meet their needs. As this becomes more evident, there is a growing demand worldwide to find new models that will conserve the planet and its resources and empower people to meet their own needs and the needs of others.

Central to any model of development which has sustainability at its core must be a realisation of the need to move away from money-measured growth, as the principal economic target and measure of success, towards sustainability in terms of real-life social, environmental and economic variables. Already within mainstream decision-making, this realisation has begun to have some impact. This can be seen, for example, in the growing awareness that environmental taxation should be recognised as a key policy instrument in dealing with environmental concerns. Public concern in the area of genetically modified (GM) food stands as another example. In the context of income and social welfare policy, the increasing recognition of the benefits of a basic income are a further example of the same search for policies that will be sustainable into the future (see section 3.1(d)). The growing demand for the recognition of unpaid work being done in society stands as yet another example. As can be seen from these examples, however, there is a long way to go before Ireland or the EU can claim to have placed sustainability at the centre of their development models.

A central initiative in this context should be the development of "satellite" or "shadow" national accounts. Our present national accounts miss fundamentals such as environmental sustainability. Their emphasis is on GNP/GDP as scorecards of wealth and progress. These measures, which came into widespread use during World War II, more or less ignore the environment, and completely ignore unpaid work. Only money transactions are tracked. Ironically, while environmental depletion is ignored, the environmental costs of dealing with the effects of economic growth, such as cleaning up pollution or coping with the felling of rain forests, are added to, rather than subtracted from, GNP/GDP. New scorecards are needed.

Already a number of alternative scorecards exist, such as the United Nations' Human Development Index (HDI), former World Bank economist Herman Daly's Index of Sustainable Economic Welfare (ISEW) and Hazel Henderson's Country Futures Index (CFI). A 2002 study by Wackernagel et al presented the first systematic attempt to calculate how human demands on the environment are matched by its capacity to cope. It found that we currently use 120 per cent of what the earth can provide sustainably each year.

In the environmental context it is crucial that dominant economic models are challenged on (among other things) their assumptions that nature's capital (clean air, water and environment) are essentially free and inexhaustible; that scarce resources can always be substituted; and that the planet can continue absorbing human and industrial wastes which most economists tend to downplay as externalities.

Some governments have picked up on these issues, especially in the environmental area. They have begun to develop "satellite" or "shadow" national accounts, which include items not traditionally measured. *Towards 2016* commits the Irish government to examine the application of satellite accounts in the area of environmental sustainability. *Social Justice Ireland* welcomed this development which was scheduled to occur during 2007. However, to date this process has not happened. We strongly urge government to deliver on this commitment during 2010.

Principles to underpin sustainable development

Principles to underpin sustainable development have been suggested in a report for the European Commission prepared by James Robertson in May 1997. Entitled *The New Economics of Sustainable Development*, the report argues that these principles would include the following:

- systematic empowerment of people (as opposed to making and keeping them dependent) as the basis for people-centred development

- systematic conservation of resources and environment as the basis for environmentally sustainable development
- evolution from a "wealth of nations" model of economic life to a "one-world" economic system
- evolution from today's international economy to an ecologically sustainable, decentralising, multi-level one-world economic system
- restoration of political and ethical factors to a central place in economic life and thought
- respect for qualitative values, not just quantitative values
- respect for feminine values, not just masculine ones.

At first glance, these might not appear to be the concrete guidelines that policy-makers so often seek. Yet they are principles that are relevant to every area of economic life. They also apply to every level of life, ranging from personal and household to global issues. They impact on lifestyle choices and organisational goals. If these principles were applied to every area, level and feature of economic life they would provide a comprehensive checklist for a systematic policy review.

It is also important that any programme for sustainable development should take a realistic view of human nature, recognising that people are altruistic and selfish, co-operative and competitive. Consequently it is important to develop the economic system to reward activities that are socially and environmentally benign (and not the reverse, as at present). This in turn would make it easier for people and organisations to make choices that are socially and environmentally responsible. A simple example is the tax on plastic bags. It shows how quickly people can and will change. In just one week some retail outlets were reporting a 90 per cent reduction in the use of plastic bags. Overall the Department of Environment and Local Government estimated that usage had declined by 95 per cent (approximately one billion bags) in 2002. Since then there has been some increase in usage despite an increase in the levy. This highlights the need to sustain the effort required in relevant areas to ensure the need for sustainable development is recognised and pursued.

Any programme for sustainable development has implications for public spending. In addressing this issue it needs to be understood that public expenditure programmes and taxes provide a framework which helps to shape market prices, rewards some kinds of activities and penalises others. Within this framework there are other areas which are not supported by public expenditure or are not taxed. This framework should be developed to encourage economic efficiency and enterprise, social equity and environmental sustainability. Systematic reviews should be carried out and published on the sustainability effects of all public subsidies and other relevant public expenditure and tax differentials. Such reviews could then lead to the elimination of subsidies that favour unsustainable development. Systematic reviews should also be carried out and published on the possibilities for re-orientating public spending programmes, with the aim of preventing and reducing social and environmental problems.

Monitoring sustainable development: some problems

Two studies have highlighted the lack of socio-economic and environmental data in Ireland required to assess trends in sustainable development. A chapter by Carrie in the Feasta review (2005) focused on the lack of long-run socio-economic data on issues such as education participation, crime and healthcare. Another paper by Scott (ESRI, 2005) outlined the empirical and methodological gaps which continue to impede the incorporation of sustainable development issues into public policy making and assessment. It is only through a sustained commitment to data collection in all of these areas that these deficiencies will be addressed. We welcome recent developments in this area, particularly at the CSO, and look forward to all of these data impediments being removed in the years the come.

(b) Environmental Issues

Our environment is a priceless asset. Its protection is of major importance not just to current times but also to the generations that will follow us. However, the environment is regularly taken for granted; it is often mistreated and excessively exploited. We start this section with a brief overview of some key environmental facts about Ireland. Then, we examine a number of environmental issues that are of concern at this time.

Ireland: some key environmental facts

Three recent publications offer some very interesting figures on environmental issues and policies in Ireland. They are: *Measuring Ireland's Progress 2008* (CSO 2009a); *The Statistical Yearbook of Ireland 2009* (CSO 2009b); and *Ireland's Environment 2008* (Environmental Protection Agency, 2008a). While it is only possible to assess a fraction of the issues covered by these documents, .the following are among the key figures reported in these documents:

- Smoke pollution in Dublin, Cork and Limerick has decreased significantly since the introduction of legal restrictions on the sale of non-smokeless coals (CSO 2008a: 68). Dublin, Cork, and 21 other Irish towns now record pollution levels below the EU limits. Dublin last exceeded the limit in the period of 1997-1999, while Cork and the sample of other Irish towns have not done so in the years for which data are available (from 2000) (CSO 2009a:68).

- The number of private cars in Ireland per 1,000 population aged 15 and over has increased from 403 in 1997 to 545 in 2007. The EU average (excluding the UK and Greece) is 497 cars per 1,000 population (15 years +) (CSO 2009a: 71). In 1997 93.1 per cent of all inland freight was transported by road (CSO 2008a: 72). This increased to 99.3 per cent in 2007, 22.8 percentage points higher than the EU-27 average.
- There were 730,494 hectares of afforested land in Ireland in 2008. This represents a gain of almost 6,248 hectares on 2007 and an increase of 51.8 per cent since 1990 (CSO 2009b: 327).
- In 2007 trees removed 1,518 kilotonnes of CO_2 from the Irish atmosphere while road transport created 13,755 kilotonnes (CSO 2009b: 327-328).
- 'Acid rain precursor emissions' have decreased by 44.8 per cent between 1990 and 2007 (CSO, 2009b: 331).
- Oil and gas accounted for 82.1 per cent of Ireland's energy supply in 2007 (CSO, 2009b: 329).
- Renewable energy only provides 2.9 per cent of Ireland's electricity generation needs (CSO, 2009b: 329)

In 2007, 42.9 per cent of Ireland's energy demands derived from transport, 22 per cent from residential households, 20.3 per cent from industry, 12.6 per cent from agriculture and 12.6 per cent from the service sector (CSO 2009b: 329).

(i) Waste disposal and recycling

Household and commercial waste has increased by over 38.2 per cent in volume between 2001 and 2007 (CSO, 2009b). Ireland produced almost 3.1 million tonnes of waste – excluding agricultural waste – in 2007 (EPA, 2008). This represents an increase of 23 per cent since 2004.

The management of this growing volume of waste remains a challenge. In 2007, 36.5 per cent of our waste was recovered, while the remaining 63.5 per cent went to landfill (CSO, 2009b: 333). This represents an improvement on 2004, when 32.7 per cent of waste was recovered (CSO, 2008a: 70). As Table 3.10.1 shows there are still some problematic areas where levels of landfill remain very high. Targeted policies in the areas of plastics, textiles and organic waste are clearly needed if we are to further increase this recycling figure. However, it should be noted that with 36.1 per cent of waste recycled, 2006 represented the first year in which Ireland reached the EU target of 35 per cent. This target was to be met by 2013 and its early achievement proves that through good policies, real changes and improvements in environmental policies can be achieved.

