A Better Ireland is Possible

Towards an alternative vision for Ireland

By Professor Peadar Kirby
& Dr Mary Murphy

COMMUNITY PLATFORM
CHALLENGING PROVERTY & INEQUALITY

A Better Ireland is Possible:
Towards an alternative vision for Ireland

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The Community Platform is made up of a network of 28 national networks and organisations within the Community & Voluntary sector working to address poverty, social exclusion and inequality. It acts as a mechanism to negotiate and organise the participation and involvement of the sector as a social partner in decision making arenas at a national level.

Organisations currently in the Community Platform are: ATD 4th World, Age Action Ireland, Community Action Network, Community Workers Co-operative, Cairde, European Anti-Poverty Network (EAPN) Ireland, Gay and Lesbian Equality Network, Immigrant Council of Ireland, Irish Association of Older People, Irish National Organisation of the Unemployed, Irish Penal Reform Trust, Irish Refugee Council, Irish Rural Link, Irish Traveller Movement, Migrant Rights Centre Ireland, National Adult Literacy Agency, National Network of Women's Refuges and Support Services, National Traveller Women's Forum, National Women's Council of Ireland, Older Women's Network, OPEN, Pavee Point, Rape Crisis Network Ireland, Simon Communities of Ireland, Threshold, Voluntary Drug Treatment Network, Vincentian Partnership for Justice, Women's Aid.

Note on Authors

Dr Mary Murphy
Dr Murphy is a lecturer in the Department of Sociology, Maynooth. She was National Social Policy Officer in the Society of St Vincent De Paul from 1998-2001 and worked as Assistant General Secretary of the National Organisation of the Unemployed from 1991-1998. Both employments involved co-ordinating and developing civil society input into national policy, anti-poverty and equality debate, and serving on various national policy and research committees. Dr Murphy's research interests include globalisation and welfare states, local governance, gender, social security and welfare to work.

Professor Peadar Kirby
Professor Kirby is the Professor of International Politics and Public Policy in the Department of Politics and Public Administration, University of Limerick. His research interests include globalisation, development theory and practice, development in the Republic of Ireland, social, political and economic development in Latin-America, social movements and the potential for agency. Professor Kirby has written extensively on globalisation, the Celtic Tiger and social outcomes.

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Preface

At the very heart of our ambition as civil society organisations is a commitment and belief that a more equitable, just and inclusive Ireland is possible. The members of the Community Platform are motivated by a vision for Ireland in which development means an increasingly fair society, and in which democracy is defined by participation, engagement and pluralism.

The civil society organisations that comprise the Community Platform share a commitment to creating a more just and equal society, as well as the capacity to generate alternative solutions. We recognise that we have a responsibility to drive and to contribute to the emerging debate on the nature of Irish society and democracy, which moves beyond current realities to foster genuinely creative responses to new and intransigent socio-economic challenges.

The Community Platform commissioned Dr Mary Murphy and Professor Peadar Kirby to write this paper to inform this process. We asked the authors to critically examine existing models of development and responses to exclusion and inequality, assessing progress to date, and to present their analysis of alternative models of development that Ireland could draw on. They have succeeded in presenting a paper that poses many challenges and raises questions for everyone concerned with anti-poverty, social inclusion and equality in Ireland.

The paper explores the Irish economic success story that has dominated debate over the last decade, assesses the level of inequality that it has left in its wake, and speculates about the general acceptance of this disparity. It raises questions about the sustainability and values that underpin that model of economic development in Ireland. The paper addresses the role of civil society, from the perspective of how it engages with the state, how the state has sought to define that relationship, and the implications this has for civil society organisations. It interrogates the role of the state and the commonly held impression of a benign and capable state committed to a project of national economic and social development. Murphy and Kirby point out that those driven to ensure that the market and market friendly policies are an end in themselves rather than a means, have won hands down the battle for ideas in Ireland.

Pluralism and ideas are the lifeblood of democracy. Debate, critique and discussion are crucial to the development of an alternative, more sustainable and equitable model of development. Drawing on international practice and outlining a number of alternative models of development the authors seek to stimulate discussion about a more just and equitable model of development. Perhaps most importantly, they prompt us to begin to consider the values that should inform any future sustainable model of development. Never has this challenge been more urgent, as governments all over Europe and the world move to privatise profit and socialise loss. What the world is now witnessing is much more than limited market failure, what we are seeing is the systemic collapse of market capitalism, and in particular financial capitalism. These realities have implications for Ireland's development model, and in the wake of Budget 2009 this paper seeks to contribute to articulating a 'better Ireland'.

Everyday members of the Community Platform work for and with children, women and men for whom the challenge of voicing an alternative vision for Ireland is not a theoretical luxury, but a very real, practical and urgent necessity.
This paper concludes that a better Ireland is possible and asks us all to step up to the challenge of ensuring that it becomes a reality. In a mature democracy - one that values pluralism, diversity and governance - everyone has the right to participate in generating an alternative vision, and everyone shares the responsibility in ensuring we succeed.

Democracy is the right to choose and the right to create alternatives to choose from.

IT'S YOUR RIGHT

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Introduction

The paper has two core aims: critical engagement with the present Irish models of development; and constructive visioning about alternative models of development.

The aim or purpose of the paper is to be a resource for Community Platform (CP) members to reflect on and engage critically with the present Irish policy and political environment. The paper is simply a resource to stimulate discussion. It has not been adopted by the Community Platform and is not a Community Platform position paper. The paper has two core aims: critical engagement with the present Irish models of development; and constructive visioning about alternative models of development. The paper begins, therefore, by critically reflecting on the current Irish model of development, and engages with the key debates about wealth, income distribution, poverty and equality. It then provides the opportunity to reflect, from an equality and poverty perspective, on emerging models of development in the shape of a National Economic and Social Council (NESC) proposal for a Developmental Welfare State (DWS). Finally, it reviews development literature with a view to isolating alternative models of development that offer the capacity to realise equality and antipoverty outcomes.

During the time this paper was drafted the Irish and global economy has sunk further into recession and the economic context in which national development policy is framed has shifted significantly. When the paper was commissioned a year ago the extent of the subsequent collapse of the world financial system was unimaginable. The need for real sustainable alternatives has been demonstrated beyond doubt. The National Competitiveness Council (NCC) published a Discussion Paper on Wellbeing and Competitiveness in July 2008 which argued that the relationship between wellbeing and competitiveness is close and mutually dependent. It stressed that the value of characteristics that support wellbeing (such as high levels of participation in education and employment, and social trust) will become even more important as Ireland moves towards a knowledge based society and economy. Gaffney (July 2008) acknowledges the NCC paper as progressing acceptance that 'the definition of national success must be amplified well beyond the traditional measures of economic wellbeing' and she argues that conventional measures of national wellbeing fail to measure inequality. Gaffney also ponders the threat to personal income posed by the current economic downturn and implies it will impact on people's sense of wellbeing. She concludes that we need to be careful in the way we are talking about and managing the complex links between national competitiveness, individual income and wellbeing. Agreeing that discourse and language matters, this paper argues that, as well as avoiding language that adds to people's sense of vulnerability and insecurity, it is also vital to avoid the language of blame where the poor and unemployed are made to feel at fault for the economic and social failures of the current model of development. A more solidaristic language is required that moves beyond the individualism of the Celtic Tiger. While it is aware of the current serious economic climate, this paper aims to contribute to a wider and more long-term debate about Ireland's model of development and the scope that exists to change it.

Understanding the 'Irish model' – what is wrong with the Irish model of development?

Up until recently, the media, political and economic leaders, and opinion formers generally heaped praise on Ireland's remarkable success over the past decade and a half. However, when examined in a more global context, Ireland's success presents a number of significant paradoxes. Essentially these centre on three issues:

- the dependent nature of our economic growth model
- the inequitable distribution of the fruits of that growth and
- the role being played by the state in achieving this success.

Each is considered in turn here.

...the Celtic Tiger economy met its end in 2001 as industrial employment began to decline and the construction sector became the motor of Irish economic growth. By early 2008 it was becoming more and more obvious that 'the state simply cannot continue to depend on a small and heavily indebted domestic population of 4½ million people to provide a continuing impetus to economic and social improvement' (Tansey, 2008)

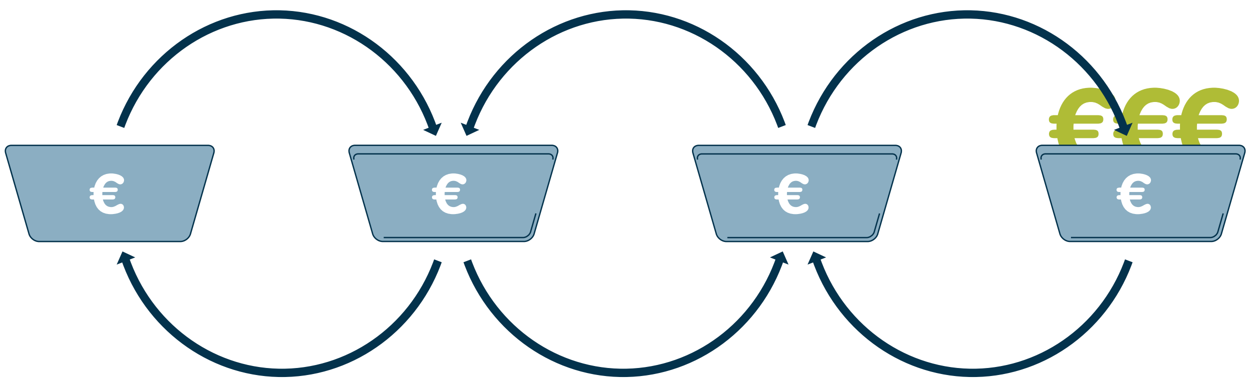
a) Dependent development:

Unlike other cases of economic transformation in the 20th century such as the Nordic social democratic success, the East Asian 'tiger' economies with their developmental states where the state takes a coherent leading role in both economic and social transformation, or even the less sustained success of industrialization in India, Brazil, Argentina and Mexico in the 1960s and 1970s what characterises Ireland's economic transformation is that it is based largely on the state's success in winning high levels of foreign investment, particularly from the United States. It is true that this helped lay the foundations of a modern and internationally competitive industrial base to the Irish economy for the first time, however, the Irish state and the indigenous private sector has been far less successful in embedding this success in indigenous industry or services.[1] The late Irish Times economics editor Paul Tansey drew attention again and again in late 2007 and early 2008 to the huge challenge now facing the Irish economy. He wrote that the Celtic Tiger economy met its end in 2001 as industrial employment began to decline and the construction sector became the motor of Irish economic growth. By early 2008 it was becoming more and more obvious that 'the state simply cannot continue to depend on a small and heavily indebted domestic population of 4½ million people to provide a continuing impetus to economic and social improvement' (Tansey, 2008). In this context, an innovative and concerted approach to expanding exports is the only feasible route to continuing economic success, wrote Tansey. Yet with increased competition for foreign investment from India, China and eastern European countries, Ireland cannot any longer count on returning to a reliance on this sector as the motor of growth. Therefore we are facing a major challenge in developing indigenous export-oriented dynamic economic sectors if we are to continue the levels of economic growth we have become used to. The years of the Celtic Tiger served to camouflage rather than to resolve this long-standing failure to develop indigenous industry.

The global credit crunch of 2008 highlights even more dramatically the extent of the challenge facing the Irish economy.

1 Economists Gallagher et al (2002) concluded that economic transformation was driven to a large extent by foreign-owned firms in the electronics (including computers), pharmaceutical and financial services industries. It 'has not been built on the strength of its national system of innovation and improvement,' they write (Gallagher et al., 2002: 77). So, as US academic Fred Gottheil, put it: 'What was really Irish about Ireland's economic performance? That is to say, was it really a Celtic Tiger at work in Ireland or a U.S. Tiger caged in a Celtic zoo?' He quickly answers his own question by noting that the profit rates as a percent of sales of US multinationals operating in Ireland 'were scarcely short of awesome'; for example US pharmaceutical companies operating in Ireland had profit rates approaching 50 per cent which compares to 5 per cent profits rates for Irish companies operating in Ireland and for US companies in the US. While there has been some transformation of the domestic economy, the Irish economy still continues to be very much 'a "platform economy" for foreign multinationals – particularly US', concludes Gottheil (2003: 731-33).

