Cherishing All Equally 2016 is the second report in an annual series and is part of a long-term project by TASC to monitor trends in economic inequality in Ireland. It presents key economic inequality indicators in Ireland, which year-on-year will provide critical information for the public, for policy makers and activists alike. This year’s report includes two in-depth themed sections regarding the impact of economic inequality on gender and children.

In this centenary year, Cherishing All Equally 2016 provides an important contribution towards understanding economic inequality in Ireland one hundred years after the 1916 Proclamation, which declared:

‘The Republic guarantees religious and civil liberty, equal rights and equal opportunities to all its citizens, and declares its resolve to pursue the happiness and prosperity of the whole nation and of all its parts, cherishing all of the children of the nation equally’.
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1. Introductory Preface

Cherishing All Equally 2016 provides the first annual update of TASC’s groundbreaking 2015 report on economic inequality in Ireland. In this year’s report we update the key economic inequality indicators in Ireland for 2016 and examine the trends. In addition, the report includes two in-depth themed sections: ‘Gender and economic inequality in Ireland’, and ‘Children and economic inequality in Ireland’.

We are now into the third year of a very welcome economic recovery in Ireland, as indicated by rising growth rates, a continuing fall in official unemployment rates, higher employment rates and a higher overall tax take. On the other hand, government revenue in Ireland has fallen even further as a percentage of GDP, to the lowest level in the EU, undermining the ability of government to deliver the range and quality of public services so obviously needed.

Cherishing All Equally 2016 reveals a deep inequality at the heart of this economic recovery that threatens its sustainability. Our research shows that the negative trends identified in Cherishing All Equally 2015 continue, and that the deep divide in Irish society in terms of wealth and income is unabated. In other words, having ‘the fastest growing economy in Europe’ does not automatically deliver prosperity for those who need it most. Delivering a less unequal society requires more: the active intervention by government to deliver integrated policies which can demonstrably turn the negative trends around.

The economic recovery on its current basis is, in fact, driving the growth in wealth inequality and gross income inequality. The factors contributing to this inequality include issues relating to ‘predistribution’ in the labour market: low paid jobs, low hours employment, precarity and unemployment. At 23%, Ireland has one of the highest incidence of low paid jobs in the OECD. The increase this year in the minimum wage to €9.15 per hour is very welcome, but it remains 20% lower than the estimated wage of €11.50 per hour required to live a decent life. The 2016 wealth figures in our report show how Ireland’s wealth inequality has worsened significantly in recent decades with the top 10% holding almost 54% of Ireland’s wealth while the bottom 50% hold less than 5%.

Inequality within Ireland’s recovery is also visible in continuing high rates of poverty and deprivation with 29% of the population experiencing two or more types of enforced deprivation in 2016, an increase on last year’s figure of 26.9%, a deprivation rate almost double the 2008 rate of 13.7%, which itself was unacceptable.
Gender and economic inequality

The first of this year’s themed sections, ‘Gender and economic inequality in Ireland’, authored by gender experts Dr Ursula Barry and Dr Maggie Feeley, presents an important approach to understanding the relationship between gender and economic inequality in Ireland. It shows how gender inequalities affecting women are deeply embedded in Irish society, and both contribute to, and result from, economic inequalities. In particular, they show how inequalities in the affective care domain, where women undertake the majority of care roles with children, the sick, people with disabilities, and older people, in turn feed into inequalities in the economic and political spheres. Consequently, they have less power and influence on pivotal political decisions about social structures and social and economic policies.

Women’s continued position as society’s default caregivers, along with wider societal and economic gender discrimination, and the absence of adequate state-provided care structures, results in a significant gendered pay and pension gap. Gender inequalities also result in women in Ireland being underrepresented in more senior positions in employment, in women’s concentration in low paid, part-time work, and in unpaid care work and the problems faced by women in lone parent households.

Barry and Feeley’s review of data on gendered economic conditions leads them to propose that a more equal sharing of paid and unpaid care work would be in the interests of both men and women, and the basis for a more just society. They also propose that the achievement of gender economic equality be made an explicit goal of public policy.