Table 3.10.1: Total waste collected and landfilled in Ireland in 2007		
Material	**Tonnes (000s)**	**% Landfilled**
Paper and cardboard	914.1	42.0
Glass	182.6	26.3
Plastic	288.8	77.5
Metals (Aluminium etc)	133.5	37.5
Textiles	244.9	95.6
Organic Waste	918.4	92.4
Wood	240.7	7.1
Others	251.7	86.6
Total	**3,174.6**	**63.5**

Source: CSO (2009a: 333)

Social Justice Ireland welcomes this development and we echo the call by the EPA that "a revised target to present new challenges and build on this success is required". While Ireland has achieved the EU recycling target we have some distance to go to match some Scandinavian countries and the US city of San Francisco who have set targets to eliminate all landfill by 2020. Another area where improvement is necessary is in the diversion of biodegradable municipal waste (BMW) from landfill. In 2006, 1.4m tonnes of BMW was landfilled, an increase of 8 per cent on 2005 (EPA, 2007). Ireland must reduce this quantity to reach EU limits of 916,000 tonnes by 2010 (EPA 2009a: 21). Finally, it is worth noting that the growth in the volume of waste has also been dramatic. At this rate of growth it is no surprise that our landfill capacity will soon be reached. In that context continued efforts to encourage reductions in waste generation and additional recycling are necessary.

A welcome recent innovation has been the production of performance league tables of local authority waste management. This table has been produced by the Local Government Management Services Board (LGMSB) and its most recent edition was published in June 2009 and related to the year 2008. Their report examined how local authorities have been dealing with the waste produced in their area and in particular it identified the proportion of waste being landfilled.

Table 3.10.2 sets out the results for the 4 best and 4 worst local authorities as reported by the LGMSB.

Table 3.10.2: League table of local authority waste management – best and worst

	% Recycling	% Landfill
4 Best		
Longford County Council	55.1	44.9
Galway City Council	49.2	50.8
Waterford City Council	46.0	54.1
Waterford County Council	45.6	54.4
4 Worst		
North Tipperary County Council [75]	18.5	81.5
Sligo County Council	17.1	83.0
Donegal County Council	15.0	85.0
Carlow County Council	12.7	87.3

Source: LGMSB, 2009: 49

Longford county council topped the league table by recycling 55.12 per cent of their waste. Carlow remains the worst performance, having landfilled 87.3 per cent of their waste, though this represents an improvement on 91.7 per cent in 2007. *Social Justice Ireland* welcomes the publication of this league table. Its continued production will ensure that local authorities are incentivised to improve their performance. We also note that it is important to monitor local authority policies which aim to reduce and reuse commodities rather than purely dispose of them.

Both industry and households need to change their attitude towards recycling. Industry in all sectors will have to use fewer material inputs and emit fewer wastes. To facilitate this, government needs to move towards making material inputs and waste disposal far more expensive, and towards making increasing demands for the durability, repairability and recyclability of goods. The highly successful Waste Electrical & Electronic Equipment (WEE) directive marks considerable progress in the right direction. Further EU directives which will force car companies to take back their products at the end of their useful lives are also a necessary step in this direction. The 2008 Finance Bill also allowed companies to claim the full cost of

[75] 2007 figures as 2008 figures had not been received from private waste collectors.

investments in energy efficient equipment against their taxable income. However, more needs to be done. Households will also have to change their behaviour. Sustained campaigns to further encourage and facilitate recycling are necessary, while incentives to recycle rather than landfill need to be put in place

(ii) Greenhouse gases, air pollution and carbon credits

Over time, Ireland's air has become more and more polluted. Between 1990 and 2008 the EPA reported that Ireland's greenhouse gas emissions grew by 23.0 per cent (see Table 3.10.3). Total combined Irish emissions of the three main greenhouse gases regarded as having global warming potential amounted to 67.43m tonnes of CO_2 equivalent in 2008, up from 55.8m tonnes in 1990.

A breakdown of the 2008 pollution figures shows that agriculture is the single largest contributor to overall emissions, at 27.3 per cent of the total, followed by energy (generation and oil refining) at just over 21.8 per cent and transport at 21.1 per cent.

The most recent figures indicate that current levels of emissions now exceed the limits agreed under the Kyoto protocol. The Irish government and the European Commission agreed a target of an 8 per cent reduction in European CO_2 emissions on their 1990 level by 2012. Within this agreement, Ireland agreed to limit its increase of CO_2 emissions to 13 per cent between 1990 and 2012. Table 3.10.3 reports the level of greenhouse gas emissions versus the 1990 level (set at 100 on the emissions index). *Social Justice Ireland* welcomes Ireland's ongoing commitment to this protocol, despite the refusal of some countries, including the USA, to ratify its implementation. However, these emissions are a major cause of climate change, and it is in all our interests to ensure that the limits agreed in the Kyoto protocol are met.

The recent decline in economic activity is expected to reduce emissions levels. However, it would seem inappropriate to abandon the plans and policy developments of recent years. Clearly, there are additional changes that Ireland can continue to make which will further reduce our emissions levels. In particular, the transport sector has a central role to play. While launching the 2007 figures, the EPA noted that the transport sector recorded the greatest increase between 2006 and 2007 (of 4.7 per cent) and that that sector's pollution contribution has grown by 178 per cent since 1990. If simple policy options are available to address this sustained growth in transport related emissions, they should be adopted.

Table 3.10.3: Ireland's Greenhouse Gas Emissions and the Kyoto Target

Year	Emissions Index	+ / - Kyoto Target	% from target
1990	100.00	-13.00	
1998	118.11	5.11	+4.5
1999	120.69	7.69	+6.8
2000	123.62	10.62	+9.4
2001	126.98	13.98	+12.4
2002	123.59	10.59	+9.4
2003	123.17	10.17	+9.0
2004	122.78	9.78	+8.7
2005	125.55	12.55	+11.1
2006	124.61	11.61	+10.3
2007	123.41	10.41	+9.2
2008	123.02	10.02	+8.9

Source: EPA (2009b: 7)

Firstly, the EPA underlines as a key issue the reduction of Ireland's emissions of transboundary air pollutants in line with international commitments (EPA, 2008a: 43).

Secondly, traffic emissions in Cork and Dublin have caused levels of nitrogen dioxide and particulate matter to approach EU limits. In Ireland, the growth in traffic on our roads has been one of the more visible elements of our recent economic growth; the number of registered vehicles on the road in Ireland has increased by 132 per cent over the period 1990-2007 (CSO, 2009b: 323). The number of private cars increased by 136 per cent over the same period. This enormous growth in car usage is attributed to the lack of an extensive public transport system. The EPA (2008a) concludes that "government departments, national agencies and local authorities must make air quality protection an integral part of their planning and traffic management processes, and there needs to be a modal shift from the private car to high-quality public transport." An integrated, efficient public transport system is urgently required. Infrastructure to divert heavy vehicles away from city and town centres is also essential" (2002: viii). A welcome step in this direction was Budget 2007's reform of VRT and motor taxes. The general thrust of the reforms we proposed suggested that both VRT and motor taxes should be increased on the most heavily polluting cars and reduced on those with the lowest engine sizes and the smallest carbon dioxide emissions levels. In particular, there would be significant increases in the taxes levied on the highest polluting and largest engine cars. In that context we welcomed the reforms introduced by the Minister for Finance in Budget 2008. Although we regret that the start date of these new taxes was delayed until July 2008 – long after the vast majority of car sales for 2008 occurred.

(iii) Climate change: international and Irish implications

Over the past number of years many questions have been raised with regard to the appropriateness and reliability of the scientific evidence on climate change. In particular, there have been a number of politicians and academics who have dismissed the available evidence and suggested that the identified effects of global warming are part of the Earth's natural cycle. In response to this uncertainty the British Government commissioned an independent report to critically examine the available evidence. Nicholas Stern, a former chief economist of the World Bank and the current head of the British Government Economic Service, researched and wrote the report. Among the key findings of the report are the following:[76]

- Carbon emissions have already pushed up global temperatures by half a degree Celsius
- If no action is taken on emissions, there is more than a 75 per cent chance of global temperatures rising between two and three degrees Celsius over the next 50 years
- Rising sea levels could leave 200 million people permanently displaced
- Up to 40 per cent of species could face extinction
- There will be more examples of extreme weather patterns
- Extreme weather could reduce global gross domestic product (GDP) by up to 1 per cent
- A two to three degrees Celsius rise in temperatures could reduce global GDP by 3 per cent
- In the worst case scenario global consumption per head would fall 20 per cent
- To stabilise at manageable levels, emissions would need to stabilise in the next 20 years and fall between 1 per cent and 3 per cent after that. This would cost 1 per cent of GDP

[76] A full version of the report can be downloaded from the website: www.sternreview.org.uk

International reports such as those issued by the Intergovernmental Panel on Climate Change (IPCC, 2001 and 2007) have provided further details on the international implications of climate change. To complement these, two reports focusing on Ireland have been prepared for the EPA by the Department of Geography at the NUI, Maynooth. (Sweeney et al, 2003; McElwain and Sweeney, 2007), presented an assessment of the magnitude and likely impacts of climate change in Ireland over the course of the current century.