Unequal distribution has been camouflaged over the years of the Celtic Tiger and, far from being resolved, remains a most serious problem in Irish society today, even taking on some features that make today's situation worse than in previous decades.



b) Unequal distribution:

A second long-standing feature of Irish society is its high levels of socio-economic inequality. Like the problem of our dependent industrialisation, the Irish state has never succeeded in laying the foundations for a more inclusive pattern of national development, a feature that was hidden for decades by the fact that we exported a significant section of our labour force. This feature of the Irish 'model' has received a lot more public attention than the feature outlined above but this has failed to generate either a consensus on the nature of the problem, or what policies are needed to address it. Disputes about what measure of poverty to use ('consistent' poverty or relative poverty) and the paucity of data on inequality, coupled with a very active use of discourse by the state and politicians on 'combating poverty', on 'social inclusion' and on the 'equality agenda', has tended to obfuscate rather than to clarify the nature of the problem. The media debate about the Economic and Social Research Institute (ESRI) book Best of Times? (Fahey, Nolan and Whelan, 2007) has further reinforced a view that unequal distribution has not worsened over the years of the boom and is less serious than critics allege. The following section of this report disputes this ESRI view and argues that the evidence, taken as a whole, adds up to a seriously embedded problem of unequal distribution. Unequal distribution has been camouflaged over the years of the Celtic Tiger and, far from being resolved, remains a most serious problem in Irish society today, even taking on some features that make today's situation worse than in previous decades.

c) Role of the state:

The third major paradox of the 'Irish model' that distinguishes it from models of successful development in other parts of the world relates to the role of the state. In other countries that were latecomers to industrial development, the state played a central role in interfering in the market in order to foster an indigenous industrial sector. In the most successful cases (for example, Taiwan and South Korea), this sector became internationally competitive and won significant export markets. Yet, just as in the case of the other two issues highlighted in this section, there is a complete lack of consensus in the Irish case about the precise role played by the state and, indeed, a confusion about what the key issue is in this regard. The ESRI in 2000 argued that the state has been deeply implicated in the entire process, managing both economic development and the welfare state'[2] Two major flaws in this argument have served to distort rather than clarify debates on the role of the Irish state. The first is that it rests on a presumption that if a state plays a role in development then that model of development is not a case of neo-liberalism. The second flaw is the failure to examine the type of state that has played this role. An impression is left of a benign and capable state committed to a project of national economic and social development. Since 2000, the debate on the Irish state has moved much further, being centered essentially on whether the Irish state is a developmental state (similar to the kind of state that led coherent projects of national economic and social development in East Asia from the 1960s onwards) or a competition state (giving priority to economic competitiveness over welfare and equity). Ó Riain's argument that Ireland is a new kind of network developmental state, more appropriate to the requirements of a globalised world than the more bureaucratic developmental states of East Asia (2000, 2004) influenced the NESC proposal of a developmental welfare state (NESC DWS 2005). The success of countries like South Korea, Taiwan and Singapore in building world-class high-tech industrial sectors with more equitable distribution of the benefits ('growth with equity') through the active involvement of the state came to be recognised since the 1980s as an alternative to the dominant free-market approach to development. However, the characterisation by NESC and others of the Irish state as being similar has been challenged by a number of scholars (Dukelow, Boyle, Kirby, Kirby and Murphy) who argue that the contrast between the Irish state's effectiveness in winning high levels of foreign investment and providing conditions to ensure its success, and the same state's weak and inconsistent welfare effort is best understood by recognising the Irish state as a competition and not a developmental state. This finds expression in the state's policy of generous funding of supports for industrial and innovation policies and its administrative effectiveness in these areas, contrasted with its ungenerous funding of social benefits and provision and its seeming lack of effectiveness in reforming the health services or providing suitable and adequate supports for vulnerable groups through joined up public services. In furthering this debate, a new volume on the Irish state (Adshead, Kirby and Millar, 2008) for the first time interrogates the capacity of the Irish state and the role it has played in national development. In his contribution, Ó Riain identifies more precisely the period between 1994 and 2000 when some sectors of the Irish state played a developmental role whereas since 2000 a tax cutting project has taken over the state as its developmentalism has waned. This debate on the state is

2 The ESRI claimed in its book Bust to Boom in 2000 that 'there was a great deal more to Ireland's success than liberalisation of markets. The editors concluded that 'it is not a simple story of globalization, forced withdrawal of the state and the promotion of neo-liberalism' (Nolan, O'Connell and Whelan, 2000: 1 and 3).

therefore helping to overcome the two major flaws that characterised the position of the ESRI authors in 2000. First it is identifying the precise role that both state and market have played in the Irish success and, second, it is beginning to examine just how capable the Irish state is.

Conclusions

This brief analysis highlights the extent to which the understanding of the Irish success that has dominated public and political attitudes and that has been sold internationally is an extremely partial and benign one, failing to take account of major debates in the social sciences. Stating this underlines the extent to which those with a vested interest in promoting such a positive view have been allowed to prevail. It is true that their views have been critiqued in some academic circles but these critical views get a very limited public airing, so that a benign and one-sided view dominated in the public arena. This indicates the failure of opinion formers and more critical social actors (principally left-wing parties, trade unions and the community and voluntary sector) to contest the dominant view in public and political fora (including within social partnership).

In other words, the battle for ideas has been won hands down by those with a vested interest in ensuring the state takes an extreme market-friendly approach to public policy and in seeking to avoid debates about redistributive taxation, adequate social spending and provision, and more active state policies to generate more successful domestic productive sectors.

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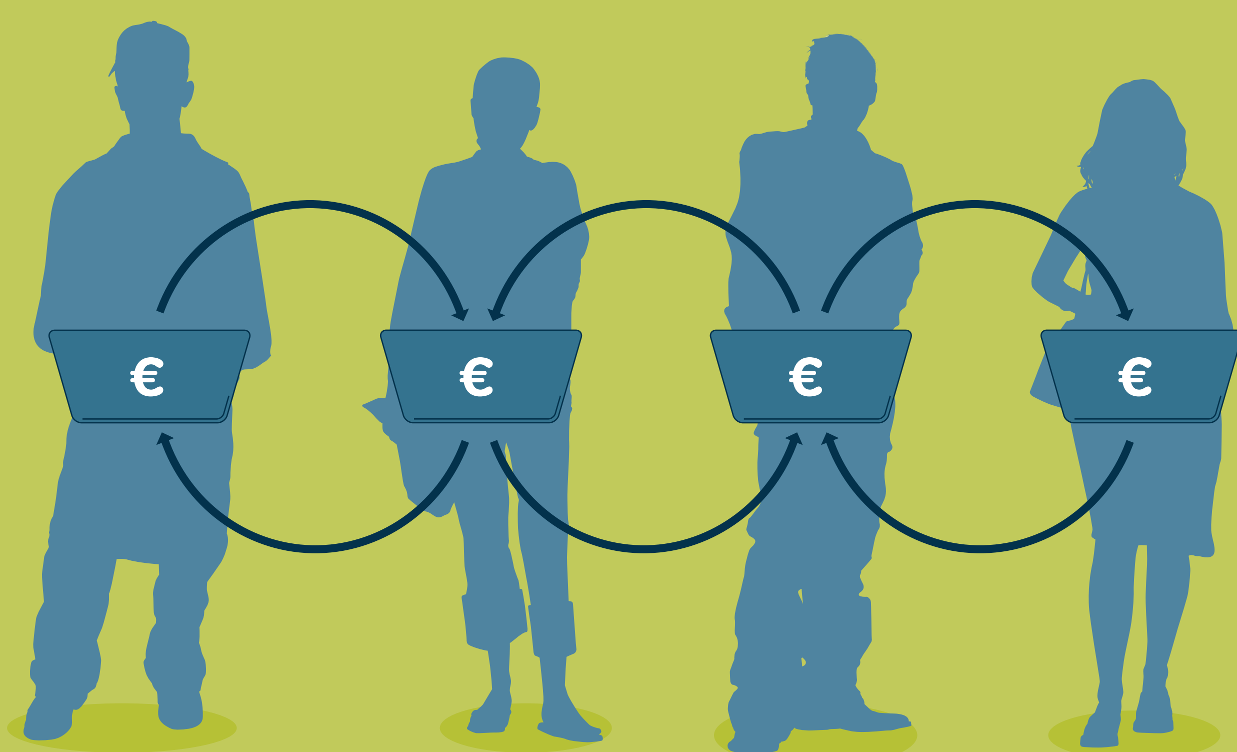
Distributional issues in the Irish model:

Just how bad is the problem from an equality and anti-poverty perspective?



a) Wealth distribution:

Almost all discussion of distribution in Ireland relates to distribution of income rather than distribution of wealth. Since wealth is generally far more unequally distributed than is income (due to the ability of those who hold wealth to pass it on in the form of property and other assets such as shares or luxury goods such as yachts or paintings), discussions of inequality in Ireland generally avoid dealing with the worst excesses of inequality. This is partly because very little research has been done into wealth inequality in Ireland and what has been done is quite dated. While journalistic accounts highlight the extent to which an extremely wealthy elite has emerged as the main beneficiary of the Irish boom, many of whom made their money not from productive entrepreneurship but from property speculation and as building developers, we know very little about this elite and how they are using their new-found wealth. One recent estimate (O'Sullivan, 2006) estimates that the top 1 % of the population holds 20 % of the wealth, the top 2 % holds 30 % and the top 5 % holds 40 % of the wealth. *When the value of home ownership is excluded, then the concentration of wealth is even greater with 1 % of the population accounting for around 34 % of the wealth.*

Much of this wealth concentration was enabled through government tax policy.

Tax inequity is a key concern for those interested in distributional or economic justice. For example, Hughes (2008) demonstrates that 80 % of the €3 billion tax relief on pensions goes to households with €60,000 or more income per annum. When a small number of people have large amounts of wealth and many others have few resources, society becomes less cohesive. Wealth bestows power over other people. Such power can be exercised directly through economic decisions to open or close businesses, increase rents, move sports stadia out of cities, disperse communities, speculate with currencies and even bankrupt whole countries. It can also be exercised indirectly by way of funding political parties through corporate donations and using this access to political power to influence government policy. Unequal access to wealth and income enables some men to exercise physical, sexual or emotional power over women.

b) Income distribution:

While we know a lot more about the distribution of income earned through labour, rent or dividends, our knowledge is relatively limited about incomes at the top of the distribution (that is, among the richest). However, a number of features of the Irish income distribution can be stated with some precision. Data from the 2006 Survey on Income and Living Conditions (SILC) (CSO, 2006:25,27,41) show that average gross household income increased by 7.8% year on year to €1,055.48 per week in 2006, and average net disposable household income was €836.44 per week, representing a 7.8% increase on 2005. Average equivalised net disposable income was €406.84 per week, and the at risk of poverty threshold was €202.49 per week based on equivalised net disposable income. This compared to €192.74 per week in 2005. It represents an increase of €9.75 or 5.1%.

What does all this mean for people living in Ireland? Comparing Ireland's income distribution after the Celtic Tiger boom with EU and Organisation for Economic Co-operation and Development (OECD) countries shows that it has a very high level of inequality for its level of economic development. Comparing it to 30 countries using data from around 2000, Smeeding and Nolan write that 'Ireland is indeed an outlier among rich nations. Only the United States, Russia, and Mexico have higher levels of inequality [...] Among the richest OECD nations Ireland has the second highest level of inequality' (Smeeding and Nolan, 2004: 9).

When a small number of people have large amounts of wealth and many others have few resources, society becomes less cohesive. Wealth bestows power over other people.

They find that low-income Irish people in the bottom decile (lowest 10 % of earners) in 2000 had an income that was only 41 % of median income making them among the least well-off of the whole sample whereas the top 10 % of Irish income earners had an income that is 189 % of the median, a little below the average. Ireland's Gini coefficient[3] was the fifth highest in the EU-25 in 2003-04.[4]

The latest available EU-25 figures, which relate to 2005, show that Lithuania and Poland had the highest at-risk-of-poverty rates in the EU, at 21%. Ireland, along with Greece and Spain, were third highest, with a rate of 20%. The overall rate for the EU-25 was 16%. Excluding all social transfers Ireland had a lower than average rate of 40%, compared to an EU-25 rate of 43%. In terms of inequality, Ireland has very similar levels to the EU averages, with a Gini coefficient of 32% and the income quintile share ratio at 5.0%. Ireland also fell very close to overall EU-levels in terms of the lower at-risk-of-poverty thresholds at 40% and 50% of median equivalised income, with rates of 5% and 11% respectively. However Ireland, along with Lithuania and Poland, had the highest at-risk-of-poverty rate at the 70% threshold, with a rate of 28%, compared to 24% in the EU-25 and EU-15 (CSO, EU-SILC 2006, 41).

Trends in relative poverty, a measure of inequality, show a steady increase over two decades. Since the initiation of the EU Survey on Income and Living Conditions (EU-SILC) in 2003, data on poverty in Ireland are grouped into somewhat different categories making them consistent with data across the EU.[5] However, this means that it is more difficult to assess longer-term trends in Ireland. Trends in the Gini coefficient and in income distribution (the ratio of the income of those in the top income quintile to those in the bottom quintile) are also now regularly measured. Trends in these measures over the more recent period are given in Table 1.

Table 1: Trends in poverty and inequality, 2000-06

	2001	2002	2003	2004	2005	2006
Relative at risk of poverty-gap	19.3	20.7	21.5	19.8	20.8	17.5
Gini coefficient	30.2	30.3	31.1	31.8	32.4	32.4
Income distribution (S80/S20)	4.7	4.8	5.0	5.0	4.9	5.0

Source: CSO, 2004, 2006, 2007.