Children and economic inequality

The second of this year’s themed sections, ‘Children and economic inequality in Ireland’, provides a unique and comprehensive analysis that shows the profoundly damaging impact of economic inequality on children’s wellbeing and their ability to flourish in Ireland. It brings together international research on economic inequality and child wellbeing with data from the Barnardos Growing up In Ireland study, and from other sources, to directly analyse the impact of economic inequality on children. This section conclusively demonstrates the manner in which economic inequality lays the foundation at a young age for the huge inequalities that emerge later in education and in life. These structural inequalities which disadvantage children from birth represent a profound challenge to aspirations of achieving a more equal and ethical society and an economy where all children can flourish equally.

This section shows that the proportion of children living in consistent poverty in Ireland almost doubled from 6.3% in 2008 to 11.2% in 2014. Drawing on evidence from the Growing Up in Ireland study, it also shows how children in the bottom 50% of households were much more severely impacted by increased economic vulnerability during the recession and austerity. It also highlights the severe welfare impacts on children resulting from the housing crisis; for example, 1,881 children and their families are now homeless in our capital city.

Children living in lower income households in Ireland are affected by multiple inequalities including educational inequalities, higher levels of special needs, and lower levels of self-worth, self-image, socio-emotional development, and health. Moreover, the impact of income disparity on educational outcomes becomes stronger as children get older. The evidence also shows very significant inbuilt structural inequalities in education, which disadvantage children from lower income families from birth.
By age 13, only 36% of children from the bottom income decile expect to achieve a third-level education in contrast to 65% of children from the top income decile. Despite Ireland having the fourth highest rate of attendance at third level institutions in the OECD, there is a significant level of inequality in levels of attendance by income and social class background. Students from affluent areas, for example, have double the attendance rate at university than students from disadvantaged areas. Furthermore, children who were economically vulnerable throughout the recession were three times more likely to be at increased risk of socio-emotional problems than those who were not economically vulnerable.

At just nine years of age there is a strong negative correlation between children’s self-image and their social class background with children from professional and managerial backgrounds having a more positive self-image in terms of behaviour, freedom from anxiety, and happiness. In contrast, children from more disadvantaged backgrounds are more anxious, less happy and reported poorer behaviour.

It is clearly established by the research that economic inequality lays the foundation at a young age for the huge inequalities that emerge later in education and life, giving rise to many of the social problems which our society is struggling to address.

**Ireland’s current economic model**

This report demonstrates the effects of official Ireland’s continued pursuit of the ‘Celtic Tiger’ economic model, with its strong orientation towards ‘self-regulation’ and even ‘deregulation’, despite its recent role in contributing to the economic crash and its association with growing inequality. Broadly speaking, official policy continues to pursue a ‘neoliberal’ approach of low tax and consequent low public spending and investment, even though there is widespread public acceptance that we need to pursue a new economic path following the failure of that model. Even with the current level of individual social transfers, Ireland’s economic model continues to leave many without sufficient to eat, without a permanent home and without a good education or access to necessary health care.

This report reveals that Ireland has the lowest levels in the entire EU 28 of both government expenditure and government revenue as a percentage of GDP. Ireland’s level of government expenditure is now at 35.1% of GDP (down on the 2015 indicator figure of 38.6% of GDP) which is substantially below the EU average of 47.4%. We are also at the lowest level of investment in capital infrastructure in the history of the state, with capital spending at around 2% of GDP, almost a third lower than the EU average of 2.7% of GDP, and with a predictable social impact – for example, in the area of housing. Even the recently announced intention to review that level upwards will leave us far short of what is needed. This underinvestment not only results in inadequate public services and infrastructure, but, as a consequence, contributes to the high cost of living (25% higher than the EU average), particularly in areas such as childcare, housing, education, healthcare and transport.

Some commentators argue that to make the required investment in these areas would be to breach EU budgetary rules. This is debatable, but even if true it argues for a major political push at EU level for Ireland to be given flexibility in this area in order to ensure our economic sustainability, which is the basic tenet of EU budgetary rules.
Towards a social economy

This report establishes that Ireland’s current economic recovery is not delivering for society as a whole; many Irish citizens continue to be treated unequally, and inequality is still being allowed to grow. To turn those trends around requires coordinated, state-led policies: to reverse falling wage shares and to tackle the rise in inequality in predistributive wages and salaries, while at the same time addressing redistributive tax and transfer policies are some examples.

TASC has long both argued and demonstrated through its papers and reports that Ireland’s high levels of economic inequality are not inevitable and can be addressed as they have been in other European countries. To do so requires the implementation of policy choices based on the principle that all citizens have an equal right to a decent life, to share resources available in an equitable way, and that all citizens have a responsibility to contribute according to means, in the interests of ensuring a flourishing society which cherishes all our people.