The 2003 report entitled *Climate Change: scenarios & impacts for Ireland* predicted the following:

- Current mean January temperatures in Ireland are predicted to increase by 1.5°C by mid-century with a further increase of 0.5–1.0°C by 2075.
- By 2055, the extreme south and south-west coasts will have a mean January temperature of 7.5–8.0°C. By then, winter conditions in Northern Ireland and in the north Midlands will be similar to those currently experienced along the south coast.
- Since temperature is a primary meteorological parameter, secondary parameters such as frost frequency and growing season length and thermal efficiency can be expected to undergo considerable changes over this time interval.
- July mean temperatures will increase by 2.5°C by 2055 and a further increase of 1.0°C by 2075 can be expected. Mean maximum July temperatures in the order of 22.5°C will prevail generally with areas in the central Midlands experiencing mean maxima of up to 24.5°C.
- Overall increases of 11 per cent in precipitation are predicted for the winter months of December–February. The greatest increases are suggested for the north-west, where increases of approximately 20 per cent are suggested by mid-century. Little change is indicated for the east coast and in the eastern part of the Central Plain.
- Marked decreases in rainfall during the summer and early autumn months across eastern and central Ireland are predicted. Nationally, these are of the order of 25 per cent with decreases of over 40 per cent in some parts of the east.

(Sweeney at al, 2003)

Both reports also examine the specific implications of these findings for agriculture, water resources, forestry, sea-levels and eco-systems in Ireland.

A more recent report by the Community Climate Change Consortium for Ireland (2008) published the following key findings:

- Warming of the climate is to continue, particularly in autumn and winter, and in the South and East. Possible increases of 3 to 4°C are expected towards 2100.
- Towards the end of the century, autumns and winters will become 15-25 per cent wetter, while summer will become 10-18 per cent drier. As a result stream flows will be reduced in summer and increase in winter, increasing the risk of flooding.
- An increase in the frequency of very intense cyclones is probable.
- The seas around Ireland will continue warming at trend – 0.3-0.4°C per decade, except for over the Irish Sea, which will continue to warm by 0.6-0.7°C.
- Sea levels are rising 3.5cm per decade.
- Changes in climate may impede the recovery of the ozone layer, bringing the negative health consequences of UV radiation.
- Demand for heating energy is likely to decline significantly with further warming.

Overall the reports suggest that there are considerable implications of climate change for Ireland and they underscore the necessity to adequately address this issue in the immediate future.

(iv) River water quality

Slowly the quality of Ireland's surface waters is improving. In total Ireland has a network of 13,200km of river channels. Table 3.10.4 outlines the findings of the recent EPA (2009c) *Water Quality in Ireland 2007-2008* report. The table presents the figures from the earliest data, for the years 1987-1990, and the data for the two most recent assessments. The figures for 2004-2006 recorded an improvement in water quality; this continues a trend from 2001-03 when the statistics for the first time recorded improvements. However, it is of concern that almost 30 per cent of river channels are still classified as polluted to some extent.

Table 3.10.4: Irish River Quality, 1987-2008 (%)

	1987-90	2001-03	2004-06	2004-08
Unpolluted	77.3	69.3	71.4	70.0
Slightly Polluted	12.0	17.9	18.1	19.0
Moderately Polluted	9.7	12.3	10.0	11.0
Seriously Polluted	0.9	0.6	0.5	0.5
Total	**100.0**	**100.0**	**100.0**	**100.0**

Source: EPA (2008b: 2-5, 2009c: 4)

The EPA (2008b) cites a number of sources of this problem. Cases of slight pollution are in the majority caused by agriculture, with municipal sources and forestry also featuring prominently. Moderate pollution is largely caused by municipal and agricultural sources. The bulk of cases of serious pollution are attributed to municipal sources. In all cases, municipal sources most frequently refers to sewage discharge. All of the abovementioned sources pollute waters with phosphorous and nitrates. The EPA's *Environment in Focus* (2006) report suggests that there is a need to promote better farmyard management, to reduce the over-application of fertilisers and to expand the system of nutrient management planning. At river basin district level, improvements were noted in the South Western and South Eastern regions, with more significant deteriorations taking place in the North Western and Shannon regions.Groundwater quality is also of concern. In the period 1995 to 2006, there have been elevated nitrate concentrations in groundwater in the south-east and east, and elevated phosphate concentrations in the west (EPA, 2008c: 5-26). Intensive agricultural practices are likely the source of the former, while the latter is probably caused by the vulnerable nature of Karst aquifers. Protection of groundwater will have to be improved if these problems are to be adequately addressed and if the EU water framework directive is to be fully implemented.

(v) Genetic engineering (GE)

Genetic engineering refers to a set of technologies that artificially move genes across species boundaries to produce new organisms. The techniques involve the manipulation of genetic material and other biologically important chemicals. The resultant organisms have new combinations of genes, and therefore new combinations of traits that are not found in nature and, indeed, are not possible through normal breeding techniques. Proponents of the technology, mainly multinational agribusiness corporations, argue that genetically engineered crops are necessary to feed a growing world population.

By contrast, opponents of agricultural biotechnology claim that genetic engineering will not feed the hungry people in our world. Only sustainable agriculture and equitable social and economic policies at local and global level can effectively tackle malnutrition, hunger and poverty.

Critics of genetic engineering maintain that it is hazardous to human health and the environment, and that it will undermine biodiversity. Given the risks to human health and the environment, and the complex ethical, economic and social issues involved, we believe that a moratorium should be placed on the deliberate release of genetically engineered organisms.

(vi) Environmental taxation and poor households

The extent of Ireland's pollution problem is clear from the studies outlined above. Furthermore, it is also clear that if we are to seriously address this problem then new environmental taxes are necessary. In particular, *Social Justice Ireland* welcomes the announcement of carbon taxation in Budget 2010.

One of the objections presented to the increase of excise duties on fuels is that they would substantially damage the economic position of poor households. Indeed research by the ESRI has confirmed this. However, a series of research papers by the ESRI has shown that it is possible to insulate poorer households from the effects of these new taxes (see Bergin et al 2002:25; Scott and Eakins, 2002). Scott and Eakins have suggested that a proportion of the revenue generated by new carbon taxes should be transferred to the Department of Social and Family Affairs and used by them to increase payments (in particular fuel allowances) given to poor households. Such an increase in these payments would therefore compensate poorer households for the effect of the new tax and consequently ensure that Ireland's poorest households do not suffer.

Social Justice Ireland believes that the compensation mechanism proposed for poorer households should accompany the introduction of these environmental taxes. We expressed concern that Budget 2010 provided limited information in this area and we encourage Government to present the details of these proposals in advance of the implementation of the tax in mid-late 2010.[77]

[77] Taxation issues, including environmental taxes are discussed further in section 3.2.

Policy Proposals on Sustainability

- **Sustainability-proof all public policy initiatives and provision.**

- **Deliver on the *Towards 2016* commitment to examine the development of 'satellite' national accounts. These should include the value of all unpaid work and the costs of all environmental damage and resource consumption.**

- **Restructure the tax system in favour of environmentally benign development and high levels of employment and useful work.**

- **Terminate subsidies and other public-expenditure programmes that encourage unsustainable development.**

- **Introduce public purchasing policies that encourage contractors to adopt sustainable practices.**

- **Develop more self-reliant local economies.**

- **Develop and implement a programme of accounting, auditing and reporting procedures to establish the sustainability performance of businesses and other organisations.**

- **Introduce demand-reduction policies in areas such as energy and transport, and tackle the implications of such reduction.**

- **Fully introduce the *National Climate Change Strategy.***

- **Publish the renewed *National Sustainable Development Strategy*.**

On waste

- **Develop a policy for resource management, and achieve waste-reduction targets by implementing and policing the relevant sections of the Waste Management Act, 1996.**

- **Provide households with additional incentives to recycle rather than landfill their waste.**

- **Allocate further resources to the development of recycling facilities.**

- **Put in place appropriate mechanisms to address the issue of the cost of waste disposal for those on low incomes.**

On pollution
- **Continue to pursue policies which will ensure that the Kyoto target of an 8 per cent CO_2 reduction by 2012, agreed by the Irish Government and the European Commission, is met.**

- **Continue to pursue strategies to achieve the reduction of activities at Sellafield.**

On water
- **Review the Water Pollution Acts and increase the level of statutory fines to a maximum of at least €150,000.**

- **Implement a nutrient-management plan on a national basis as one effective measure to protect against agricultural pollution of watercourses.**

- **Review water-pricing policies and introduce a water charge, which is equitable and is levied on high-consumption water-users, to ensure conservation of our water supplies.**

On genetic engineering (GE)
- **Introduce a five-year moratorium on the deliberate release of GE organisms. During this period**

  - **promote public debate about the desirability of genetic engineering and fund independent research into the health and environmental risks associated with GE,**
  - **insist that there be segregation at the source of all genetically engineered organisms,**
  - **reform the way the Environmental Protection Agency (EPA) deals with applications to release GE organisms into the environment.**

- **Facilitate a full-scale public debate on both the benefits and risks involved in GE, based on comprehensive scientific knowledge and a**

full airing of the economic, social and ethical implications of biotechnology.