3 The Gini coefficient is the relationship between cumulative shares of the population arranged according to the level of income and the cumulative share of total income received by them. If there was perfect equality (i.e. each person receives the same income) the Gini coefficient would be 0%. A Gini coefficient of 100% would indicate there was total inequality and the entire national income was in the hands of one person. http://www.cso.ie/releasespublications/documents/eu_silc/current/eusilc.pdf

4 Until recently Irish measurements of poverty used mean income whereas the EU used median income. Irish measures have now adopted the latter. Mean income is the average of all income (i.e., the total income divided by the number of income earners) whereas median income is the mid point in the range of incomes from richest to poorest. The latter is now considered a more accurate reflection of averages as the mean income is inflated by the fact that a significant proportion of national income is concentrated in the hands of a relatively small group of rich earners.

5 Since 2003, the EU's 'at-risk-of-poverty' rate has been more centrally adopted in measuring poverty in Ireland. This is the share of persons with equivalised income below a given percentage of the national median income (note that median income is used in this measure whereas mean or average income had been used previously). The percentage of income used is 60 %.

The broader distributional picture of what has been happening to poverty in Ireland show that up to 2006 there was a steady if somewhat uneven increase and that an improvement occurred in 2006. There is less agreement on trends in income distribution over the course of the boom. The picture of overall income distribution is complicated by the fact that different sources offer different pictures of what has been happening. First of all, it is interesting to note that the evidence on the distribution of earnings (market income) over the period 1994-2000 shows a modest decline in inequality over this period as the ratio of the earnings of the top and bottom deciles both moved closer to the median. As a result, the ratio of the earnings of the top decile to those of the bottom decile fell from 4.70 in 1994 to 3.65 in 2000 (O'Connell and Russell, 2007: 53); however, we have to await more recent figures to see if this trend continued since 2000.

The Household Budget Surveys of the Central Statistics Office show a marked increase in income at the top of the distribution and a marked decline at the bottom (Collins and Kavanagh, 2006: 154-57). Nolan and Maitre show modest declines in the share of the bottom decile, modest increases among deciles in the middle of the distribution and declines in the top three deciles. However, in examining trends in the share of the top income earners over the period 1989-2000 through using tax returns, they find a substantial increase in the share of the top decile, from 33% to 38%. The top 1% saw its share rise sharply in the second half of the decade with all the growth in the share of the top decile being concentrated among this 1%. They conclude: 'It means that by the end of the 1990s, the share of the top 1% was more than twice the level prevailing through the 1970s and 1980s. As it happens, most of this growth in turn was concentrated in the top 0.5%' (Nolan and Maitre, 2007: 33-34). They also conclude controversially that 'there was much less change in the shape of the income distribution than is often casually assumed' (Nolan and Maitre, 2007: 41). This latter conclusion is questionable for three principal reasons: It fails to take into account the well-known data on trends in relative poverty. It overlooks the concentration of income growth among those 0.5% super rich top earners whose share increased substantially over a short period[6], and it neglects evidence of trends in the distribution of functional income.[7] As the data in Table 2 show, the functional distribution of income in Ireland has been more and more concentrated by comparison with other countries.[8]

Table 2: Wage share of total economy, Ireland and EU-12, 1960-2006 (% of GDP)

Period	Ireland	EU-12
1960-70	78	70
1971-80	76	72.5
1981-90	71.3	69.6
1991-2000	62.6	66.8
2001-06	55.1	64.4

Source: Statistical Annex of European Economy, Spring 2007.

6 Even if this data is not conclusive and a lot more research is required to find out exactly what has been happening to Ireland's income distribution, this finding points to a severe worsening of income distribution with a major concentration of gains in the hands of a small wealthy elite. This would be consistent with international trends in income distribution in today's globalised world.

7 Functional income is a measure of the share of national income that goes on profits and the share that goes on wages and in the past was widely used as a more reliable measure of distribution that the personal income on which Irish debates concentrate.

8 The Irish figure is likely to be inflated by the practice of multinationals in declaring in Ireland profits made elsewhere, what is called transfer pricing. However, this is unlikely to account completely for the large decline in the wage share in Ireland over the 1990s.

Pulling together different sources and measurements Table 3 summarises overall trends in income distribution in Ireland over the course of the Celtic Tiger boom. On balance, the evidence shows that while the lowest decile improved the real shifts were at the top decile which gained significantly more income. As discussed earlier, most of this growth was in the top 0.5% of income earners. While the rest of the picture is more mixed, the overall picture shows high, sustained and, according to some measurements, increased inequality and poverty.

Table 3: Overall trends in income distribution, 1994-2006

Relative Income Poverty Line	1994	1998	2001	2003	2005	2006	Trend 1994-2006
50%	6.0	9.9	12.9	11.6	10.8	8.9	Increase
60%	15.6	19.8	21.9	19.7	18.5	17	Increase
70%	26.7	26.9	29.3	27.7	28.2	26.7	Steady
Income Inequality							
S80/20	5.1	5.0	4.5	5.0	5.0	5	Steady
Gini	33	33	29	31	32	32.4	Steady

Income Distribution	1987	1994/5	1999	2005	2006	Change	Trend 1987-2006
Bottom 20%	6.02	5.72	5.09	5.54	5.59	-0.43	Slight decrease
20-40%	11.52	10.91	10.54	10.16	10.34	-1.18	Decrease
40-60%	16.95	16.7	17.02	16.43	16.17	-.78	Decrease
60-80%	24.55	25.05	24.68	24.20	23.60	-1.95	Decrease
Top 20%	40.96	41.34	42.68	43.77	44.41	+3.45	Significant increase
Richest/poorest							**Trend**
Poorest 10%	2.28	2.23	1.93	2.21	2.2	-0.08	Slight decrease
Richest 10%	24.48	24.67	25.90	27.42	28.3	+3.82	Significant increase

Sources: CORI, 2008: 48; Collins and Kavanagh, 2006: 156; sources from various household budget surveys and CSO 2006, 2007.

This section has deliberately concentrated on trends in distribution rather than on poverty despite the fact that most of the distributional debate in Ireland is concentrated on poverty. This is for three reasons.

- First, the focus on poverty in the Irish debate is serving to obscure rather than to highlight distributional trends due to the fruitless debate between different conceptions of poverty.[9]
- The second reason to prefer distribution over poverty relates to the fact that a focus on the poor alone misses what is happening to the rich: international evidence shows that it is more difficult to reduce poverty in more unequal societies. So even for those whose primary interest is in the poor, the neglect of inequality undermines their efforts to reduce poverty.
- The third reason is that there is a growing body of international evidence on the harmful effects of inequality for health and wellbeing, for social cohesion and for crime.

London School of Economics political economist, Robert Wade has asked 'Should we worry about income inequality?' and summarised concerns about income inequality as follows:

'There is fairly good evidence that higher income inequality within countries goes with: (1) higher poverty and, specifically, a lower contribution of economic growth to poverty reduction; (2) higher unemployment; (3) higher crime; (4) lower average health; (5) weaker property rights; (6) more skewed access to public services and state rule-setting fora, and lower standards of public services; and (7) slower transitions to democratic regimes, and more fragile democracies' (Wade, 2007:115).
The neglect of inequality in Irish public policy therefore may carry very serious consequences.

c) Progress made in addressing poverty, social exclusion and inequalities:

EU-SILC 2006 data demonstrate the progress made in halving the number of those living in consistent poverty from 15% in 1997 to 6.9% in 2006. There has been no significant recent change in the consistent poverty rate, with a level of 6.9% in 2006 compared to 7.0% in 2005. Members of lone-parent households had the highest levels of consistent poverty (32.5%). Persons living in households where the head of household was unemployed (31.3%) and households with no workers (21.2%) also had high levels of consistent poverty (EU-SILC 2006: 38,45).

2006 EU-SILC data highlight a number of trends about who is at risk of poverty. At an overall level, the at-risk-of-poverty rate decreased from 18.5% in 2005 to 17.0% in 2006. This masked the reality that for some groups the situation improved while for others it declined. Breaking down this figure to identify those who constitute it by principal economic status, one can identify a substantial decline in the at-risk-of-poverty rate for the elderly, from 20.1% in 2005 to 13.6% in 2006 (a function of improved social welfare increases). Persons living in households where the head of household was unemployed (60.8%), a student (51.6%) or ill or disabled (44.4%) were most at risk. Unemployed individuals were also a high-risk group, with their percentage of those at-risk-of-poverty increasing from 40.6% in 2005 to 44.0% in 2006. Other high-risk groups were ill or disabled individuals (40.8%) and members of lone parent households (39.6%) (EU-SILC 2006: 7,15, 38). The evidence is summarised in Table 4.

9 In its Best of Times? book, the ESRI has further complicated this debate by introducing the concept of vulnerability, arguing that it allows the 'tiered levels of deprivation' that exist in Ireland to be assessed (Whelan, Nolan and Maitre, 2007: 103). However, in identifying that 80 % of the population are not vulnerable, while 10 % are and a further 10 % are consistently poor (their so called 80:10:10 division) these authors use the concept in a limited way that negates some of its potential to identify the multiple forms of vulnerability that affect wide sectors of the population as they rely more and more on market processes for their livelihoods (see Kirby, 2006). For example, the ESRI authors acknowledge that vulnerability affects sectors of the population other than the vulnerable group it identifies. 12 % of the so-called 'non-vulnerable' group experience difficulty in making ends meet, while 15 % have difficulty in terms of housing costs (ibid.: 96, 98). This points therefore to the fact that a significant percentage of those classed as being 'non-vulnerable' are in fact exposed to potentially serious vulnerabilities, thus undermining the neat 80:10:10 division presented. It is to be hoped that this new concept does not further undermine the attempt to reach clarity about the distributional impact of Ireland's boom.

There have been changes in the levels of poverty experienced by different groups since 1994. Over time we have seen the emergence of a category of employees whose income is not sufficient to lift them out of poverty. Farmers and the self-employed other than farmers continue to experience poverty but are no longer as visible in the data. Some categories of unemployed households have not been able to avail of the opportunities offered by the booming market to lift themselves out of poverty. In the context of the 2008 recession, unemployment is again becoming one of the principal constituents of poverty.[10]

The other categories in Table 4 depend largely on state transfers to lift them out of poverty and here the growth in the percentages of households headed by ill or disabled people, by the retired and by those on home duties who fell into poverty over the course of the boom relates directly to the inadequacy of state transfers to prevent this. The significant improvement over recent years in the situation of some groups such as the retired reflects increases in welfare payments since 2002, though their levels of poverty still remain substantially above what they were before the boom. It is also important to note that, as Collins and Kavanagh put it, 'consistently, the results of income surveys indicate that among all adults, women in Ireland experience a greater risk of poverty than men' (Collins and Kavanagh, 2006: 140). However, data for 2005 show an improvement in this situation, with the percentage of women in poverty declining from 20.8% to 18.5% while the rate among men rose from 18% to 18.4% (CSO, 2006: 42). 2006 data (CSO 2007, p 8), however, show almost 22% of persons living in households headed by a female were at risk of poverty, compared to 14.2% of male-headed households. In addition, they were more than twice as likely to be in consistent poverty (11.1% compared to 4.4%).

What does all this tell us about the Irish model of development? Was the Celtic Tiger period successful in tackling poverty and inequality? *The most important message is that poverty figures are sensitive to government action.* The period saw a new activism in social policy with the establishment of the National Anti-Poverty Strategy (NAPS) and of the Equality Authority. In 2002, the NAPS was revised and integrated with the EU National Action Plan on Social Inclusion. However, as Cousins has pointed out in reference to these strategies and plans, 'the evidence points

Table 4: Breakdown of those below 60% of median income by principal economic status

	2004	2005	2006
At work	29.8	31.1	29.5
Unemployed	12.0	13.1	14.7
Students	2.8	4.8	4.6
On home duties	28	25.4	30.7
Retired	13.5	11.4	8.5
Ill/disabled	12	12.6	11.5
Total	**100**	**100**	**100**

Source: CSO, 2007.

10 In October 2008 the Live Register as seasonally adjusted stood at 260,300 which represented an increase of 94,600 or 57% on the same month 2007. In recent months the Live Register continues to grow at unprecedented rates. A year ago the Standardised Unemployment Rate stood at 4.6%, now it stands at 6.7%.

What does all this tell us about the Irish model of development? Was the Celtic Tiger period successful in tackling poverty and inequality? The most important message is that poverty figures are sensitive to government action.

to the fact that general statements, objectives and even specific targets on poverty have not been translated into actual policy measures let alone poverty outcomes' with the result that 'even where targets have been met, there is little indication that policies adopted as part of the NAPS process – as opposed to broader economic and political developments – were a major contributor' (Cousins, 2007: 295, 296). The achievement of consistent poverty targets[11] in NAPS was therefore as much an outcome of economic growth as of government anti-poverty policy. In 2005, nearly 6.9% of the population suffered consistent poverty. It is now policy that the proportion of the population living in consistent poverty is reduced to between 2% and 4% and that consistent poverty is entirely eliminated by 2016. While it is recognised that the almost halving of numbers living in consistent poverty is a real and meaningful achievement, it is also the case that very significant levels of poverty and income inequality remain as has been highlighted in the discussion on relative income poverty above. Recent NAPS targets do not reflect the serious nature of these stubborn problems.