A flourishing society requires a flourishing economy, but it requires also that it be a social economy. There is no mystery to this idea: it includes strong welfare provision; a public investment programme adequate to current and future needs; high quality and accessible universal public services; strong regulation in the interests of ethical and quality driven enterprises; progressive and fair taxation delivering sufficient government revenue to ensure quality public services; strong collective bargaining rights for workers to prevent a race to the bottom; and the guarantee of social and economic rights for all citizens. These core principles can provide a framework for addressing the growing levels of economic inequality, as identified by leading authorities such as Wilkinson and Pickett, Thomas Piketty, and Anthony Atkinson. This reorientation towards a ‘create and share’ macroeconomic and industrial policy would enable us to be prosperous as well as competitive, and at the same time would make it possible for a growing number of Irish citizens to live better lives.

The new Oireachtas

The general election has resulted in the election by Dail Éireann of a minority government with the support of independent deputies and their participation in government, along with the support of the main opposition party. This unique configuration potentially gives opposition deputies as well as government backbenchers more influence in policy formation. If used innovatively and in partnership with civil society this could result in very positive developments in the area of social and economic policy. For this to happen, however, a new practice and commitment to serious engagement in policy research, debate, formulation, and implementation will be required. A readiness to compromise is fundamental to such an approach, and ideas on how that could be done abound at European Union level, where a much more complex array of interests combine to arrive at workable political solutions.

TASC notes that there seems to be a common commitment among all those elected in the general election to achieve a fairer Ireland, while there are policy differences in how that might be achieved. Furthermore, we note that a key message from the public in the general election, confirming TASC’s research findings, was that investment in quality public services should be prioritised before tax cuts.

Despite that, one of the first measures proposed in the tax area is a regressive one which does not seem to have been ‘equality proofed’: to reduce liability in certain cases to inheritance tax. Inheritance tax is one of the key instruments that could be used to tackle wealth inequality and critically helps to broaden the tax base – something which the European Commission has recently pointed out is still needed in Ireland.
Nevertheless it has to be acknowledged that the commitment to ‘equality proof budgets’ is a positive development in the new Programme for Government.1 But it is essential that, in seeking to reduce inequality via the budget process, the exercise encompasses reducing ‘economic inequality’ as a key objective. We plan to engage in the coming months with the respective Ministers whose task it will be to implement this commitment, and to draw their attention to this report as a valuable contribution to such a process.

Conclusion

In conclusion, if we are to create a flourishing society we must plan for sustainable economic development and seek on a year by year basis to more equitably share the distribution of wealth and income, while ensuring that the state has sufficient resources for the delivery of key public services across the population and the country.

To achieve these objectives requires a new approach to long-standing inadequacies in the social and political infrastructure by which government develops and implements its policies. There is, as we noted earlier, potential for a new approach to policy formation in the current political configuration, which is likely to last in one form or another for some time.

There is therefore reason to be optimistic that new structures could emerge in Ireland to engage the social partners, civil society, and academia with the political sphere, in constructing the institutional bodies through which a new economics could be negotiated. This new economics would be aimed at creating a flourishing society based on reducing economic inequality, and within the context of our membership of the European Union.

The European Union has a major role to play in facilitating the achievement of such choices. It is therefore incumbent on all political, social, and economic actors in Ireland to engage positively with all the EU institutions in the process of policy formation at that level, and encourage a significant shift there towards acknowledging economic inequality as one of the most important issues that need to be addressed in stabilising the Union and ensuring its sustainability.

TASC, as an independent and non-aligned research organisation, is actively engaged in seeking to provide the analytical basis for such a process. In addition to major publications such as this, we provide briefings, inside and outside of the Oireachtas; public seminars, lectures and conferences in Ireland and in other European states; while our blog www.progressive-economy.ie provides regular commentary and analysis.

We offer this, our latest evidence-based, comprehensive report on economic inequality in Ireland, as a starting point for all who are seeking the best way to achieve a flourishing society for all in this centenary year.