- **Fund appropriate research in parallel with such a consultative process.**

- **Introduce legislation that protects the consumer and the environment, rather than the interests of multi-national corporations.**

On the Environmental Protection Agency (EPA)

- **Review the interface between the EPA and An Bord Pleanála to ensure that the environmental impact and sustainability of industrial developments are thoroughly assessed in an integrated way.**

3.11 Rural Development

CORE POLICY OBJECTIVE:
RURAL DEVELOPMENT

To secure the existence of substantial numbers of viable communities in all parts of rural Ireland where every person would have meaningful work, adequate income and access to social services, and where infrastructures needed for sustainable development would be in place

Rural Ireland continues to change dramatically. The 1996 census recorded that 46 per cent of Ireland's population lived in small villages and in the open countryside. This figure declined to 40.4 per cent according to the results of census 2002 and to 39.3 per cent (1,665,535 people) in Census 2006 (CSO, 2003:53; 2007:19). A factor in that reduction is the sustained decline in farm numbers. Agriculture, forestry and fishing now account for only 4.54 per cent (101,600 people) of the overall labour force (CSO, 2008b: 28-29). At present those in farming comprise one-quarter of the rural labour force, and are a minority of the rural population. Furthermore fewer farm children seek a future in farming.

This section addresses a variety of issues relevant to rural Ireland and to its long-term development. A central and persistent theme is that rural Ireland is currently in transition from an agricultural to a rural development agenda.

Farm incomes

We have already reviewed rural income data from the SILC reports (see section 3.1). Those data reflect the fact that among its many characteristics rural Ireland has high dependency levels, increasing out-migration and many small farmers living on very low incomes. Only a minority of farmers are at present generating an adequate income from farming and, even on these farms, income lags considerably behind the national average. An important insight into the income of Irish farmers is provided by Teagasc in their National Farm Survey (2009a).

The latest survey, reporting income for 2008 and published in 2009, collected data from a representative sample of 1,102 farm households nationwide. Its results indicate that the average family farm income (FFI) (excluding off-farm income) was €16,993 in 2008, a decrease of 13.7 per cent from the figure of €19,687 recorded in 2007. Amongst more commercial full-time farmers the average income was €37,590 while among part-time farmers FFI equalled an average of €7,580 (Teagasc, 2009a: 2). The decline in incomes results from increases in direct and overhead costs of 16.4 and 11.3 per cent, respectively, outweighing an increase in gross output of 3.2 per cent.

The survey also noted great variations in income depending on the size of the farm and the type of farming pursued. Income per hectare is found to increase with farm size, particularly amongst intermediate-sized farms. Farmers involved in cattle rearing had an average income of €7,700 while those in dairying had an average from farm income of €45,700. Farmers mainly in tillage and sheep farming had average incomes of €19,400 and €9,600 respectively. An examination of the distribution of farm income reveals that 13 per cent of farmers had an income exceeding €40,000 while 41 per cent of farmers had a 'from farm' income of less than €6,500. Teagasc found that 103 per cent of average family farm incomes in 2008 were comprised of direct payments or subsidies (2009:16), explaining that these payments represent greater than 100 per cent of average income where market-based output is insufficient to cover total costs of production (i.e. the farm is making a loss).

Off-farm income is extremely important among farm families, especially in the western region. The National Farm Survey indicates that on 56 per cent of farms the farmer and/or spouse had an off-farm job and that overall on over 79 per cent of farms the farmer and/or spouse had some source of off farm income be it from employment, pension or social assistance. The results of the Household Budget Survey (CSO, 2007:15) further indicate that under 47 per cent of farm-household income came from farming in 2004-2005. This situation is likely to continue, if not intensify, in the coming years, thus increasing the importance of additional off-farm income being available if rural poverty and social exclusion are to be addressed.

Table 3.11.1 presents an interesting analysis from the National Farm Survey which assesses the real value of FFI over the period 1995-2008. It reveals a marked decline in farm income in real terms. Measuring in real terms removes the effect of inflation (price increases) and essentially represents the buying power of agricultural earnings. The same method is used to assess national income figures such as GDP/GNP whose growth rates are also recorded in real terms. Therefore the table shows that the buying power of family farm incomes in 2008 is equivalent to €11,093 in 1995 terms. More simply, FFI is 22.1 per cent lower in real terms in 2008 than it was in 1995.

Table 3.11.1: Family Farm Income in cash and buying power terms, 1995-2008

	Cash value	Buying power (1995 terms)	% change in buying power since 1995
1995	€14,236	€14,236	0.0
1996	€13,866	€13,634	-4.2
1997	€14,042	€13,607	-4.4
1998	€13,442	€12,717	-10.7
1999	€11,088	€10,324	-27.5
2000	€13,499	€11,903	-16.4
2001	€15,840	€13,322	-6.4
2002	€14,917	€11,991	-15.8
2003	€14,765	€11,467	-19.5
2004	€15,557	€11,822	-17.0
2005	€22,459	€16,651	+17.0
2006	€16,680	€11,789	-17.2
2007	€19,687	€13,379	-6.0
2008	€16,993	€11,093	-22.1

Source: Calculated from Teagasc (2009a:5)

The decline of agriculture

A key element in the evolution of any developed world society/economy has been a noticeable shift away from dependence on agriculture. That natural phase of economic development has been slowly occurring in Ireland over the past few decades. As Ireland develops, the size of its agricultural sector and the numbers employed in that sector continue to decline. The focus of that sector has also shifted from being producer driven to being consumer driven.

Two insights into the future shape of Irish agriculture have been provided over recent years. The first, published in November 2004, is that of the Government appointed Agri-vision 2015 committee. In their report the committee concluded that:

> *The number of Irish farms is expected to decline by 23%, from 136,000 in 2002 to 105,000 in 2015. By 2015, one third of the farm population will be classed as economically viable, another third of farms will be economically unviable with the operators working primarily off the farm and the remaining third will be transitional farms characterised by adverse demographic features, such as having an elderly farm operator and/or lacking an identified heir.*

> *Of the third of farms that will remain economically viable by 2015, 75% will be farmed on a part-time basis, with the on-farm enterprise providing a return sufficient to remunerate the labour and capital used. Of those farms that are operated on a full time basis, and which are economically viable, the vast majority are expected to be dairy enterprises* (2004:37).

During 2005 a second major report set out the expected future direction of rural Ireland up to 2025. Funded by the Department of Agriculture and Food and a number of other Government bodies it was compiled by some of the leading experts on rural Ireland at Teagasc, NUI Maynooth and University College Dublin. The report is entitled *Rural Ireland 2025: Foresight Perspectives* (2005) and it indicates a further sizeable change in the shape of rural Ireland over the next two decades.

Looking to the future of agriculture the expert group concluded that "it is unlikely that by 2025 Ireland will have appreciably more than 10,000 full-time commercial farmers, comprising predominantly dairy farmers, a thousand or so commercial dry stock farmers, with roughly a similar number of sheep producers and a few hundred pig enterprises" (2005:10). This conclusion was reached on the basis of there being no unexpected major policy changes (nationally and at EU level) between now and 2025. The report also projected that the remainder of farmers (a further 30,000 full time equivalent jobs implying approximately 60,000 part-time workers) will be working part-time (2005: 10-11). Overall the report projected that many of these part-time farmers as well as a number of the projected 10,000 full-time commercial farmers will be involved in producing green energy fuels, such as wood biomass, as an important component of their farming enterprises.

A more recent Teagasc (2008b) report describes the medium-term outlook for beef, tillage and dairy farms. Cattle farms are very reliant on subsidies – only 32 per cent of beef sector output is generated at a market profit, but this figure increases to 81 per cent when the new Suckler Cow Welfare Payment and costs of compliance with the Single Farm Payment Scheme are taken into consideration. The proportion of economically viable tillage farms is estimated at just over three quarters, expected to decline to two thirds by 2018. Finally, the proportion of dairy farms considered economically viable declined from 68 to 53 per cent in 2008. It is projected that dairy farm numbers will decline from 20,000 in 2008 to approximately 12,000 in 2014, with two thirds of these being economically viable.

Rural development

As agriculture declines there is need for a more comprehensive set of rural development policies. Long-term strategies to address the failures of current policies on critical issues such as infrastructure development, the national spatial imbalance, local access to public services, public transport and local involvement in core decision-making are urgently required. Recognition that current development policies are largely city-led is also necessary and this approach needs to be re-balanced.