The Equality Authority has as its brief to reduce discrimination under nine named headings, including gender, sexual orientation, political and religious beliefs and membership of the Travelling community. This it does largely through public education and, where it deems it appropriate, providing legal assistance to those making complaints of discrimination. Socio-economic inequality is not one of its nine grounds and the Authority does not focus on the socio-economic dimensions of the nine inequalities it deals with. Indeed as Whelan and Layte put it in Best of Times? Ireland 'has not prioritised "equity" as an objective' and has made 'no concerted attempt to equalise incomes through taxation and redistribution' (Whelan and Layte, 2007: 68), thus recognising the Irish state's low redistributive effort, despite its extensive rhetoric about combating poverty and addressing inequality. This failure to conceptualise distributional justice and recognition or identity justice as two sides of the same coin (a fundamental problem of the NESC DWS discussed in the next chapter) is undermining attempts to reduce either. Recent initiatives undertaken by CPA and the Equality Authority on anti-poverty and equality targets and indicators, while moving in the right direction, have yet to impact considerably on policy or practice.

The decision announced in Budget 2009 to reduce the Equality Authority budget by 43% and to integrate it with the Irish Human Rights Commission demonstrates the Irish government's limited and superficial understanding of the important role such an equality infrastructure can play in reconciling competitiveness and wellbeing and in shaping the direction of national development.

11 People live in consistent poverty when they receive an income below a certain amount and lack two out of 11 basic items, e.g. a warm coat, sufficient food or adequate heating, not being able to go on holiday or buy birthday gifts. The indicators capture the experience of both a lower standard of living than the rest of society and being socially excluded from participating in society.

d) Distributive impact of budgetary policy:

While the structure of the social welfare system saw relatively few changes over the boom period, the growth in employment meant that the numbers insured under the social insurance scheme increased from 1.3 million in 1987 to 2.4 million in 2000, with the number of workers fully covered increasing from 1.1 to 1.7 million (O'Donoghue, 2003: 60). As a result the Social Insurance Fund became self-financing for the first time since it was established. In the 1990s, social expenditure per capita grew substantially faster than consumer prices and, apart from Portugal, faster than in any other country in the EU-15. The value of individual benefits also rose relative to the median income, again reversing declines over the previous period. Welfare rates have risen in absolute terms and have been double the rate of inflation in recent years (on average increasing by 12% per annum).

However, welfare effort is declining in Ireland. Despite real increases, welfare spending as a percentage of Gross Domestic Product (GDP)/Gross National Product (GNP) began to fall significantly from 11.7% of GNP in 1991 to 7.8% by 2000. Spending rose to 9% of GNP in 2004 before slightly falling back to 8.8% of GNP in 2005. Walsh (2007: 25) shows that over the period 1987 to 2005 welfare rates have not kept pace with average growth in income which grew over that period by 125% in real terms compared with social welfare growth rates of 106%. Those depending on welfare (older people, lone parents, disabled people, asylum seekers, unemployed) are simply unable to participate fully on welfare payments which are less than one third of the average industrial wage. There are also significant gender issues, with women being more welfare-dependent. In addition, particular groups such as asylum seekers are particularly harshly treated with a basic payment frozen at €19.10 per week since 2001. Those who are on low wages are also affected by cuts in welfare (for example, medical card eligibility has not taken account of inflation) and they increasingly have to pay for public services, including refuse charges in many local authority areas. They also pay the regressive indirect VAT tax at 21%.[12] Combat Poverty research suggests that the poor pay almost double the proportion of their income on VAT than do the rich. Table 5 shows the minimum welfare rate and the level of the state pension as a percentage of 60% of medium income at various dates over the Celtic Tiger boom.

Turning to the distributive impact of budgetary policy, Walsh identifies four different periods, roughly corresponding to the periods in office of governments since 1987. The first period (with Fianna Fáil in office and with the Progressive Democrats after 1990), saw an average gain in budgetary policies of 2.6% and most of the gain went to the bottom and the top quintiles. The second, (Fianna Fáil with Labour until 1994 and Fine Gael, Labour and Democratic Left from 1994-97), saw an average gain of 1.5% with the third and fourth quintiles gaining most and the poorest actually loosing out. In the third and fourth periods, Fianna Fáil were back in office with the Progressive Democrats. The first of these periods saw an average gain of 12.1%, due largely to tax cutting, from which the middle quintiles

Table 5: Welfare rates 1994-2005 (as % of 60% of median income)

	1994	1997	2001	2003	2005
Minimum welfare rate	70	62	56	68	77
State pension	72	64	63	78	86

Source: Walsh, 2007: 31.

12 Budget 2009 on 14th October 2008 increased the rate from 21% to 21.5%

did best though all quintiles gained. The second saw an average gain of 3.5% with continued tax reductions but also increases in welfare. The poorest quintiles gained most in this period. This indicates it is clearly possible through budgetary tax and social welfare policy to target income at different income groups. The data are given in Table 6.

However, while examination of the ten budgets from 1998 to 2007 shows that the combined distributive impact benefited the lowest quintile, which received an increase of 28%, almost double the average increase of 16%, when the share-out of total budgetary resources is taken into account, the top quintile gains the greatest as it receives almost one-third of the total. Walsh comments: 'Using the EU measure of income inequality (S80/S20), the richest 20 per cent get almost three times the amount received by the poorest 20 per cent. This regressive outcome is still superior to the distribution of total income, where the top quintile has almost five times the income of the poorest quintile' (Walsh, 2007: 53).

We can conclude, therefore, that little has changed in Ireland's two-tier state and market welfare system: while a basic level of support is given to all, the system fails to overturn privilege and in many ways acts to reinforce it.

A final way of examining the effectiveness of Ireland's welfare state in reducing poverty is to place it in a comparative context. Table 7 shows the extent to which pensions and social transfers reduced the risk of poverty in Ireland and in the EU in 2000 and in 2005. This shows that Ireland lags well behind the EU average in its ability to reduce poverty. Indeed in 2000, only Malta and Cyprus did worse than Ireland whereas in 2005 only Greece, Spain and Cyprus did (though the initial poverty rate for Cyprus was well below the Irish rate).

Data given by Smeeding and Nolan (2004) tell a similar story based on the Luxembourg Income Study (LIS). They compare market income (pre tax and transfer) poverty with disposable

Table 6: Distributive impact of budgetary policy, 1987-2007 (% gain in disposable income by quintile)

Quintiles	1987-92	1993-97	1998-2002	2003-07
Bottom	8.1	-0.7	8.7	18.1
2nd	-2.5	0.1	12.3	8.5
3rd	-1.7	2.4	13.0	3.3
4th	1.6	2.6	14.1	2.0
Top	4.7	1.2	11.9	1.0
Average gain	2.6	1.5	12.1	3.5

Source: Walsh, 2007: 50.

Table 7: Effect of state transfers on reducing the risk of poverty, Ireland and EU, 2000 and 2005

	Ireland 2000	EU-15 2000	Ireland 2005	EU-25 2005
Initial risk of poverty rate	37	40	40	43
After pensions	31	23	33	26
After pensions and social transfers	20	15	18	16
Risk reduction	17	25	22	27

Source: CSO, 2003: Table 4.6 and CSO, 2007: Table 4.4, p. 42.

income poverty, (the poverty rate after taxes and transfers are factored into income). Seven western European countries plus the US and Canada are compared at dates from 1997 to 2000. The Irish data are for 2000, the height of the boom. This finds that market income poverty in Ireland at 24.9% is below the average of 26%, reflecting a tight labour market. Ireland's post-transfer poverty, on the other hand, is second highest at 16.6%, well above the average of 10.5% and only just behind the US at 17%. The authors comment that, 'detailed analysis shows that higher levels of government spending (as in Scandinavia and Northern Europe) and more careful targeting of government transfers on the poor (as in Canada, Sweden and Finland) produce lower poverty rates' (Smeeding and Nolan, 2004: 16-17).

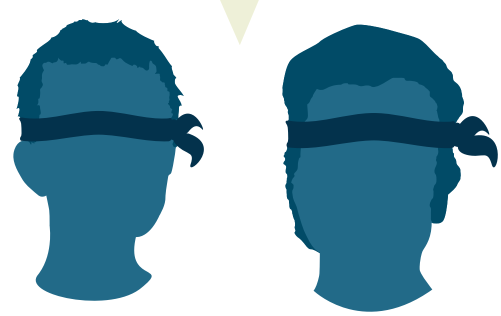
How effective then is the current two-tier welfare state in reducing poverty? The principal focus in answering this question has been on the adequacy of welfare payments for those in poverty. For example, O'Donoghue traced Irish replacement rates from 1955 to 2002. In other words, the ratio of the value of welfare payments to average earnings, finding that for single people it was 'quite low by European standards' fluctuating between 25 and 30% for most of this period. For a married couple with two children, the rate moved from 57.3% in 1987 to 53.4% in 2002 (O'Donoghue, 2003: 49 and Table 4). Over a shorter time period, Walsh traced minimum welfare rates and the level of the state pension as a percentage of 60% of median income from 1994 to 2005, as shown in Table 5 above.

These data would indicate that the recent improvement in welfare rates in Ireland is still insufficient to reduce the country's risk of poverty. Walsh, however, believes that the intensification of the poverty impact of fiscal policies 'may take some time to work its way into EU comparisons' (Walsh, 2007: 56). Significantly, in a study of what it would take to emulate in Ireland the success of the Danish and Dutch welfare systems in reducing poverty, Callan et al. found that the differences in poverty outcomes between Ireland and those two continental countries could not be explained by differences in age profile, pattern of labour force participation and household composition but rather by levels of welfare effort. They estimated that the standard and top rates of Irish income tax would have to be raised by 11 percentage points (to 35% and 57% respectively, based on the then Irish rates) for Ireland to afford Danish and Dutch levels (Callan et al., 2004). Other work by Callan suggests that if the state were to redistribute state investment in pensions by, for example, standard rating the very regressive pensions tax reliefs; it would be possible to eliminate the risk of relative income poverty for all of Ireland's pension-aged population.

e) Public services:

As average spending on social protection as a percentage of GDP remained steady throughout the EU in the 1990s, the Irish ratio began to fall so that its social spending by 2000 was by far the lowest in the EU-15 when measured as a percentage of GDP/GNP. Eurostat figures show that, in 2002, Ireland's overall spending on social protection, at 19.3% of its GNP (or 15.9% of its GDP) was well below the EU average of 27.4% and the lowest of the EU-15. Indeed, it was lower than Slovenia, Poland, Hungary, and the Czech Republic and on a par with Slovakia. Health and education spending, as a percentage of GNP, were almost exactly the EU GDP average.

In social policy, the early 2000s have not seen any significant reforms. Rather, the principal change has been a certain reversal of the state's weakening welfare effort at the height of the boom.



Health

More attention over this period was focused on the health service than any other public service, and particularly on the crisis in many Accident and Emergency units of major Irish hospitals which found themselves unable to cope with the demands being placed on them. Non-capital spending on health increased from €5.4 billion in 2000 to €10.5 billion in 2005, an increase from 6% to 7% of GNP. However, the poor quality of the health services remained a major topic of public debate and dominated the 2007 general election campaign. As Layte et al. (2007) conclude: 'Activity in the acute hospital sector has risen substantially but that system is clearly under severe strain, while primary care services have not been expanded as rapidly as intended [...] Equity of access remains a key concern, both in terms of the affordability of GP services and the two-tier access to hospitals associated with the unique Irish mix of public and private health care' (Layte et al., 2007: 122). Health expenditure in the mid 1990s was 6.5% of GDP and is now 7.5%. The EU average is 8.7%, while France spends 10.4%, Denmark 8.9% and Norway 10.1%.

Ireland has undertaken increased privatisation of Health Care and building for-profit hospitals and nursing homes, so that there is clear evidence of a social class and income-divided health system – the poor are simply more likely to die younger than the better off. Those with no formal educational qualifications are 50% less likely to have excellent or very good health compared with those who have had third-level education. For example, only 40% of people on very low incomes (€ 7,000 or less) had very good health compared with 82% of those who had four times or more of their income (€26,000 or more) (Institute of Public Health, 2003: 19).