Proinsias De Rossa
Chair of the Board
TASC
2. Why economic inequality matters

Rising economic inequality has become one of the major economic, social, and political concerns of our time. TASC’s groundbreaking first report on economic inequality in Ireland, Cherishing All Equally: Economic Inequality in Ireland, emphasised the need for a more holistic understanding of economic inequality. The report focused on seven key factors affecting the distribution of a society’s resources: income, wealth, public services, taxation, family composition, personal capacities, and the cost of living. It pointed to the increasing levels of economic inequality in Ireland, similar to trends being experienced in many other developed countries.2

The publication of Richard Wilkinson and Kate Pickett’s important book, The Spirit Level: Why More Equal Societies Almost Always Do Better, served to highlight the detrimental impact of high levels of economic inequality on societal wellbeing.3 More recently, Thomas Piketty’s Capital in the Twenty-First Century emphasised the economic and political consequences of rising inequality; while Anthony Atkinson’s Inequality: What Can Be Done? proposed both ‘redistributive’ progressive taxation measures and ‘predistributive’ labour market policies as key responses required to tackle rising economic inequality.5

Economic inequality is complex. Broadly speaking, economic inequality refers to the unequal distribution of ‘material resources’ – that is, the resources people need to attain goods and services to satisfy their diverse needs and to flourish as individuals. Although the discussion of economic inequality focuses on incomes, not least due to the greater availability of data, economic inequality is about more than income, since it is only one of the material factors that affect people’s ability to flourish. Income disparities will matter less in a society with strong universal public services than in a society without them.

Reducing economic inequality goes beyond ensuring that people can reach a minimum standard of living. Economic inequality also exists when disparities mean that some people can meet their material needs to a much higher quality standard than others. The two poles of economic inequality are the concentration of income and wealth on the one hand, and the number of people unable to meet their material needs on the other. A flourishing society based on a low level of economic inequality would avoid both of these extremes.

People’s material circumstances can be measured in relation to the following: food, clothing, housing, personal and household goods, water, sanitation, energy, transport, healthcare, childcare, social care, education, telecommunications, the costs associated with social interaction, and savings/contingencies. The costs and methods involved in producing these goods and services are central to economic and social policies. Focusing on the production costs associated with meeting people’s material needs allows us to consider the best way...
to organise the economy to meet these needs efficiently and effectively, and to engage in a process of continual improvement in the quality of life achieved across the domains of people's essential material needs.

When considering economic inequality, the distribution of resources and the extent of people's needs, family composition is also a decisive factor. The same income goes further for a single person than for someone with several dependents. Society recognises this through the provision of some services and social transfers specifically for children and older people, but notwithstanding such supports, households with multiple dependents are more likely to have difficulty meeting their needs compared to single people or dual-earner couples. Dual-earner households are often in a much better position than single-earner households; although Ireland's high childcare costs may negate this advantage for some cohorts of parents.

Material inequality versus subjective wellbeing
The focus of economic inequality is on inequality in people's material circumstances. However, access to material resources, although fundamental, is only part of what people need for their personal development or psychological wellbeing. A range of less tangible factors, termed 'capacities', are decisive to understanding economic inequality.

People's ability to meet their needs and, more generally, to flourish, is affected by a wide range of other factors, including their social status, their political power, their affective relationships and their working conditions. Someone could meet all of their material needs but fail to flourish for other reasons. Conversely, people living in material deprivation often flourish in many other respects.

Cherishing All Equally 2015 focused on the current distribution of material resources (including personal capacities to the extent that they affect people's ability to meet their material needs). While reducing economic inequality will not automatically lead to an increase in wellbeing, the provision of adequate resources to meet people's material needs, in combination with a reduction in the concentration of resources at the top of society, provides for a more equal opportunity for everyone to engage in leisure, culture, sports, social interaction, and intellectual activities, sufficient to satisfy their mental and emotional needs.

While not the solution to every social problem, a more equal distribution is undeniably likely to alleviate a great deal of suffering and to contribute to people's wellbeing.

Measuring economic inequality
Given the complex factors involved, it is unsurprising that there are serious challenges to reaching widespread agreement about how to measure economic inequality.

Many of the existing measurement tools are inadequate. In Ireland, lack of detailed statistics on income distribution, wealth, or the use of public services hampers the development of policies to reduce economic inequality. The most readily available data in Ireland, in common with other countries, relates to incomes, although even this data is incomplete.

In order to get a more rounded picture of economic inequality in Ireland, Cherishing All Equally 2015 analysed economic inequality through seven distinct yet interrelated factors:

1. Income
2. Wealth
3. Public services
4. Tax
5. Capacities
6. Family composition
7. Cost of goods and services
In addition to measuring economic inequality, if we are to be successful in reducing it, it is also essential to understand the processes and policies that cause it. Policies for reducing economic inequality involve addressing the complexities of how goods and services are produced and whether they are accessed privately or as public services.