The 1999 White Paper on rural development was welcome in that it provided an outline of a vision to guide rural development policy as we have advocated for over a decade. In so doing, it accepted that the statement of a vision is a necessary first step in moving forward. *Social Justice Ireland* also welcomes the identification by the White Paper of much that was already being done under a variety of headings in all areas of rural development. However, there was little in terms of new and imaginative policies proposed for the implementation of the vision, and no commitment of new and measurable resources to attain the objectives set out.

The context of current rural development policy, however, is one where

- EU policies in particular ensure that production is concentrated among larger producers, and where regulations, policies and financing all militate against small local producers,
- direct payments favour large volume, higher income farmers,
- there is a dominance of the agri-model of rural development,
- there is very limited progress in achieving balanced regional development. Areas such as the western region have been losing ground to the rest of the country in recent years.

It is clear that the scale of the infrastructure and investment deficit in rural Ireland is unacceptably high. In recent years there have been major spatial changes and there are major spatial disparities as well. The failure of current policies in so many crucial areas requires that long-term strategies be developed to address these failures.

The *Rural Ireland 2025* report succinctly summarises the objectives for rural development contained within government policies. It states that "government policy for rural areas aims to build a rural economy where enterprises will be commercially competitive without damaging the environment. It seeks to have vibrant sustainable communities, with a quality of life that will make them attractive places in which to work and live. It aspires for equity of opportunity between rural and urban areas, and for balanced development between the regions. These initiatives are underpinned by EU policy for rural areas, which subscribes to the attainment of 'living countrysides' within the context of balanced regional development across the Union" (2005: *v*).

To successfully move rural Ireland closer to these policy goals the *Rural Ireland 2025* report suggests a series of rural development strategies which should be immediately pursued (2005:*v-vi*). These include taking action on:

- The National Spatial Strategy, implemented in conjunction with successive regionally focused national plans, would result in a more balanced distribution of population and economic activity throughout the country.
- Rapid communications and supporting infrastructure would provide greater accessibility throughout all parts of the country.
- The rural economy could sustain more competitive enterprises through the development of additional entrepreneurial and management skills, as well as further innovation in products, business organisation and marketing.
- The agri-food industry could have more developed business, technological and innovative capacities, with a widely differentiated product portfolio selling in international markets.
- Forestry and the ocean economy could be sizeable suppliers to the energy sector and provide valued public goods.
- Maintenance of an attractive rural environment could be secured by compliance with EU Directives and payment for public goods, as well as better management systems nationally.
- A knowledge-based bio-economy could emerge built on the comparative advantage of Ireland's natural resources.
- 'Old economy' enterprises could be upgraded, and manufacturing small and medium sized enterprises (SMEs) could increase their contribution to the rural economy.
- Tourism could be a vibrant sector of the rural economy, providing knowledge-based environmental goods and services, focused on Ireland's unique landscapes and culture.
- Clusters of internationally oriented companies could exploit the full potential of natural resources in food, the marine, forestry and tourism.

Over recent years there have been many welcome initiatives aimed at rural development. For example, Budget 2004 made provision for a new Rural Social

Scheme (RSS) "to help improve rural services in a more efficient way and at the same time to provide an income for small farmers with a working week compatible with farming" (Department of Finance Budget 2004:A16). In 2006 it was estimated that there would be 2,500 places on this scheme receiving government funding of €36.32m for the year. This scheme is run by the Department of Community, Rural and Gaeltacht Affairs. The decision to further increase funding to this scheme in all recent Budgets is welcome. Similarly, the CLAR programme is going a little way towards addressing these problems. However, far more is required if rural Ireland is to be viable in the twenty-first century. As of now, Ireland has a long way to go before it could be said that it is meeting the requirement of balanced sustainable regional development.

Other rural development issues

As the rural development agenda moves to the fore, there are a series of other issues that deserve consideration. To complete this section of our review, we highlight a number of these issues.

Rural transport

The availability of transport as a means of access to both public and private services is a major issue for people living in rural areas and one that we have addressed earlier (see section 3.4). Progress towards this goal is not helped by the continued centralisation of public services. When rural schools closed there was no account taken of the transport costs of bringing children to the larger schools. Despite the recent transport initiatives, many communities in rural areas are not well served. Some of the difficulties faced by these initiatives have stemmed from the lack of regulation and the constant debate on who should have the profitable routes. There are also considerable problems associated with providing a service in areas where the population is scattered over a large area. *Social Justice Ireland* believes that we are now reaching a crucial juncture that requires key decisions in ensuring that rural communities receive the public transport infrastructure and services to which they are entitled. It is also worth mentioning that it is vital that a quality public transport infrastructure is put in place if the government is to meet its commitment to sustainable balanced regional development. In that regard we support the call from Irish Rural Link to establish a National Rural Transport Office (NTRO), perhaps within the Department of Transport, which links and supports the development of rural transport within the overall auspices of developing public transport in general.

Accessibility of transport for older people is vital in terms of accessing health and other services, social networks and remaining active. *Towards 2016* supports the further development of the Rural Transport Initiative (RTI) which is making a very important contribution to supporting community-based living. The agreement states that in developing proposals for the roll-out of the RTI from 2007, particular attention was to be paid to the transport needs of rural communities that do not currently have access to public transport, having particular regard to the special transport needs of older people and people with disabilities. Funding for the RTI was doubled by 2007 (based on the 2005 allocation of €4.5m). Thereafter, funding for rural transport services is to be steadily increased; ultimately to a total of €17m due to be achieved by 2016. In 2010 the Budget reached €11m. We welcome these commitments and we also believe that there are a number of additional transport issues which apply to women and children which need to be addressed within this process.

Rural public services

Section 3.4 of this review has already addressed issues associated with current and future regulation of public services. One key element of policy in this area which is relevant to rural Ireland is the current and sustained existence of so-called 'public service obligations'. These require services to be made available on a nationwide basis and as a policy they play an important role in ensuring the possibility and sustainability of rural communities. For service providers, be they public or private, there are additional costs associated with adhering to these obligations and therefore there is a clear incentive for them to seek their removal. Government policy should ensure that these obligations remain and that permanent residents of rural areas are not disadvantaged through their removal.

Sustaining rural communities

As a contribution to the process of sustaining rural communities the National Economic and Social Council (NESC) has proposed the establishment of service centres where public or essential local facilities could be located together in a single complex (New Approaches to Rural Development, NESC 1995). NESC suggeted that the practicality of such an approach could be explored on a pilot basis. It emphasised that, given the vertical organisation of public administration, integration at local level can only happen if there is commitment to such an approach at the highest level. *Social Justice Ireland* believes that pilot funding should be provided to develop and assess such an initiative.

Social Exclusion

Many rural areas continue to lose population as highlighted in the Audit of Innovation report (2005) prepared by the BMW regional assembly. Such a loss means that there is an increasing dependant population, including a higher cohort of older people and others requiring care. Because of such dependency social exclusion, including the incidence and risk of poverty, becomes more associated with remoteness and rurality. Indeed the CLAR initiative based on areas with most population decline demonstrates this danger. This pattern will worsen unless population growth is significantly distributed throughout the regions.

Settlement Patterns

Housing has become a controversial topic because of the once off house debate. However this masks many issues in terms of settlement that need attention. Many rural villages are victims of poor planning and design in terms of long life tenure. Social housing provision according to the Local Authority Assessment of Social Housing Needs is particularly low in towns and villages around the country (Department of Environment, Heritage and Local Government, 2005). While many experts continue to argue against the practice of one off housing in terms of the social and economic benefits to the community, the lack of any serious alternative is detrimental to the needs of many people who cannot afford basic housing within their own community.

There is a huge need to ensure that local authorities, organisations involved in housing provision, and local communities are resourced to ensure that rural villages can be the focus of long life housing design.

Retrieving energy from agricultural sources

Two issues raised over this and the last section of this review are worth reflecting on. The decline in the number of people employed in farming (outlined above) and the increasing challenges posed by environmental targets that Ireland must meet (as considered in section 3.10b). *Social Justice Ireland* believes that both of these issues could be simultaneously addressed by the development of energy focused on bio-fuels, biomass and bio-gas.

To date, Ireland is far from fully utilising its ability to take advantage of the direction that EU policy is taking on the production of renewable energy. EU policy has set an objective that consumption of energy from renewable sources will be over 20 per cent by 2020 - in 2007 Ireland consumed only 2.9 per cent (CSO, 2009b: 329). The intention of the EU is to add one million jobs in the Union by adopting a range of renewable energy targets.

Social Justice Ireland believes that Ireland has the advantage of an agriculture sector undergoing radical transition, and therefore it is a sector that is extremely receptive to new ideas that build on existing skills. Within a short period of time this potential might well have disappeared. Through the development of these energy sources Ireland can align itself with EU policy while simultaneously establishing social and economic stability in rural areas.