Education

The 2003 OECD report on education shows Ireland's GNP share spent on education was 5.5% compared to an EU average of 5.3%. However, given that Ireland has a relatively young population and hence proportionately more people in education, it needs to reach the spend more typical in most rich OECD countries, of around 6% of national output. As groups like the St. Vincent de Paul Society and the Teachers Union of Ireland have repeatedly pointed out, parents subsidise education and, where parents cannot pay, children suffer. Children of higher professionals are more than 3.5 times as likely to get 4+ grade Cs on Higher Level Leaving Certificate papers than are the children of the unemployed, and two times more likely to get these grades than the children of lower grade non-manual workers. Just 60% of boys and 61% of girls in households where the parents are unemployed complete education to the Leaving Certificate compared with almost 90% of the children of employer/manager and professional groups (Gorky, McCoy and Watson, 2005, Table 2.5c). There is a lack of national data on all the main equality grounds and on social class in relation to educational attainment and progress, leading to a further denial of inequality by failing to fund research on levels of inequality.

Housing

Housing is increasingly defined by government policy and popular discourse as an investment 'Property' not a 'Right' and there has been a steady decline in investment in public/local authority housing since 2003. This has not been matched by any significant increase in other forms of social or voluntary housing. The number of local authority (LA) houses built in 2006 is roughly the same as in 2003 despite the significant increase in population as detailed in Table 8. Social housing has declined significantly as a proportion of total housing stock.

the poor are simply more likely to die younger than the better off

Table 8: Local authority and social housing, 2003-06

Year	LA housing: built	Housing: acquired	Social/voluntary housing Total dwellings	Total dwellings (LA, Social/ Voluntary and private)
2003	4,516	456	1,617	68,819
2004	3,539	971	1,607	76,954
2005	4,409	918	1,330	80,957
2006	3,968	1,153	1,240	93,419

Source: Table 8.2 CSO Report Measuring Ireland's Progress (2006.)

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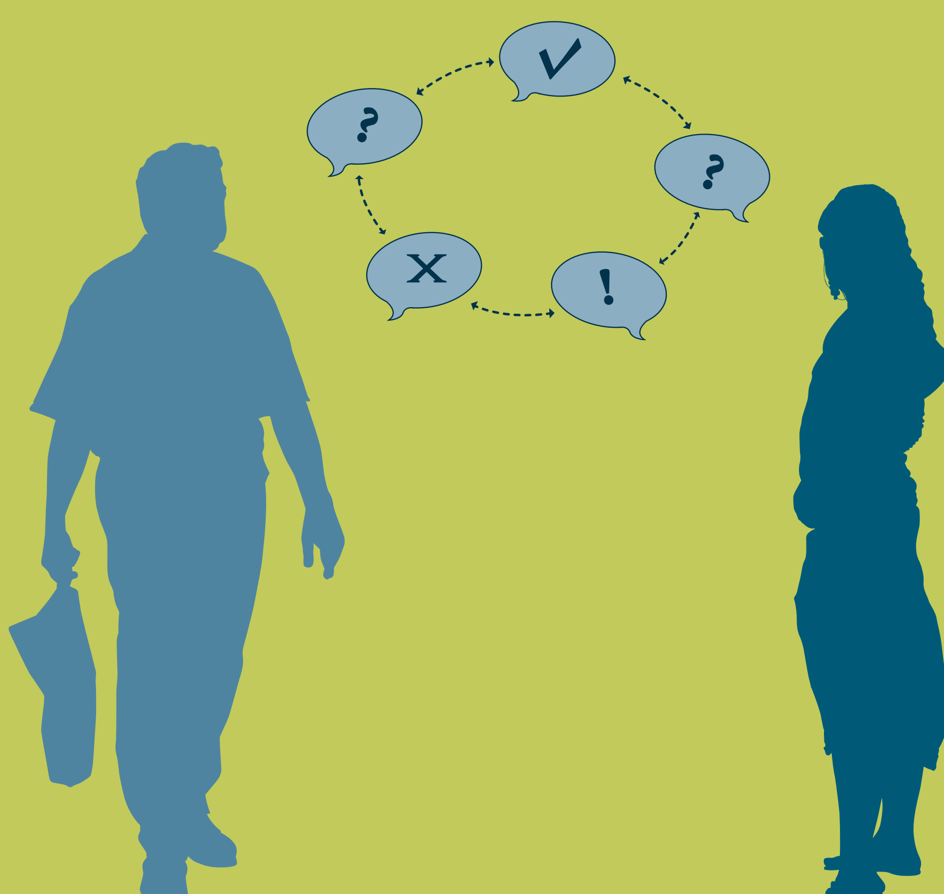
Is it likely to get any better?

Equality and anti-poverty potential of the NESC Developmental Welfare State Model



The life-cycle approach can be an effective way to assess the adequacy and effectiveness of overall social protection only if it is able to account for the diversity of people within the different stages of the life cycle.

The most recent articulation of Ireland's socio-economic development model is found in the 2005 NESC report on the Developmental Welfare State. This conceptualises a new approach to welfare policy that promotes a more active social policy and participation in economic and social life. It utilises the concept of a 'developmental welfare state' (DWS) with three overlapping domains of welfare state activity: core services, income supports and activist measures. It also conceptualises a life-cycle approach which assesses the different risk and hazards people face at different stages of the life cycle and differentiates the necessary supports at four different stages of their life cycle – children, working aged, older people and people who cannot live autonomously (NESC 2005: 226). The life-cycle approach can be an effective way to assess the adequacy and effectiveness of overall social protection only if it is able to account for the diversity of people within the different stages of the life cycle.

Life-cycle approach:

At first glance, the life-cycle approach is a useful one. By differentiating stages of life it brings a conceptual clarity to how much of social policy, and particularly social welfare, is presently organised to support groups at different stages of the life cycle. Further, it gives visibility to key groups of people less likely to be prioritised in an economic and productivist order, namely those groups most distant from the labour market and most at risk of poverty. This gives the representative disability organisations and groups working on behalf of older people stronger voice and policy relevance. The reverse is also true however, and other groups particularly women, lone parents and migrants become hidden in the category 'working aged'. A life-cycle approach cannot see each stage of the life cycle as separate from the previous stage. Rather, it must recognise that disadvantage happens cumulatively over a life cycle and that poverty in early life stages leads to poverty in later life stages.
Gender is probably the most significant inequality weakness of the DWS. The life-cycle approach, while explicitly engaging with the two major inequality grounds of age and disability, is completely gender blind. This, combined with the fact that this gender inequality ground incorporates over 50% of the population, is a major structural fault. The life-cycle approach does not necessarily recognise that women's lives are characterised by gender inequalities that lead to cumulative disadvantage across the life-cycle stages of childhood, working age and old age, nor does it gender the care implications of disability.

Sweeney's argument (2007: 5) that it is better to focus 'more deliberately on what people have in common than on differences between them' ignores the fact that 50% of the population are significantly different to the other 50% of the population, so that such a gender-blind life cycle will result in gender-blind policy rather than approaches that mainstream gender.

The gender dimension and the absence of a care analysis are most troubling. From its starting point, the DWS fails to recognise and consider systematically the implications of the Irish male breadwinner approach to structural features in our social and economic systems. For example, it does not consider the issue of individual entitlement or economic autonomy. The category of the 'working aged' defines all adults by their employment status so that the life-cycle approach is ultimately centered around attachment to the labour market. It implicitly (and explicitly) promotes participation in paid employment in a predominately 'adult worker model' where social exclusion is defined predominantly as exclusion from the labour market (NESC 2005: 219). Within the category of working aged, work is clearly implied to mean waged work and the issue of unpaid work and its interrelationship with the waged economy is not included in the discussion. This labour-market approach is reinforced by the assertion in the National Action Plan for Social Inclusion that 'every person of working age should have an opportunity to balance work and family commitments consistent with business needs' (Ireland 2007: 40). In the interests of gender equality a broader approach to social inclusion is required which recognises that social inclusion cannot be based only on getting people into the labour market and market-based work. It must also recognise the other social obligations within families and communities, the wider context in which people live and the autonomy people need to shape their own life experiences.

Policy requires a fundamental shift to transform the welfare state into one which recognises women and men as equal and that all forms of work, paid and unpaid, make an equally valuable contribution (Lynch, 2007).

In order to apply an effective gender mainstreaming strategy and bring a cohesive gender equality dimension to the lifecycle a new approach is required to cope with complexities of women's and men's lives, and to recognise how paid employment is but one element of those lives. Rather, the problem is that the current emphasis on paid work overshadows care; interdependency is made the poor relation of economic self-sufficiency, and educational achievement dominates approaches to child wellbeing. This means developing and implementing policies that provide time, space and financial security for people to balance their work and care responsibilities, including the provision of childcare and eldercare infrastructure as essential public rather than private services.

The same logic can be applied to other key life-differentiating characteristics of ethnicity and disability. For example, the NESC's DWS does not recognise the cumulative impact of exclusion from education and then from working life for people with disabilities or for asylum seekers who are denied the right to work. While it is accepted that these key groups are been better incorporated into the model, there are dangers that in differentiating them so strongly from general populations their needs will be treated in a targeted rather than a mainstream way. A current example of this is the social profile of working age people produced by the Office for Social Inclusion (OSI) which contains absolutely no reference to people with disabilities. Social identities and social problems are socially constructed and there are dangers in the life-cycle approach of socially constructing some groups of people as living in a world apart.

The life-cycle approach advocates treating people on the basis of their individual needs so as to provide more appropriate responses at specific stages of the life cycle.

While many of the arguments put forward by the DWS are positive in terms of the targeting of services appropriately to meet the various needs of the individual, there also needs to be space within the policy arena to address the inequalities collectively experienced by groups in our society.

NESC argues the 'services dividend' of the DWS will result in services which play 'a significant role in strengthening social cohesion, constituting public spaces where people are citizens first and only secondly belong to different social classes, ethnic minorities, neighbourhoods, etc'. (NESC, 2005: 171). This approach does not recognise the complexity of discrimination that individuals experience on the basis of their group identity. Arguments about the need to account for discrimination on the basis of group identity are different to arguments for gender mainstreaming. Here we are differentiating a type of discrimination which arises in the context of membership of a particular 'group' and where being identified with that group, rather than a person's individual characteristics, is central to understanding the nature of the person's and group's inequality, and the policy measures which are required in order to address them. This is especially the case if the concept of equality is interpreted in a wider sense than material inequality, and embraces concepts of respect, representation and affective equality (Lynch and Baker, 2005).

It is worth noting that the NESF (2004) adopted such a wide interpretation of equality[13] and it is arguable that the DWS, in underplaying the other dimensions of equality, focuses too narrowly on income inequality and ignores recognition, respect and representation inequalities. This means it fails to recognise a core principle in the NAPs and NAPSincl, that both poverty and inequality are multidimensional in nature and that the impact of this multidimensional process of inequality has to be understood in making policy to eradicate them. The DWS can be interpreted as a classical Liberal Equal Opportunities perspective that seeks equal formal rights so as to mitigate discrimination in terms of access to and participation within services (Lynch and Baker, 2005). The limitations of this approach to rights are that it advantages the relatively advantaged among the disadvantaged. It leads not to the elimination of inequalities but to inequalities being distributed differently across groups. It therefore individualises the problem of inequality to be a personal pathology. It does not seek to eliminate substantive inequalities of wealth, power, status and care that produce the inequalities of opportunity in the first instance and that reproduce inequalities anew in each new generation. Thus constant re-allocations and re-designations of structural inequality of opportunity are required as inequalities are reproduced anew, often leading to a backlash within states against marginalised groups. This approach perpetuates the myth that it is possible to have equality of opportunity without equality of condition. International evidence, however, is overwhelming that the more unequal a society is economically, the more unequal it is educationally, socially and in health terms, leading to the conclusion that there can be no meaningful equality of opportunity without equality of condition or without eliminating hierarchies of wealth, power and privilege so that everyone has roughly equal prospects for a good life. The NESC DWS discussion could be strengthened towards equality of condition outcomes by reframing it in a more multidimensional rights context such as a '6Rs development framework'.

6 Rs Development Framework:

Rights, Responsibilities, Redistribution, Respect, Representation, Recognition

> The NESC DWS discussion could be strengthened towards equality of condition outcomes by reframing it in a more multidimensional rights context such as a '6Rs development framework'

While the DWS focus on the needs of the individual and the organisation of services to meet 'individual' needs in a tailored way has significant merits, it does raise challenges from an equality perspective, in relation to addressing the structural inequalities which are experienced by groups in our society. Groups vary in how they are affected by different forms of inequality. Lynch and Lyons (2008) argue that in a neo-liberal model of citizenship where the market values define cultural values, the citizen is defined as a rational economic maximiser, a 'consumer'. This promotes a lack of social solidarity for those more vulnerable than oneself, a privatisation of interest and a fixation with measuring success in quantitative terms – performance management, performance appraisal, and performance targets.

13 A framework for equality has to be based on a broader concept of equality (and citizenship) that involves not just equality of opportunity but equality of economic, political, cultural and affective conditions. This needs to include the following dimensions: Economic Equality - equality of resources equality of opportunity requires equality of economic conditions; Socio-cultural Equality - equality of respect and recognition for the different status groups; Political Equality - equality of power in public and private institutions, the politics of presence and voice; and Affective Equality - equality in the doing of care work and equal access to love, care and solidarity.