## Destabilising trends

Recent research highlights the destabilising impact of growing income and wealth inequalities on economic performance. A shift in the distribution from lower to higher income groups – to those who spend a smaller proportion of their incomes in the domestic and ‘real’ economies – depresses aggregate demand and encourages financialisation and rising household indebtedness to plug the spending gap. This very process lies at the root of the global financial and economic crisis of 2008.6

Economic instability fosters social and political instability through the channels identified by Wilkinson and Pickett.7 They argue persuasively that economic inequality is not just of concern in relation to material poverty, but also the negative impacts it has on people’s sense of self-esteem and trust, and the knock-on detrimental effects on their physical and mental health. Greater equality benefits all of society.

A recent study by the IMF showed that when the top 20% increase their share of income, at the expense of those in the middle and at the bottom, the rate of economic growth tends to fall. In addition to the adverse effects on consumption, the IMF found that inequality dampens investment, and hence growth, by fuelling economic, financial, and political instability.8

Rising income inequalities are strongly related to the concentration of wealth and the political influence it can bestow. The top 10%, and in particular the top 1%, have the political weight to fight against economic policies that will impose greater social responsibility upon them. There is also a growing concern about the disproportionate role that wealth plays in controlling the print and electronic media, and the consequent potential for a distortion of political and economic choices.
Ireland’s socioeconomic model

Standard measures of income inequality are often cited as evidence that economic inequality is not a significant issue in Ireland. Ireland’s net Gini coefficient, for example, was 30.8 in 2014, as compared to a net Gini of 30.9 in the EU 15 (see Chart 2). Ireland’s net Gini has been relatively stable over the past decade or so, if increasing somewhat in recent years. However, standard measures of income inequality such as the net Gini coefficient and the income quintile share ratio are relatively blind to the structure of the economy – in particular, the balance between the public and private provision of necessary goods and services and the associated levels of poverty and material deprivation.

**Chart 2: Net income inequality in the EU (Source: Eurostat)**

A given net income will go a lot further in meeting people’s needs in a country where vital goods and services are heavily subsidised or provided free of charge via the state. Ireland’s high cost of living (25% higher than the EU average in 2014) and poor public provision of basic necessities – childcare, healthcare, education, housing, and transport – means that resources are more unequally distributed than the standard measures would suggest.

**Underlying inequalities**

It is also instructive to look at trends in the underlying level of gross income inequality (before tax and transfers) – the predistribution of incomes. The level of gross income inequality reflects the balance of power in the economy and workplace, where incomes are initially distributed between wages and profits, and the level of employment in the economy. The level of (un)employment determines the numbers who are earning an income in the first place, and also affects the bargaining position of workers in wage negotiations with their employers.

The Gini coefficient before social transfers in Ireland was 45.7 in 2014, as compared to 36.9 in the EU 15. This shows how hard the social transfer system has to work to move Ireland closer to European averages. Chart 3 tracks the evolution of the gross income share of the top 1% and bottom 90% in Ireland over recent decades, with the top 1% gaining at the expense of the bottom 90%.
It is clear that, following the pattern in other developed and developing economies, the distribution of gross incomes in Ireland has become significantly more unequal since the 1980s, driven by a decline in labour’s share of national income and the related widening of wage inequalities. It is clear that, following the pattern in other developed and developing economies, the distribution of gross incomes in Ireland has become significantly more unequal since the 1980s, driven by a decline in labour’s share of national income and the related widening of wage inequalities.17

Ireland’s wage share has fallen from almost 70% of national income in 1975 to just under 45% in 2015 – a decline of 25 percentage points over 40 years (see Chart 4).18 The pace and volatility of the decline in Ireland’s wage share, relative to other developed economies, can be explained by the profit shifting activities of foreign multinational enterprises. Even accounting for these factors, however, a significant decline is evident.19

Chart 3: Gross income share of top 1% and bottom 90% (Source: WWID)

Chart 4: Wage share, % of GDP (Source: AMECO)
The falling wage share is linked, from a political economy point of view, with growing wage inequality in Ireland, where 23% of workers were classified as low paid in 2013 (see Chart 5) – that is, earning less than two-thirds of median earnings. The incidence of low pay in Ireland has risen rapidly over the past decade, even when compared to other low-pay economies such as the US and UK (see Chart 6).