Policy Proposals on Rural Development

- **Recognise that rural Ireland is currently in transition from an agricultural to a rural development agenda and adopt policies to further support this transition. In doing so, recognise and support the multi-dimensional nature of rural development.**

- **Reappraise the concept of work. In doing this, the potential of the social economy should be incorporated, the range of activities of the Farm Relief Service broadened, and the facilitation of family-farm inheritance should be ensured.**

- **Ensure the provision of basic infrastructure and services, based more on principles of equity and social justice, than on cost effectiveness, and take particular account of rural disadvantage.**

- **Ensure the provision of a reliable and appropriate transport system, by providing resources for the development of local-transport strategies and initiatives tailored to meet the needs of the local community.**

- **Reverse the trend of centralising services away from local communities in areas such as healthcare, education, post offices, etc.**

- **Ensure that policy protects the sustained existence of public service obligations.**

- **Structure housing lists to reflect rural needs. In particular, in rural areas, develop a framework to guide planning policy, which is focused on supporting and sustaining viable rural communities and protecting and enhancing the rural environment.**

- **Meet the commitment to steadily increase the budget for the Rural Transport Initiative (RTI) so that it reaches a total of €17m per annum by 2016.**

- **Ensure that public-service bodies take steps to inaugurate an effective and ongoing consultative process with all rural people.**

- **Overhaul the model for development in agriculture to take effective account of the difficulties of smaller farmers.**

- **Reappraise programmes to create employment for part-time farmers with a view to targeting effectively the needs of smaller farmers.**

- **Develop policies, which encourage alternative farm enterprises through the promotion of quality (including organic) food production and processing.**

- **Continue to review the training and education available to those willing to remain in rural areas. This would examine the role played by Teagasc agricultural colleges, the Institutes of Technology and FAS.**

- **Support additional special outreach education programmes in rural areas, particularly those where no major third-level colleges are located.**

- **Promote research on initiatives that will develop information systems and technologies in a manner that will enhance, rather than detract from, the viability of rural communities.**

- **Begin to rural-proof all policies to ensure that their adoption does not further isolate rural communities or undermine rural development.**

- **Investigate the use of farm land as a means of meeting Ireland's renewable energy requirements by maximising the retrieval of energy from agricultural sources.**

3.12 The Developing World

CORE POLICY OBJECTIVE:
THE DEVELOPING WORLD

To ensure that Ireland plays an active and effective part in promoting genuine development in the developing world and to ensure that all Ireland's policies are consistent with such development

Globally, the scale and extent of underdevelopment and inequality remains large. An indication of the size of this problem is outlined bi-annually in the United Nations Human Development Report. Table 3.12.1 presents an insight into the scale and extent of these problems using the latest UN data from 2005 (published in late 2007).

Table 3.12.1: United Nations development indicators by region and worldwide, 2005.

Region	GDP per capita (US$ PPP)*	Life Expectancy at Birth (yrs)	Adult Literacy %**
Least Developed Countries	1,499	54.5	53.9
Arab States	6,716	67.5	70.3
East Asia + Pacific	6,604	71.7	90.7
L. America + Caribbean	8,417	72.8	90.3
South Asia	3,416	63.8	59.5
Sub-Saharan Africa	1,998	49.6	60.3
Central/Eastern Europe	9,527	68.6	99.0
OECD	29,197	78.3	99.0
Worldwide total	**9,543**	**68.1**	**78.6**

Source: UNDP (2007: 232)
Notes: * Data adjusted for differences in purchasing power.
** Adult defined as those aged 15yrs and above

Tables 3.12.1 and 3.12.2 show the sustained differences in the experiences of different regions in the world. There are sizeable differences in income levels (GDP per person) between the most developed countries of the world, those in the

OECD, and the rest (vast-majority) of the world. These differences go beyond just income and are reflected in each of the indicators reported in both tables. Today, life expectancies are almost 30 years higher in the richest countries than in Sub-Saharan Africa. Similarly, the UN reports that 1 in 4 Southern Asians and Sub-Saharan Africans are unable to read.

These phenomena are equally reflected in high levels of absolute poverty (there are over 900m people worldwide living on less than $1 a day) and in the various mortality rates in table 3.12.2. In 2005 over 10 per cent of all children born in Sub-Saharan Africa died before their first birthday. These mortality rates reached 17 per cent by the fifth birthday. Figures are not as high elsewhere, however the mortality rates reported by the UN for developing regions contrast with the very low rates in the OECD countries.

Table 3.12.2: United Nations development indicators by region and worldwide, 2005.

Region	**% Children in Education**	**Infant mortality rate***	**Under-5yrs mortality rate***
Least Developed Countries	48.0	97	153
Arab States	65.5	46	58
East Asia + Pacific	69.4	25	31
L. America + Caribbean	81.2	26	31
South Asia	60.3	60	80
Sub-Saharan Africa	50.6	102	172
Central/Eastern Europe	83.5	22	27
OECD	88.6	9	11
Worldwide total	**67.8**	**52**	**76**

Source: UNDP (2007: 232, 264)

Notes: * number of deaths per 1,000 live births (infant = less than 1 year old)

UN millennium development goals

In response to these problems the UN Millennium Declaration was adopted in 2000 at the largest - ever gathering of heads of state. It committed countries - both rich and poor- to doing all they can to eradicate poverty, promote human dignity and equality and achieve peace, democracy and environmental sustainability. World leaders promised to work together to meet concrete targets for advancing development and reducing poverty by 2015 or earlier. Emanating from the

Millennium Declaration, a set of Millennium Development Goals was agreed. These bind countries to do more in the attack on inadequate incomes, widespread hunger, gender inequality, environmental deterioration and lack of education, health care and clean water. They also include actions to reduce debt and increase aid, trade and technology transfers to poor countries. These goals and their related targets are:

Goal 1: Eradicate extreme poverty and hunger

Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day.

Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

Goal 2: Achieve universal primary education

Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

Goal 3: Promote gender equality and empower women

Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005 and in all levels of education no later than 2015.

Goal 4: Reduce child mortality

Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.

Goal 5: Improve maternal health

Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.

Goal 6: Combat HIV/AIDS, malaria and other diseases

Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS.

Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

Goal 7: Ensure environmental sustainability

Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.

Target 10: Halve by 2015 the proportion of people without sustainable access to safe drinking water.

Target 11: Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers.

Goal 8: Develop a global partnership for development

Target 12: Develop further an open, rule based, predictable, nondiscriminatory trading and financial system (includes a commitment to good governance, development, and poverty reduction—both nationally and internationally).

Target 13: Address the special needs of the least developed countries (includes tariff- and quota free access for exports, enhanced program of debt relief for and cancellation of official bilateral debt, and more generous official development assistance for countries committed to poverty reduction).

Target 14: Address the special needs of landlocked countries and small island developing states (through the Program of Action for the Sustainable Development of Small Island Developing States and 22nd General Assembly provisions).

Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth.

Target 17: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.

Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications technologies.

(UNDP, 2003: 1-3)

To date progress on these goals and targets has been mixed with some regions doing better than others. In particular the UN suggests that East Asia and the Pacific are progressing satisfactorily but that overall "human development is proceeding too slowly" (2004:132). The UN notes that the pace of development is so slow in Sub-Saharan Africa that "at the current pace Sub-Saharan Africa will not meet the goal for universal primary education until 2129 or the goal for reducing child mortality by two-thirds until 2106 - 100 years away, rather than the 11 called for by the goals. In three of the goals - hunger, income poverty and access to sanitation – no date can be set because the situation in the region is worsening, not improving" (2004:132). *Social Justice Ireland* believes that the international community needs to play a more active role in assisting less developed countries achieve these goals. Central to this will be the provision of additional financial support and the prospects of cutbacks in this support (see below) is likely to undermine progress.

Poverty and its associated implications remains the root cause of regional conflicts and civil wars in many of these poor countries. States and societies that are poor are prone to conflict. It is very difficult for governments to govern adequately when their people cannot afford to pay taxes, and industry and trade are almost non-existent. Poverty is also a major cause of environmental degradation. Large-scale food shortages, migration and conflicts lead to environmental pressures.

Clearly poverty in the southern world threatens the very survival of all peoples. It is the major injustice in a world that is not, as a unit, poor. Now more than ever the Irish government must exercise its voice within the European Union and in world institutions to ensure that the elimination of poverty becomes the focus of all policy development.

Trade and debt

A further implication of the earlier tables is to underscore the totally unacceptable division that currently exists between rich and poor regions of the world. The fact that this phenomenon persists is largely attributable to unfair trade practices and to the backlog of unpayable debt owed by the countries of the South to other governments, to the World Bank, the International Monetary Fund (IMF) and to commercial banks.

The effect of trade barriers cannot be overstated; by limiting or eliminating access to potential markets the Western world is denying poor countries substantial income. At the 2002 UN Conference on Financing and Development Michael Moore, the President of the World Trade Organisation, stated that the complete abolition of trade barriers could "boost global income by $2.8 trillion and lift 320 million people out of poverty by 2015". Research by Oxfam (2002) further shows that goods from poor countries are taxed at four times the rate of goods from rich countries and that 120 million people could be lifted out of poverty if Africa, Latin America and Asia increased their share of world markets by just 1 per cent. It is clear that all countries would gain from trade reform. Such reform is now long overdue.