Clearly there is a need to further explore how an individual approach to the delivery of services can be integrated with an understanding of structural inequality across the nine grounds. This failure to conceptualise distributional justice and recognition or identity justice as two sides of the same coin will undermine attempts to reduce either.

gender
marital status
family status
age
race
membership of the Traveller Community
sexual orientation
religious belief
disability

Sweeney (2007:5) argues against exclusionary group approaches to social inclusion policy on the grounds that such approaches tend to reinforce disadvantage, militate against high standards and take the focus off the need to change mainstream services to better cope with diversity. There is the danger, however, that in arguing for individualised approaches, one might throw the baby out with the bath water and under-appreciate the role discrimination plays in unequal access to services and resources. Seeking to reduce the salience of 'group' identities to create overarching identities could be as much a political strategy to minimise the politics of inequality as a service delivery strategy to minimise stigma (NCCRI, 2004). The outcomes of services and programmes, and the methods in which they are delivered, must also recognise the past and present experiences of discrimination for groups in our society. NESC argues that the DWS 'builds on tolerance, a welcome for diversity, a commitment to equality and respect for the individual'; however, it proposes no methodology or approach to integrate equality into the life-cycle approach. There is a danger in adopting a minimalist proofing style mechanism to each of the nine equality grounds that will reinforce rather than challenge structural inequalities and discrimination. Clearly there is a need to further explore how an individual approach to the delivery of services can be integrated with an understanding of structural inequality across the nine grounds. This failure to conceptualise distributional justice and recognition or identity justice as two sides of the same coin will undermine attempts to reduce either.

b) Overlapping areas of welfare state activity:

Figure 1 DWS - overlapping areas of activity, services, income and local activist services

The diagram above represents how the DWS is understood to comprise three overlapping areas of activity, services, income and local activist services. It can be seen in the diagram that the DWS places most emphasis on the provision of core public services and sees these as the most strategic area for investment. Women, the poor, and others experiencing disadvantage are more direct users of these services. The emphasis in the DWS on the provision of public services which are accessible and of high quality is a critical element of the proposal for achieving equality and is therefore most welcome. However, it is difficult to reconcile the ambition of the DWS with the reality of the development of public services in Ireland since 2005. Cousins (2007:299) observes 'that it in the critical area of services the NAPS inclusion is lacking any fundamental reappraisal'. He concludes it is far from clear that the NESC's central message on services 'has been taken on board in recent policy agreements and strategies'.

Taking two prime areas, health and childcare, it is evident that Irish policy is moving towards market-based provision where affordability in the market becomes the criteria for access, the opposite of tailored universalism.

This is an important limitation as, without full investment in core public services accessible to all, a fundamental part of the DSW will not materialise and it is women and the poor or disadvantaged who will most acutely experience the impact of the lack of investment in such services.

The second domain refers to the range of income support measures which should provide adequate subsistence and enable participation in society. Differentiated on life stages the DWS model envisages particular emphasis on income support for children and the elderly for example. A focus on pensions has a particular equality dimension, as those who suffer greatest disadvantage in the working stage of the life cycle are at greatest risk of pensioner poverty and have most to benefit from investment in pensions. The option favoured in the DWS, a universal pension, has much merit on gender grounds. It is less clear however that this vision has informed the options laid out for public consultation in the 2007 Green Paper on Pensions, which appears to place more emphasis on private than on public responses to future pension provision. The DWS favours a mechanism for child income support that is irrelevant of the parent's status but that can also target, 'While all children are supported, some are supported more than others' (2005:157). While such a mechanism would be welcome there is again little evidence that it is a policy priority of either government or the social partners (Cousins, 2007).

The DWS links increasing welfare incomes with the issue of work incentives. Its proposals for more adequate welfare are linked to proposals to make income support for people of working age more conditional on employment or other social activities. This significant activation proposal which has substantial gender implications (see Lister, 2004; Levitas, 2001; Murphy, 2008) is consistent with social policy development elsewhere. The DWS discussion of activation takes place in the broader concept of flexicurity (NESC, 2005: 19). Flexicurity is a policy that seeks to enhance the flexibility of the labour markets, work organisation and labour relations as well as employment security and social security (Kester, 2006). The European Commission (2007) defines flexicurity as an integrated strategy to enhance, at the same time, flexibility and security.

> A focus on pensions has a particular equality dimension, as those who suffer greatest disadvantage in the working stage of the life cycle are at greatest risk of pensioner poverty and have most to benefit from investment in pensions. The option favoured in the DWS, a universal pension, has much merit on gender grounds.

> It is less clear, however, that this vision has informed the options laid out for public consultation in the 2007 Green Paper on Pensions, which appears to place more emphasis on private than on public responses to future pension provision.

Its components include flexible and reliable contractual arrangements, lifelong learning strategies, effective active labour market policies and modern social security systems. In practice there are three legs to flexicurity policy in a welfare state - flexible labour law, active labour market policy and generous welfare and public services. Ireland already has a highly deregulated and flexible labour market and significant activation with relatively high levels of investment in Irish active labour market programmes. With regard to the third leg of the flexicurity stool, generous welfare and public services, while the DWS envisages quality core public services and generous income support there are no practical commitments in policy statements to such a vision of a welfare state (Cousins, 2007). Rather public services remain inadequate and income supports are too low to lift people from poverty. Both require significant investment to reach levels of social security envisaged in the EU understanding of flexicurity policy. There will be income adequacy implications, especially for the working aged population, when the level of public services theoretically implied in the DWS fails to materialise in practice. Having to pay for market-based childcare, for example, impacts on the already inadequate income of lone parents. The theoretical trade-off between activation and more generous income supports offered by DWS is not, in reality, on offer from the Irish state. Callan (2006) highlights the lack of generosity of Irish social security rates. While there may be an overall aspiration towards having 'high replacement rates', the actual recommendations for income adequacy in the DWS are less ambitious. These are that 'people of working age should receive a 'basic payment' to enable a 'minimum threshold of income adequacy' to 'guarantee them access to the basic necessities of life' (NESC, 2005: 219), while the NAPS target of €150 in 2002 terms by 2007 is 'the minimum justified by the present circumstances'. This lack of advancement of an adequacy agenda in the DWS is a significant weakness.

The third platform of the Developmental Welfare State is comprised of innovative pro-active measures in which non-governmental organisations respond to unmet social needs. The DWS envisages local community and voluntary sector organisations, funded by state agencies, providing services to communities and population sub-groups with specific needs left unaddressed by mainstream services (NESC, 2005: 157-8). This third platform has significant gender and equality implications. Poorer people disproportionately depend on this sector for services and employment so that wages and terms and conditions of employment in this sector will be an important determinant of well being in poor communities. Women as mothers and carers with more dependency on social services, will disproportionately access these local projects and the quality of the services will have a disproportionate impact on women's wellbeing. There is also the question of sustainability – while employed people can and do play a key role in management committees, there is still the issue of whether women and working-aged people more generally can continue the unpaid management committee role within local-level civil society in the context of greater employment participation. This is not examined by the authors of the DWS.

While mainstream services are theoretically provided by tailored universalism, it is clear in discussing who should provide these targeted services that there are significant expectations about the service delivery role of community and voluntary sector organisations. Some pragmatically welcome such a move and the principle of diversity of provision. Others interpret the expansion of the social innovation role expected of the community and voluntary sector as an implicit desire to introduce a new regulatory and funding environment for service delivery contracts. For some this represents downgrading the role of the state. Others are wary of the effect of directing the work of local organisations away from campaigning, lobbying and representational work of civil society. Harvey (2008), and campaigning documents from within the sector (Changing Ireland, 2008), confirm what many suspect – that behind the innocent intention of the 'local activist networks sphere' lies a more sinister agenda of restructuring civil space (Geoghegan and Powell 2007). The experience of the 2005-2007 local development cohesion process suggests a mutual atmosphere of mistrust between the state and civil society in which reform will be difficult. Harvey (2008) writes that recently the voluntary-statutory interface has become a 'highly contested political space' and especially so since the 2002 reconfiguration by the state of that voluntary-statutory relationship in the shape of the Department of Community, Rural and Gaeltacht Affairs. Harvey identifies a number of structural reforms that together suggest a danger zone for an independent civil society. These include the prohibition of advocacy within new communities' funding programmes and by childcare networks, the requirement of external endorsement for the plans of community development projects, (Bon 2006), discouraging the role of policy officers, threats to review organisations that speak out (Harvey mentions Trócaire and Pavee Point), the lack of consultation on significant funding changes in 2007 and a discernible funding shift toward service providing organisations. While the state has substantially increased its funding to the local activist sphere and social innovators, the price paid may be subservience and dependence and an unhealthy asphyxiating circle for voluntary and community activity. Harvey urges that ways be found to break out of this scenario.

Despite the above cautionary tales, the DWS is still a starting point for an alternative model of development. However the DWS exists in the context of the weaknesses and structural inadequacies of the overall Irish model of development. These weaknesses inform the constraints and boundaries in implementing the more positive features identified in the NESC DWS. *To date, there is little evidence that the state has internalised the core positive principles informing the logic of such a Development Welfare State into income supports, public services, or local innovative activist organisations.*

There is a contradiction between the rhetoric of such documents as Towards 2016 (T16) and NAPinclusion which affirm the Developmental Welfare State, on the one hand, and the market-led approach of the state to core public services like health or child and elder care and privatisation, on the other.

This affirms the conclusion of the previous discussion that the logic of competition rather than welfare is firmly driving Irish development. It is to an alternative model of development that we must now turn.

/4

Alternative development models

Is there a better model of development for Ireland?

Economic choices and expenditure decisions made by government impact directly on people's lives. These choices determine the quality and quantity of public services and the amount to be spent on education, health, housing, transport and social welfare.

How the government chooses to manage the economy, however, will be influenced by the amount of resources available to it. If the government aims, for example, to work for significant reductions in poverty it will require consistent economic growth to carry out this task. Likewise, the capacity of the political system to implement rights is dependent on economic resources. On the other hand, a certain level of equality and social cohesion is necessary for economic growth.

If people are trapped by poverty and unable to participate in the economy, this is a loss not only for them personally but also for society and the economy as a whole.

Social expenditure can therefore be considered as an investment in the economy. As Kenworthy (2007) argues, income equality is possible in modern capitalism and it helps rather than hurts the economy. In line with the conclusion of the National Competitiveness Council (NCC) report on Wellbeing and Competitiveness there is no necessary trade-off between growth and equality. Both are necessary. Both reinforce the other and are mutually dependent on each other. This section explores a framework for understanding alternative analysis for development and points to international examples where alternative economic and social models are viable policy models which result in better social outcomes. It draws on varieties of capitalism literature, welfare regime literature and Sapir's models of development which differentiates a state's economic and social outcomes according to levels of equity and efficiency. *The central message is that there are models of development which are compatible with both growth and equity and can realise strong social outcomes while maintaining and reinforcing competitiveness.*

Finland is offered as an example of a small state which has achieved such a sustainable model of development. While not possible in this paper, it would be useful to learn more about the Finnish or other small successful state's development processes.

However it is important to enter some caveats. Every country experiences its own path dependant growth where historically unique decisions and events carve the initial shape and subsequent development of each nation's institutions and policies. There are, therefore, serious limits to what policy learning can be simply transferred from one country to another. Development is not only a matter of political choice; there are other resource, skills, institutional capacity, geographic and historical contexts to be considered. Typologies of models of development below are limited in that they represent simple realities. The social and economic reality of any country is far more complex, ambiguous and differentiated than a simple picture suggests. Migrants, for example, will not experience the level of equality suggested in the Nordic model of development.

For all of these reasons a discussion of models of development has to be taken at a conceptual level and used to help 'turn the boat in the direction of travel' rather than provide a road map for the journey.

a) Defining development:

One of the first challenges in defining or adopting a model of development is to be clear about what is meant by development, whether we simply mean economic growth or whether we mean a wider definition of national wellbeing.

As NCC (2008) argues, in the present Irish model of development we tend to define development as economic growth and use the Irish level of GDP (a measurement of the total value of traded goods and services produced in Ireland) as a measurement of development. However this is limited and misleading for the following reasons. It says nothing about whether growth is sustainable, that is, if it can look after the needs of today without jeopardising the needs of future generations. It says nothing about how national income is distributed between regions, social classes, men and women, age groups or ethnic groups. It does not include any assessment of the value of unpaid work, including care work done by women. It places positive value on activities that actually harm the environment (e.g. driving motor cars) and places less value on constructive activities that sustain the environment (e.g. cycling). Finally it includes the value of profits made in Ireland but transferred abroad.