Chart 5: Incidence of low pay in OECD countries (Source: OECD.Stat)

Chart 6: Rising incidence of low pay (Source: OECD.Stat)
The growth of low-paid work and gross income inequality in Ireland over recent decades, as is evident from the charts above, requires a much greater role for the tax and transfer system in order to level the income distribution. Such redistribution is increasingly necessary via state-funded welfare and income supports for lower income and jobless households. The rise in gross income inequality also signals a shift in the balance of economic and political power within the workplace and wider society, where the influence of the wealthy makes it increasingly difficult to maintain, let alone increase, levels of taxation and social provision.

A key consideration underlying these trends has been the marked decline in Irish trade union density since the 1980s (see Chart 7), and the associated decline in the role and influence of collective bargaining agreements. This reflects the political-institutional shifts characteristic of the ‘neoliberal’ era.

Chart 7: Declining trade union density (Source: OECD.Stat)

Ireland’s neoliberal model

‘Privatisation is a vogue word today. Too many economists are enthusing about the race towards an unfettered, unrestrained free market economy. This is worship of an unthinking consumerism, animated not by considerations of social responsibility but a desire for the fast buck and let tomorrow look after itself.’ – Patrick Lynch, writing in 1994

At an institutional level, Ireland’s socioeconomic model is generally regarded as a ‘liberal’ form of capitalism, with an orientation towards ‘free market’ ideas, policies, and institutions. This ‘Anglo-Saxon’ model is counterposed with the ‘coordinated’ or ‘regulated’ capitalism of continental and Nordic Europe, where non-market institutions such as states, trade unions, and employers’ associations play a much more prominent and interventionist role. The liberal model is associated with growing inequality and instability, while the regulated model produces greater equality and sustainability. Indeed, researchers at the IMF have found a strong relationship between greater equality and higher and more sustainable growth: ‘Instead of delivering growth, some neoliberal policies have increased inequality, in turn jeopardising durable expansion’.

These results sit well with the evidence that regulated capitalism encourages greater efficiency, competitiveness, and innovation.
The expanded role for strategic public investment under regulated capitalism is also consistent with the necessary transition towards a sustainable political economy. Public investment in green industries, such as renewable energy, public transport, and housing, is an important first step in any move towards addressing both the unemployment and ecological crises.30

Ireland’s liberal model results in low spending on public services and poorly regulated markets; this means that people face very high costs to access basic goods and services via the market, which in other European countries are available either at much lower cost or free of charge.

The high cost of living necessitates higher welfare payments and gives rise to a structural problem of welfare payments constantly falling behind rising costs. This results in pressure for more targeting or selectivity of benefits and means testing, which creates poverty traps for those already on low incomes. There is a similar pressure with regard to wages, with higher wages required to compensate for higher costs in order for workers to achieve an adequate standard of living.

Without state intervention to ensure reasonable and affordable access to basic goods and services, such as health, child care, housing, education and public transport, through measures such as increased public provision, regulation of costs and guaranteeing a living wage as a minimum, current levels of poverty and inequality will continue on their upward trend. Irish citizens lack many of the protections offered by more developed welfare states, such as universal early education and childcare, after-school care and services for those with disabilities, and extensive and affordable public transport.

**Economic inequality is not inevitable**

Economic inequality is not inevitable and can be significantly reduced. As Chart 8 shows, Ireland, Denmark and the USA had similar levels of gross income inequality in the period from 1945 up to about 1980. Since then the three have diverged: in the USA inequality has increased dramatically; Ireland also experienced rising inequality, though not to the same extent; while inequality has been relatively stable in Denmark.31

**Chart 8: Income share of top 10% (Source: WWID)**
Denmark and the other Nordic countries are small open economies like Ireland but they provide much higher quality public services, a higher standard of living, and are much more equal. We should learn from these countries that economic inequality can be reduced if policies join the dots between taxes, public services, family needs and the cost of living as well as the adequacy of cash incomes.

In short, universal provision of high quality, efficient public services such as healthcare, education, childcare, pensions, housing, and public transport coupled with decent earnings leads to lower economic inequality, a better society and a more competitive and sustainable economy.

The continued rise of gross income inequality and low pay is unsustainable over the long run. On the one hand, maintaining a relatively stable distribution of net incomes becomes increasingly difficult as more and more resources are needed to maintain the tax and transfers system. Yet, at the same time, the rise in inequality also gives more power to economic elites, who can use their influence in the political and cultural arenas to counter the redistribution policies that should follow.