The high levels of debt experienced by Third World countries have disastrous consequences for the populations of indebted countries. Governments that are obliged to dedicate large percentages of their country's GDP to debt repayments cannot afford to pay for health and educational programmes for their people. In 1997, Third World debt totalled over $2.2 trillion. In the same year nearly $250 billion was repaid in interest and loan principal. Africa alone spends four times more on interest on its loans than on healthcare. For every €1 given in aid by rich countries, poor countries pay back nearly €4 in debt repayments. It is not possible for these countries to develop the kind of healthy economies that would facilitate debt repayment when millions of their people are being denied basic healthcare and education and are either unemployed or earn wages so low that they can barely survive.

A process of debt cancellation has been argued for over a number of years and should be implemented. *Social Justice Ireland* welcomes moves in this direction and in particular we welcome the ongoing commitment of the Irish government to support such a move. This was a major policy shift, following entrenched opposition to the move by the Department of Finance. It is now important that Ireland campaign on the international stage to see this process implemented. Progress to date on debt cancellation has been slow.

Social Justice Ireland believes that Ireland's representatives at the World Bank and the IMF should be more critical of the policies adopted by these bodies. The Department of Finance's annual reports on Ireland's involvement in these organisations reveal an alarming degree of unconditional support. According to these reports Ireland has unconditionally supported the World Bank's positions in all of the following areas: poverty reduction, gender issues, private-sector development, governance issues and corruption, military spending, post-conflict initiatives and environmentally sustainable projects. This level of support does not match Irish public opinion. NGOs, such as the Debt and Development Coalition, which have done much work on these issues, are very critical of the World Bank in its policies on issues such as poverty reduction, gender and the environment. We believe that this criticism of government is well founded.

Ireland's commitment to ODA

The international challenge to significantly increase levels of Overseas Development Assistance (ODA) was set out by the former UN Secretary General Kofi Annan shortly after the adoption of the MDGs. He stated that:

> *We will have time to reach the Millennium Development Goals – worldwide and in most, or even all, individual countries – but only if we break with business as usual. We cannot win overnight. Success will require sustained action across the entire decade between now and the deadline. It takes time to train the teachers, nurses and engineers; to build the roads, schools and hospitals; to grow the small and large businesses able to create the jobs and income needed. So we must start now. And we must more than double global development assistance over the next few years. Nothing less will help to achieve the Goals.*

These comments lay down a clear challenge to the international community and *Social Justice Ireland* believes that Ireland can lead the way in responding to that challenge. We welcomed the announcement at the United National General Assembly by the former Taoiseach Bertie Ahern that Ireland will reach the UN target of 0.7 per cent of GNP on overseas aid by 2012. We also welcomed the re-iteration of this commitment in *Towards 2016* and in the Government's *White Paper on Irish Aid*. In particular we welcomed the accompanying funding timetable announced by the Department of Foreign Affairs. We regret that the Government rapidly abandoned these commitments once the economy experienced recession and has now pushed the target out to 2015.

As table 3.12.3 shows, over time Ireland has achieved sizeable increases in our ODA allocation. In 2006 a total of €658m (0.466 per cent of GNP) was allocated to ODA. Budget 2007 allocated €813m, equivalent to 0.5 per cent of GNP – reaching the interim target set by the Government. Budget 2008 further increased the ODA budget to reach €914m (0.54 per cent of GNP). However, since then the ODA budget has been at the brunt of government cuts and has fallen by €243m – more than 26 per cent. These have been cuts focused on the poorest countries and people in the world and we regret this policy choice. It undermines the very worthy work of Irish Aid which has received deserved praise from the OECD's Development Assistance Committee who reviewed the performance of Ireland's aid budget in 2007 and described it being in international terms at the 'cutting edge' (OECD, 2009).

Table 3.12.3: Ireland's net overseas development assistance, 1993-2012.

Year	€m's	% of GNP
1993	69.4	0.18
1994	95.5	0.23
1995	122.0	0.26
1996	142.3	0.28
1997	157.6	0.27
1998	177.3	0.26
1999	230.3	0.30
2000	254.9	0.29
2001	320.1	0.33
2002	422.1	0.41
2003	446	0.40
2004	475	0.39
2005	545	0.40
2006	658	0.46
2007	813	0.50
2008	914	0.54
2009 Budget #1	891	0.56
2009 Budget #2	696	0.52
2010	671	0.52

Source: CSO, 2008:46, various Budget Documents.

By 2015, it is crucial that the Irish government be seen to finally honour the very public commitment it made to achieve this UN target. Not only would its achievement be a major success for government, and an important element in the delivery of promises made in the national agreement, but it would also be of significance internationally. Ireland's success would not only provide additional assistance to needy countries but would also provide leadership to those other European countries who do not meet the target. Despite the challenges, we believe that this commitment should be honoured.

HIV/AIDS

The most recent UNAIDS report (2008) revealed that there are now 33 million people worldwide with HIV/AIDS. This figure comprises approximately 30.8 million adults and 2.5 million children. Predominantly, the crisis is concentrated in poorer African and Asian countries. Of the total, 22.1 million (67 per cent) of the infected are in sub-Saharan Africa. In 2007 there were 2.7 million new HIV/AIDS infections and 2 million deaths (UNAIDS, 2008: 1-6). These figures imply that there were approximately 7,400 deaths and 5,500 new infections each day.

Kofi Annan, the former UN Secretary-General, has described this epidemic as "an unparalleled nightmare" whose health, social, economic and family consequences are far beyond any ever previously experienced. In the worst-suffering African countries, over 30 per cent of the adult population have HIV/AIDS. In the least infected countries around 5-7 per cent of the adult population have contracted the disease. To date there is no cure for HIV/AIDS and progress towards identifying an appropriate vaccine for the African and Asian strains has been a slow and seriously under-funded process.

The UN also notes that beyond sub-Saharan Africa, more recent epidemics continue to grow - in China, Indonesia, Papua New Guinea, Vietnam, several Central Asian Republics, the Baltic States, and North Africa. Its leading expert on AIDS has suggested that currently the disease is "only in its infancy".

To address this epidemic the UN has estimated that €10 billion is needed annually. In recent years there has been a sea-change in the global AIDS response with global funding increasing from roughly US$2.1 billion in 2001 to an estimated US$6.1 billion in 2004. However, this is still not enough and governments worldwide need to allocate additional resources.

Social Justice Ireland welcomes the commitment by the Irish government to spend at least €30m a year on combating HIV/AIDS in the developing world. This is a welcome start and an action that should be matched by many more governments worldwide. We also welcome the commitment in *Towards 2016* to "spending a significant proportion of the expanding ODA budget on the fight against HIV/AIDS and other communicable diseases" (2006:37). In doing this Ireland should encourage other states to fund programmes and research aimed at resolving this growing crisis.

In concluding its 2005 report, UNAIDS noted the complexity of challenges that face the international community as we address this epidemic. It suggests that "bringing AIDS under control will require tackling with greater resolve the underlying factors that fuel these epidemics - including societal inequalities and injustices. It will require overcoming the still serious barriers to access that take the form of stigma, discrimination, gender inequality and other human rights violations. It will also require overcoming the new injustices created by AIDS, such as the orphaning of generations of children and the stripping of human and institutional capacities. These are extraordinary challenges that demand extraordinary responses" (2005: 5).

Policy Proposals on the Developing World

- **Reverse the overseas aid cuts delivered in recent Budgets.**

- **Ensure that Ireland delivers on its promise to meet the United Nations target of contributing 0.7 per cent of GNP to Overseas Development Assistance by the EU deadline of 2015.**

- **Take a far more proactive stance at government level on ensuring that Irish and EU policies towards countries in the South are just.**

- **Adopt a more critical perspective towards the policies of the World Bank and the IMF.**

- **Continue to support the international campaign for the liberation of the poorest nations from the burden of the backlog of unpayable debt and take steps to ensure that further progress is made on this issue.**

- **Continue to support the implementation of the Millennium Development Goals.**

- **Honour the commitments Government signed up to at the World Earth Summit in Johannesburg in 2002.**

- **Work for changes in the existing international trading regimes, to encourage fairer and sustainable forms of trade. In particular, resource the development of Ireland's policies in the WTO to ensure that this goal is pursued.**

- **Ensure that the government takes up a leadership position within the European and international arenas to encourage other states to fund programmes and research aimed at resolving the AIDS/HIV crisis.**

4. VALUES

"Few can doubt that we have been in a period of economic transition. The financial collapse has shown that many aspects of the 'new economy', so widely praised just a few years ago, are unstable and unsustainable. For years we were told that we had entered a brand new world of unlimited financial possibilities, brought about by sophisticated techniques and technologies, starting with the internet and the information technology revolution, spread through the world by "globalisation" and managed by 'financial engineers' who, armed with the tools of financial derivatives, could eliminate risk and uncertainty. Now we can see that the new financial structure was a house of cards built on sand, where speculation replaced enterprise, and the self-interest of many financial speculators came at the expense of the common good.