There are other, alternative, forms of measurement that CP might wish to consider:

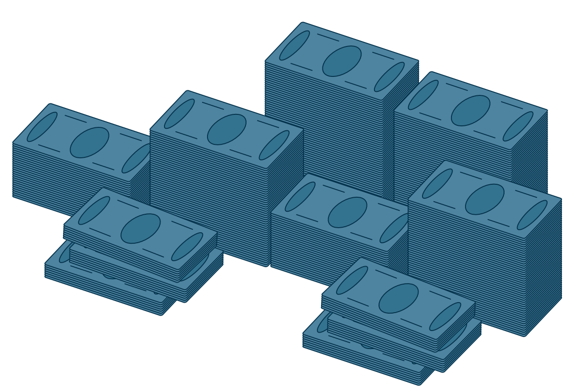
- The UN Human Development Index (HDI) measures life expectancy, literacy, and income above the poverty level; the Gender-Related Development Index adds gender inequality (hdr.undp.org)
- The GPI Genuine Progress Indicator (GPI) uses 22 social,economic and environmental indicators to measure progress (www.unpac.ca.)
- The Irish Central Statistics Office, in Measuring Ireland's Progress, reports annually on a wide range of social and economic indicators (www.cso.ie).

From a poverty perspective, economic growth is most useful if it provides resources that are used to promote wellbeing. Some economic growth can bring employment, improved standards of living, better infrastructure and public services. However, resources generated by growth are not always used for maximising public welfare. They can, for example, be given to the rich in tax breaks. The benefits of growth have to outweigh the costs incurred in pursuing economic growth. The costs can include environmental damage from construction, chemicals and motorways; wastage of very finite resources; greater inequality; and problems associated with urban expansion, crime and vandalism. Growth can impact more harshly on some sectors of the population than on others. Women, for example, were increasingly carrying the double burden of care and work in the fast-growing Irish economy during the boom years. *There are some types of economic growth which should be avoided because of their negative effects such as jobless growth (no employment), ruthless growth (going only to the rich), voiceless growth (little democratic growth or individual empowerment), rootless growth (community/cultural identity diminishes) and futureless growth (resources of future generations are used up).*

b) The importance of values:

The first thing to do then is adopt a definition and measurement of sustainable human development. This is likely to be a complex definition with numerous measurements and requires that the values underpinning such an alternative definition are made clear and those that inform the dominant model of development are challenged.

Ireland's dominant model of development currently rests on values of individualism, income maximisation and economic growth as an end in itself rather than as a means to social development, and the domination of the policy-making process by a narrow political and economic elite.



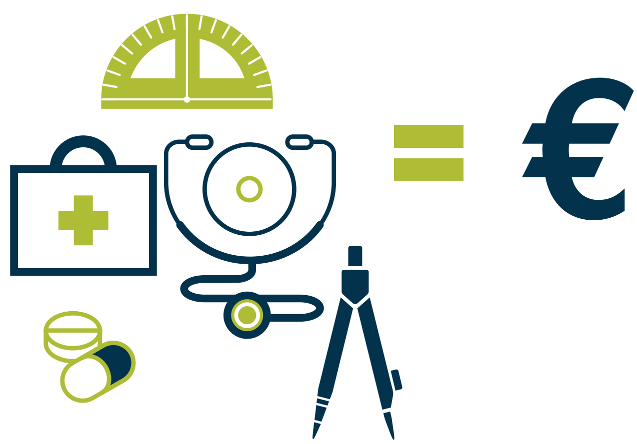
An alternative model will require values of social solidarity taking priority, economic growth being seen as a means to sustainable and equitable social development especially for the poorest and most vulnerable in our society, and the broadening of decision-making processes to include a much wider range of stakeholders (as evidenced by the participatory budgetary processes now common throughout Latin America). A final and very important consideration is to challenge the current dominant model that gives priority to issues of efficiency in favour of an alternative model that seeks to balance efficiency with a concern for equity. Scharpf and Schmidt (2001) argue that the type of public discourse about these values is an important dimension of promoting an alternative model of development and building support for it. Discourse can be closed, exclusive and co-ordinative or open inclusive and communicative. This process of creating values through open public discourse is a core part of a model of development and is discussed further later in this section.

c) There is no necessary tradeoff between growth and equality:

The next stage is to develop a model of development that promotes both growth and equality. While nearly all economies are mixed capitalist economies, there are great differences between them. Some varieties of capitalism create less poverty and inequality than others. Sapir (2005) differentiated countries to the degree that they were efficient and equitable, or competitive and fair. Table 10 illustrates that if you live in certain places you are less likely to be poor and more likely to enjoy equality.

There are clear links between the variety of capitalism a country chooses and the extent of poverty and inequality it experiences. For example, there is a proven link between high social spending and achieving equality (Timenon, 2005) so a model of development with high social expenditure is likely to be good for equality. One of the reasons the Nordic countries are more equal is that their governments provide universal services that are accessible to all. Because everyone uses them, and because they are high quality, citizens are more willing to pay the high taxes required to fund the services.

A key debate for Ireland is whether citizens are willing to pay more taxes to fund higher and better social services like health and education.



This would be necessary to pursue policies that will elevate Ireland to the top right quadrant. This, of course, is a question of values.

Table 10: Balancing growth and equity

	Uncompetitive/inefficient	Very competitive/efficient
Equality	**Box 1:** Countries that are not very competitive but have equality Continental countries: Belgium, Germany, France, Luxembourg	**Box 2:** Countries that are very competitive and have equality Nordic countries: Denmark, Sweden, Finland, The Netherlands, Austria
Inequality	**Box 3:** Countries that are not very competitive and have high inequality Mediterranean countries: Spain, Greece, Italy	**Box 4:** Countries that are very competitive but have inequality Anglo-Saxon countries: UK, Ireland, Portugal

Source: Andre Sapir, 2005.

4) Varieties of capitalism:

Another approach to analysing different models of development in today's world that has become influential over recent years comes from the Varieties of Capitalism literature (Table 11).

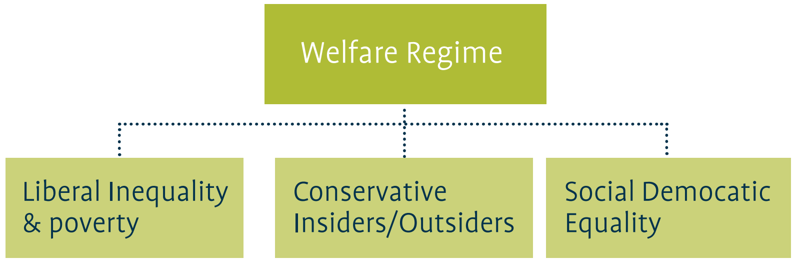
Table 11: **Varieties of capitalism**

Liberal market economies (LMEs)	Coordinated market economies (CMEs)
Australia	Austria
New Zealand	Japan
Canada	Belgium
UK	Netherlands
Ireland	Denmark
US	Norway
	Finland
	Sweden
	Iceland
	Switzerland
	Germany

Source: Hall and Soskice, 2001: 20.

Situating Ireland in this context, it emerges clearly as a Liberal Market Economy (LME) which has achieved high levels of economic and employment growth since 1987 but at the cost of growing relative poverty and high levels of income inequality, and with a liberal regime in the sphere of labour relations (Hall and Soskice, 2001: 17-23). However, what creates a certain puzzle about the Irish case is that, at least since the late 1980s, it has developed some of the coordinative mechanisms such as corporativist arrangements between the state and social partners that are more associated with the Coordinated Market Economies (CMEs). This has led some analysts to speak of Ireland as 'a new and developing form of governance' (Taylor, 2005: 4) or, as seems to be the case among policy makers internationally, a new model of successful development for the era of globalisation. However, instead of fostering a greater tradeoff between growth and equity which is what these mechanisms have traditionally been seen as doing, Ireland's extensive social partnership arrangements function rather to impose the disciplines of a competitive market economy on society and to draw in the trade unions and the community and voluntary sector to make their activities compatible with a strongly market-oriented approach to policy and to make them even more dependent on the state.

Another factor that marks Ireland out as distinctive in the context of the varieties of capitalism literature is its very heavy dependence on foreign companies which have provided its growth dynamic over the course of the Celtic Tiger period and which still dominate the cutting-edge export sectors of the economy. In this regard, therefore, the comparative institutional advantage built by the Irish state is based on a strong orientation towards attracting Foreign Direct Investment (FDI) and it is this feature which conditions the strategic interactions between the state and firms, the state and domestic actors, and the state and the European Union (EU). For example, the Irish state has opposed trenchantly any attempt to co-ordinate taxation systems within the EU, fearing it will result in common tax regimes for corporations and therefore undercut the comparative advantage Ireland has built up through its low corporation-tax regime. Ireland's high level of dependence on US firms, therefore, severely limits the room for manoeuvre of the Irish political economy even if the Irish state were interested in adopting the more co-coordinative or collaborative approach that characterises the CMEs. The leading US firms operating in Ireland depend much more on sources of capital in the United States and on innovative capacity developed there. The collaborative relations they maintain with Irish firms tend to be of the outsourcing variety rather than the dense collaborative networks that characterise the CMEs. Finally, Ireland has shown little awareness of the economic benefits to be achieved from generous investment in social benefits, such as replacement rates for the unemployed or pensions for the retired, which again characterise the CMEs. Far from constituting a new political economy model therefore, Ireland emerges as a particular type of LME highly dependent on foreign firms. Social partnership has been used to reinforce this model and to argue for acceptance of the inequality associated the model rather then, as in CMEs, to act as a political forum to negotiate and win acceptance for the policy mix required to reduce market inequalities.



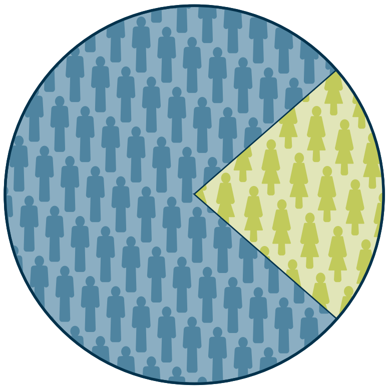
5) Welfare Regimes:

Hall and Soskice note a correspondence between types of political economies and types of welfare states. They write that ‘virtually all liberal market economies are accompanied by “liberal” welfare states, whose emphasis on means-testing and low levels of benefits reinforce the fluid labour markets that firms use to manage their relations with labour’ (Hall and Soskice, 2001: 50-51). Much discussion has taken place about where Ireland stands in the typology developed by Esping-Andersen (1990).

Esping-Andersen places Ireland as part of the Anglo-Saxon nations together with Australia, the US, New Zealand, Canada and the UK. Despite valid criticisms of Esping-Andersen’s typology, however, there is a widespread recognition in the Irish literature that Ireland is closest to the liberal model and has many features associated with a liberal, residual or Anglo-Saxon welfare regime.[14] These include a Poor Law legacy of ‘less eligibility’ or keeping social welfare payments below the lowest unskilled wage, ungenerous social welfare payments associated with low Replacement Ratios (RRs[15]), an exceptionally high proportion of means-tested payments (NESC, 2005: 98) and flat-rate social insurance payments. Even taking into account both public and private spending on social inclusion, the OECD finds Ireland is a low spender on social protection by EU standards (NESC, 2005: 113). Ireland has low levels of social expenditure or transfer effort relative to wealth as measured by GNP or GDP. Finally, when evidence of welfare outcomes is reviewed Ireland ranks among those countries with the highest levels of relative poverty and income inequalities in the OECD. Little wonder then that many classify Ireland as a liberal welfare regime. Murphy and Millar take issue with the NESC document on the developmental welfare state since it argues that Ireland is a hybrid welfare state. They see this as ‘confusing and unhelpful’ since it ‘obscures the reality of a failed welfare state, hides the role tax and social welfare policy play in growing inequality and treats high levels of relative income poverty as less problematic than they really are’ (Murphy and Millar, 2007: 83). Whatever the difficulties about classifying the Irish welfare state, these are certainly the characteristics that distinguish it.

14 Cousins points out that subsequent references to Ireland in later chapters of the book place it in different clusters and he comments: ‘The Irish welfare state is obviously a very moveable feast but not one which Esping-Andersen attempted to digest’ (Cousins, 2005: 10). Cousins finds Esping-Andersen’s typology problematic for a case like Ireland as it pays no attention to post-colonial peripheral countries that have been highly dependent in the global political economy. His discussion places Ireland in a group of Atlantic countries as it bears similarities to the British welfare state but also to southern European countries like Italy, Spain and Portugal sharing with the latter Catholicism and relatively late development (ibid.: 136-58). O’Shea and Kennelly similarly find problems with Esping-Andersen’s typology and suggest that a classification developed by Alber based on two crucial sets of relationships in social care provision, one between church and state and the other between centre and periphery, is potentially a much more interesting framework for peripheral, post-colonial countries like Ireland (O’Shea and Kennelly, 2002: 57-63).

15 Replacement ratios measure the ratio of income when unemployed to income when in work (Callan et al., 1996).



In gender terms Ireland is associated with a strong male breadwinner welfare regime with a family-based payment, low labour market participation of women and a relatively underdeveloped care infrastructure.