While there were many factors that contributed to the financial meltdown of 2008, they start with the exclusion of ethics from economic and business decision making. The designers of the new financial order had complete faith that the 'invisible hand' of market competition would ensure that the self-interested decisions of market participants would promote the common good." (Clark and Alford, 2010).

In Ireland we regularly hear the questions; "Where did the wealth go?" "When we had the resources what did we as a society fix?" We are conscious of much fear, anxiety and anger in our communities. Today, more and more of society are questioning how the policies and decisions of the past decade could have failed Irish society so badly.

These reflections brings to the fore the issue of values. Our fears are easier to admit than our values. Do we as a people accept a two-tier society in fact, while deriding it in principle? The earlier chapters of this review document many aspects of this two tiered society. This reality is made possible by the support of our value system. This dualism in our values allows us to continue with the status quo, which, in reality, means that it is okay to exclude almost one sixth of the population from the mainstream of life of the society, while substantial resources and opportunities are channelled towards other groups in society. This dualism operates at the levels of individual people, communities and sectors.

Christian Values

Social Justice Ireland's concerns in this area are deeply rooted in Christian values. Christianity subscribes to the values of both human dignity and the centrality of the community. The person is seen as growing and developing in a context that includes other people and the environment. Justice is understood in terms of relationships. The Christian scriptures understand justice as a harmony that comes from fidelity to right relationships with God, people and the environment. A just society is one that is structured in such a way as to promote these right relationships so that human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected (Healy and Reynolds, 2003:188).

As our societies have grown in sophistication, the need for appropriate structures has become more urgent. While the aspiration that everyone should enjoy the good life, and the goodwill to make it available to all are essential ingredients in a just society, the good life will not happen without the deliberate establishment of structures to facilitate its development. In the past charity, in the sense of alms-giving by some individuals on an arbitrary and ad hoc basis, was seen as sufficient to ensure that everyone could cross the threshold of human dignity. Calling on the work of social historians it could be argued that charity in this sense was never an appropriate method for dealing with poverty. Certainly it is not a suitable methodology for dealing with the problems of today. As recent world disasters have graphically shown, charity and the heroic efforts of voluntary agencies cannot solve these problems on a long-term basis. Appropriate structures should be established to ensure that every person has access to the resources needed to live life with dignity.

Few people would disagree that the resources of the planet are for the use of the people - not just the present generation, but also the generations still to come. In Old Testament times these resources were closely tied to land and water. A complex system of laws about the Sabbatical and Jubilee years (Lev 25: 1-22, Deut 15: 1-18) was devised to ensure, on the one hand, that no person could be disinherited, and, on the other, that land and debts could not be accumulated. This system also ensured that the land was protected and allowed to renew itself

These reflections raise questions about ownership. Obviously there was an acceptance of private property, but it was not an exclusive ownership. It carried social responsibilities. We find similar thinking among the leaders of the early Christian community. St John Chrysostom, speaking to those who could manipulate the law so as to accumulate wealth to the detriment of others, taught that "*the rich are in the possession of the goods of the poor even if they have acquired them honestly or inherited them legally*" (Homily on Lazarus). These early leaders also established that a person in extreme necessity has the right to take from the riches of others what s/he needs, since private property has a social quality deriving from the law of the communal purpose of earthly goods (*Gaudium et Spes* 69-71).

In more recent times, Pope Paul VI said "*private property does not constitute for anyone an absolute and unconditional right. No one is justified in keeping for his/her exclusive use what is not needed when others lack necessities.…The right to property must never be exercised to the detriment of the common good*" (*Populorum Progressio* No. 23). Pope John Paul II has developed the understanding of ownership, especially in regard to the ownership of the means of production. One of the major contributors to the generation of wealth is technology. The technology we have today is the product of the work of many people through many generations. Through the laws of patenting and exploration a very small group of people has claimed legal rights to a large portion of the world's wealth. Pope John Paul II questions the morality of these structures. He says "*if it is true that capital as the whole of the means of production is at the same time the product of the work of generations, it is equally true that capital is being unceasingly created through the work done with the help of all these means of production*". Therefore, no one can claim exclusive rights over the means of production. Rather that right "*is subordinated to the right to common use, to the fact that goods are meant for everyone*". (*Laborem Exercens* No 14). Since everyone has a right to a proportion of the goods of the country, society is faced with two responsibilities regarding economic resources: firstly each person should have sufficient to access the good life; and secondly, since the earth's resources are finite, and since "more" is not necessarily "better", it is time that society faced the question of putting a limit on the wealth that any person or corporation can accumulate. Espousing the value of environmental sustainability requires a commitment to establish systems that ensure the protection of our planet.

Interdependence, mutuality, solidarity and connectedness are words that are used loosely today to express a consciousness which is very Christian. All of creation is seen as a unit that is dynamic - each part is related to every other part, depends on it in some way, and can also affect it. When we focus on the human family, this means that each person depends on others initially for life itself, and subsequently for the resources and relationships needed to grow and develop. To ensure that the connectedness of the web of life is maintained, each person is meant to reach out to support others in ways that are appropriate for their growth and in harmony with the rest of creation. This thinking respects the integrity of the person, while recognising that the person can achieve his or her potential only in right relationships with others and the environment.

Most people in Irish society would subscribe to the values articulated here. However these values will only be operative in our society when appropriate structures and infrastructures are put in place. These are the values that *Social Justice Ireland* wishes to promote. We wish to work with others to develop and support appropriate systems, structures and infrastructures which will give practical expression to these values in Irish society.

5. CONCLUSION

Today, Ireland is in need of a logical and coherent pathway to recovery. In this socio-economic review *Social Justice Ireland* has presented its analysis of the present socio-economic situation in Ireland and how it came to be in this situation. We also presented a vision of a New Ireland and sketched out the nature and structure of a pathway towards this vision. We proposed an agenda to ensure economic development, social equity and sustainability in the medium to long term. Within this, we outlined and proposed a wide range of policy initiatives that should form the basis of any movement towards building for the future. All our proposals are made within responsible fiscal parameters.

Given the parameters of this review we have not been able to go into the level of detail that some people would like to see. However, we refer people to our constantly updated website, *www.socialjustice.ie*, where we will continue to develop this analysis and approach.

We do not claim to have all the answers. However, we make our proposals as a contribution to the public debate on what the key priorities in the socio-economic arena should be now and in the years ahead. All responses are most welcome.

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APPENDIX

As chapter two, section 2.1, notes there are figures available for total government expenditure as a percentage of national income for 2008 – more recent than the 2007 figures used in the comparisons on table 2.5. However, these figures are problematic given that they report a notable increase in spending as a proportion of national income for almost all EU countries as GDP declined while government spending was, in many cases, boosted to stimulate the economy and pay for increased unemployment related expenditure. This was particularly so in the countries worst hit by the recession. The abnormal nature of fiscal policies in 2008 (and most likely 2009 and 2010) across all EU countries suggests that it would be inappropriate to make structural comparisons using this data. For this reason the analysis presented in table 2.5 uses the 2007 data. However, for completeness, we present the latest available data, for 2008, below.

Table A1: Total Government Expenditure as a % of GDP, for the EU-27 in 2008

Country	% of GDP	Country	% of GDP
Sweden	53.1	Cyprus	44.0
France	52.7	Germany	43.9
Denmark	51.7	Slovenia	43.6
Belgium	49.9	Poland	43.1
Hungary	49.8	Czech Republic	42.4
Austria	48.7	**IRELAND GDP**	**41.0**
Italy	48.7	Estonia	40.9
IRELAND GNP	**48.6**	Luxembourg	40.7
Finland	48.4	Spain	40.5
United Kingdom	47.7	Latvia	39.5
Portugal	45.9	Romania	38.5
Netherlands	45.5	Bulgaria	37.4
Malta	45.3	Lithuania	37.2
Greece	44.9	Slovakia	34.9

Source: Eurostat (2007:165), Eurostat online database (2009) and CSO (2009:3)
Notes: EU-27 arithmetic average of 44.4% of GDP.

This *Review* presents a narrative outlining what happened over recent decades to bring Ireland to where it is today, where exactly Ireland finds itself now, where Ireland should go into the future and what it needs to do to get there. It goes on to address key policy areas, present a detailed analysis and propose policy initiatives that are required to develop an Ireland that is sustainable, equitable and a desirable place in which to live.

This *Review* does not accept many of the assumptions and analysis that underpin much of the commentary in public and policy-making arenas in recent times.

The scale and severity of the crises in which Ireland finds itself raise obvious questions regarding how they occurred. This *Review* provides a commentary on the background to these events. It addresses questions about recovery from these crises and more importantly how we can shape a future Ireland that cares for the well-being of all its people and protects the environment.

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- Participation
- Sustainability
- Rural Development
- The Developing World

It presents a detailed analysis under each of these headings alongside a set of suggested policy proposals that would go some way to addressing the challenges identified.

The *Review* is published by *Social Justice Ireland* as a contribution to the public debate on key socio-economic challenges Ireland faces today.

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