Conclusion

There is scope therefore to vary Ireland's model of economic and social development, its variety of capitalism or its welfare regime so as to increase the likelihood of generating more equal outcomes.

This can be done in a way that does not threaten competitiveness or efficiency. The following principles could be used to frame the macroeconomic policy priorities of an alternative model of development:

- Sustainable growth, industrial policy and national infrastructure
- Education, training and labour market framework
- Wealth, income distribution and access to employment
- Commitment to public services and regulation for high standards
- Gender equality, economic autonomy and an ethic of care
- Equality framework
- Inclusive governance and democratic participation

The role of civil society in creating alternative discourses

As mentioned earlier, public discourse about values is a key part of the process of agreeing any national model of development and Irish social partnership has played a key role in orienting the Irish model less towards equality than towards competition. These wider relationships between the state and various civil society actors, and the institutions which underpin these relations, also help to create or maintain the common values associated with a model of development. In the last 20 years, the state corporatist institutional relations or Irish social partnership has played a key role in promoting 'a shared understanding' or consensus about the Irish model of development. Community and Voluntary organisations in social partnership have according to Broderick (2002) been caught in the 'smothering embrace' of the present consensus about the Irish model of development and are less able to articulate or perhaps even imagine alternatives.

However, Irish power relations have been described in many ways other than corporatist (including patriarchal, elitist and pluralist). In the last 20 years, the Irish state has also reinvented its relationship with wider civil society organisations in the community and voluntary sector. While the publication of the White Paper on Supporting Voluntary Activity (2000) marked a formal pluralist engagement with an independent civil society, Harvey (2008) argues subsequent events since 2002 marked a pulling back by a state more willing to punish those who dissent from the 'shared understanding' about the Irish model of development and to control civil society organisations through funding and legal requirements that direct civil society into service delivery activities and away from a political role of articulating alternatives. The Budget 2009 decision to integrate the Combat Poverty Agency into the Department of Social and Family Affairs and to abolish the National Consultative Committee on Racism and Interculturalism is a firm indication of the government's intent to minimise the articulation of alternatives.

Civil society organisations are often thought of as having a relatively autonomous space between the market and the state. Such civil society actors have a crucial role to play in influencing the nature of political economy models and in ensuring a better tradeoff between efficiency and equity considerations. Different models of development or varieties of capitalism stress different models of power relations between elites, the state and society more generally. As the global market economy and the nature of the capitalist market changes, so too the state and its relationships with civil society changes. Civil society actors often play a powerful role in organising counter-discourse or counter movements to dominant groups in the state and the market at the same time the state, in attempting to manage in a context of globalisation, has an interest in developing or harnessing a governance relationship with civil society actors.

There are tensions here between the needs of the state to legitimise its governance and the vital arena of democratic opposition traditionally played by civil society organisations.

So too, there are traditions within civil society groups as to whether integrationist or conflict approaches best meet the goals or objectives of those groups.

The evidence of the past two decades indicates that the elites who run the Irish state, dominate our main political parties and have access to and influence on key policy makers, have prioritised efficiency, and paid little other than rhetorical attention to goals of equity.

It is paradoxical indeed that the period which saw the most draconian and inegalitarian state fiscal policy was when the state had the greatest resources it had ever enjoyed. All of this highlights just how little influence social actors have had on key state policy through the many fora of social partnership. They have been co-opted into an elite-driven consensus which has offered no real prospect of achieving a greater balance between goals of efficiency and equity in the Irish political economy. This is not to argue against social partnership. Rather it is to highlight how the Irish experience stands in marked contrast to the forms of concertation that characterise social democratic polities in which social actors (particularly trade unions) achieve real tradeoffs with employers.

Another world is possible. But as Anne Marie Smith (1998: 7) writes, 'political struggle does nevertheless depend in part on the ability to imagine alternative worlds'. Geoghegan and Powell also argue that there is potential for renewed discourse about alternatives. They write that 'while active citizenship in the community sector may have largely been co-opted as a tool of government, it has the potential to reflexively reimagine itself as a democratic force where active citizens resist the alienating effect of thin representative democracy – and build counter discourses' (Geoghegan and Powell, 2007: 48). And, let us remember that, in the words of Susan George 'there are a thousand alternatives' (2003:181).

'political struggle does nevertheless depend in part on the ability to imagine alternative worlds'.
Anne Marie Smith (1998: 7)

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Glossary of Terms

Gross Domestic Product

Gross Domestic Product (GDP) is the total value of all goods and services produced in an economy in a given time period, regardless of whether this income stays inside or outside the country.
http://www.cso.ie/releasespublications/documents/other_releases/2006/progress2006/measuringirelandsprogress.pdf

Gross National Product

Gross National Product (GNP) is the total value of all goods and services produced in an economy in a given time period and which stays inside the country.
http://www.cso.ie/releasespublications/documents/other_releases/2006/progress2006/measuringirelandsprogress.pdf

Risk of poverty

This indicator focuses on the relative risk of poverty in relation to the rest of the population in a country rather than the absolute risk of poverty. Hence a person classified as in poverty in one country would not necessarily be classified as in poverty in another country if they were at the same absolute income level.
http://www.cso.ie/releasespublications/documents/other_releases/2006/progress2006/measuringirelandsprogress.pdf

Consistent poverty

This measure identifies the proportion of people, from those with an income below a certain threshold (less than 60% of median income), who are deprived of two or more goods or services considered essential for a basic standard of living e.g. a warm coat, sufficient food or adequate heating. The consistent poverty measure was devised in 1987 using indicators of deprivation based on standards of living at that time. The Government in 2007 accepted the advice of the ESRI to revise the deprivation indicators to better reflect current living standards and, in particular, to focus to a greater degree on items reflecting social inclusion and participation in society. This resulted in the measure, originally based on lacking one or more items from an 8-item index, changing to one based on lacking two or more items from the following 11-item index:

1. Two pairs of strong shoes
2. A warm waterproof overcoat
3. Buy new not second-hand clothes
4. Eat meals with meat, chicken, fish (or vegetarian equivalent) every second day
5. Have a roast joint or its equivalent once a week
6. Had to go without heating during the last year through lack of money
7. Keep the home adequately warm
8. Buy presents for family or friends at least once a year
9. Replace any worn out furniture

10. Have family or friends for a drink or meal once a month
11. Have a morning, afternoon or evening out in the last fortnight, for entertainment This revised set of deprivation indicators will be used to measure consistent poverty over the duration of the new NAPinclusion. The current (2006) rate of consistent poverty using the new measure is 6.5%, having reduced from 8.2% in 2003.

Note that it is enforced deprivation that is relevant in this context. For example, a household may not have a roast once a week. The household is classified as deprived of this basic indicator only if the reason they didn't have it was because they could not afford it.
http://www.cso.ie/releasespublications/documents/other_releases/2006/progress2006/measuringirelandsprogress.pdf

At-risk-of-poverty rate: The 'at risk of poverty' indicator identifies all those (households or people) who fall below a certain income threshold, which in the EU has been set at 60% of the median income. Median income is the amount that divides the income distribution into two equal parts, half of people having incomes above the median and half having incomes below the median. This measure is the best known and quoted indicator as it affords some comparisons with other countries. It does not, however, measure poverty as such, but rather the proportion of people below a certain income threshold who may be 'at risk of poverty'. Whether persons below the 60 per cent threshold are actually experiencing poverty will depend on a number of factors. These include:

- The degree to which income is below the relevant thresholds;
- The length of time on this relatively low income – a long such period can lead to real deprivation, as a person's assets run down and cannot be fully maintained or replaced;
- Possession and use of other assets, especially one's own home.

http://www.cso.ie/releasespublications/documents/eu_silc/current/eusilc.pdf

Inequality of income distribution (S80/S20 quintile share ratio): This is the ratio of total equivalised income received by the 20% of persons with the highest income (top quintile) to that received by the 20% of persons with the lowest income (lowest quintile).
http://www.cso.ie/releasespublications/documents/eu_silc/current/eusilc.pdf

Relative at-risk-of-poverty gap: This is the difference between the median equivalised income of persons below the at-risk-of-poverty threshold and the at-risk-of-poverty threshold, expressed as a percentage of the at-risk-of-poverty threshold. The purpose of the indicator is to measure how far below the poverty threshold the median income of people at risk of poverty is. The closer the median income is to the threshold the smaller the percentage will be.
http://www.cso.ie/releasespublications/documents/eu_silc/current/eusilc.pdf

At-risk-of-poverty rate before social transfers: This indicator is calculated based on two alternative measures of equivalised income. The first calculates equivalised income as the total disposable household income including old-age and survivors' benefits but excluding all other social transfers. The second excludes all social transfers. Any person with an equivalised income before social transfers of less than 60% of the median after social transfers is considered at risk of poverty before

social transfers (i.e. the same threshold is used for calculating the rate before and after social transfers).
http://www.cso.ie/releasespublications/documents/eu_silc/current/eusilc.pdf

Gini coefficient: The gini-coefficient is commonly used to measure income inequality in a society. If there was perfect equality (i.e. each person receives the same income) the Gini coefficient would be 0%. A Gini coefficient of 100% would indicate there was total inequality and the entire national income was in the hands of one person. Ireland's 2005 gini co-efficient of 32.4 was higher than the previous two years and one of the highest in Europe.
http://www.cso.ie/releasespublications/documents/eu_silc/current/eusilc.pdf

At-persistent-risk-of-poverty rate: This is a measure of the share of persons with an equivalised total net income below the risk-of-poverty threshold in the current year and in at least two of the preceding three years. Thus the calculation of this indicator requires 4 years data. Although EU-SILC began in Ireland in 2003, only half the target sample was interviewed. We have been able to calculate a provisional persistent risk of poverty rate of 13.2% based on this data. However, we will not be able to produce a reliable estimate for this indicator until 2007 data is analysed, at which point we will have four full years data (2004-2007).
http://www.cso.ie/releasespublications/documents/eu_silc/current/eusilc.pdf

National Anti-Poverty Strategy (NAPS) indicators

At a national level, data from the EU-SILC is used to monitor and evaluate progress towards achieving the targets set out in the National Anti-Poverty Strategy (NAPS). The NAPS was initiated by the Government after the 1995 United Nations Social Summit in Copenhagen, Denmark. The strategy, launched in 1997, sets out the extent of poverty, identifies the main themes, and formulates strategic responses to combat poverty in Ireland. The strategic aims of the NAPS fall into five key areas:

- Educational Disadvantage
- Unemployment
- Income adequacy
- Disadvantaged Urban Areas
- Rural Poverty

The key NAPS indicator derived from EU-SILC is the consistent poverty measure, which combines relative income measures with a lack of what are considered to be basic resources. Originally the NAPS referred to the calculation of the threshold as 60% of the mean equivalised income, but it is now generally accepted that 60% of the median is a more appropriate method.
http://www.cso.ie/releasespublications/documents/eu_silc/current/eusilc.pdf

Welfare State: a system whereby the state undertakes ostensibly to protect the health and well-being of its citizens, especially those in financial need.
http://www.socialpolicy.ca/w-z.htm

List of Abbreviations

CP: Community Platform

CPA: Combat Poverty Agency

CWC: Community Workers Co-op

DWS: Developmental Welfare State

ESRI: Economic and Social Research Institute

EU: European Union

EU-SILC: European Union- Survey on Income and Living Conditions

GDP: Gross Domestic Product

GNP: Gross National Product

GPI: Genuine Progress Indicator

NAPS: National Anti-Poverty Strategy

NAPinclusion: National Action Plan for Social Inclusion 2007-2016

NCC: National Competitiveness Council

NCCRI: National Consultative Committee on Racism and Interculturalism

NESC: National Economic and Social Council

OECD: Organisation for Economic Co-operation and Development

RR: Replacement Ratios

T16: Towards 2016 Ten-Year Framework Social Partnership Agreement 2006-2015

UN HDI: United Nations Human Development Index

Notes

The Community Platform is a network of 28 National organisations which work to address poverty and social exclusion.

Organisations currently in the Community Platform are:

ATD 4th World
Age Action Ireland
Community Action Network
Community Workers Cooperative
Cairde
European Anti-Poverty Network (EAPN) Ireland
Gay and Lesbian Equality Network
Immigrant Council of Ireland
Irish Association of Older People
Irish National Organisation of the Unemployed
Irish Penal Reform Trust
Irish Refugee Council
Irish Rural Link
Irish Traveller Movement
Migrant Rights Centre Ireland
National Adult Literacy Agency
National Network of Women's Refuges & Support Services
National Traveller Women's Forum
National Women's Council of Ireland
Older Women's Network
OPEN
Pavee Point
Rape Crisis Network Ireland
Simon Communities of Ireland
Threshold
Voluntary Drug Treatment Network
Vincentian Partnership for Justice
Women's Aid

Community Platform
C/O Community Workers' Co-operative
1st Floor, Unit 4, Tuam Rd. Centre, Tuam Rd.,
Galway

T: +91 779030
F: +91 779033

E: annecostello@cwc.ie
W: www.cwc.ie