**Policy challenges**

A decline in the wage share of national income acts as a drag on aggregate demand in the economy. While the reduction in total spending would usually impact negatively on economic growth, two distinct, if interrelated, growth models have emerged in recent decades to circumvent this tendency. In the UK, US, and European periphery, financial deregulation and unsustainable increases in household debt filled the spending gap; while in Germany, China, and Japan, exports took up the slack. Falling wage shares across all of these economies produced an export-led growth model in one set of countries, which relied on an unsustainable debt-led growth model in the other set. Moreover, consumption in the debt-led countries was financed with capital flows from export-led countries, meaning that current account deficits in the former mirrored surpluses in the latter. From a global perspective, both models proved to be equally unsustainable; the economic and financial crisis of 2008 was an inevitable correction in relation to global imbalances and high private debt levels. Subdued wage growth into the future, relative to productivity growth, will mean that any prospective recovery is premised on the same unsustainable growth model.32

A recent IMF staff paper makes the case for trade unions and collective bargaining as a powerful means for keeping inequalities in check. The paper points out that trade unions and collective bargaining not only tend to reduce inequalities by pushing up wages at the lower end of the pay scale, but also limit the income share captured by the top 10% of income earners. Moreover, the IMF research finds that high trade union membership also influences the extent to which the tax system and the welfare state redistribute revenues in a more equal way.33

Reducing levels of low pay and low hours work has the added advantage that it frees up resources previously needed to subsidise inadequate incomes. The tax and transfer system can then be redirected towards the social provision of public goods and services.

A sustainable recovery requires coordinated, state-led policies to reverse the fall in wage shares and the rise in inequality on a national, regional, and global scale. In particular, a sustainable Irish and European growth model requires a wage-led recovery in individual countries and across the region. This calls for both pre-distributive labour market policies and redistributive tax and transfer policies – tackling inequality at both ends. Such an approach could also foster a reorientation towards progressive macroeconomic and industrial policy more generally.
Public opinion in Ireland

Despite the dominant focus of media and political debate in Ireland on tax cuts, a number of opinion polls over the last few years have shown that a majority favour investment in public services.

A recent Eurobarometer poll, for example, shows people’s main concerns in Ireland are housing (34%), health and social security (29%) and unemployment (32%), with tax much less of a concern (9%). Likewise, a Behaviour and Attitudes survey commissioned by TASC in June 2015 showed that 70% of people felt the government should prioritise investing in public services rather than spending money to cut income taxes.
Irish people increasingly want to see accessible and high quality universal health care, education and other key public services and they see these as a priority over tax cuts.

An opinion poll commissioned by TASC in December 2014 found that 50% of respondents were willing to pay higher taxes to improve public services, and 63% supported an increase in the tax rate for high earners (over €100,000 per annum).

The trend in these polls indicates that Irish people increasingly want to see accessible and high quality universal health care, education and other key public services and they see these as a priority over tax cuts.

**Chart 11: Level of agreement with: The government should prioritise investing in public services rather than spending money to cut taxes (Source: TASC B&A Survey 2015)**

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
<th>Don't Know</th>
<th>Disagree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>4%</td>
<td>12%</td>
<td>12%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Table 1: Majority favour public investment over tax cuts (Source: EC 2015)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Cited as most important in Ireland</th>
<th>EU average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>34%</td>
<td>8%</td>
</tr>
<tr>
<td>Unemployment</td>
<td>32%</td>
<td>36%</td>
</tr>
<tr>
<td>Health and social security</td>
<td>29%</td>
<td>14%</td>
</tr>
<tr>
<td>Crime</td>
<td>21%</td>
<td>10%</td>
</tr>
<tr>
<td>Rising prices/cost of living</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td>Taxation</td>
<td>9%</td>
<td>8%</td>
</tr>
</tbody>
</table>
3. Analysis of Ireland’s economic inequality indicators 2016

TASC’s first annual report on economic inequality in Ireland, Cherishing All Equally 2015, identified that a holistic assessment of economic inequality requires an analysis of seven distinct factors: income, wealth, public services, taxation, family composition, capacities, and costs of goods and services.41

It also noted that it is not possible to reduce economic inequality to any one measurement. Instead it is necessary to read across a ‘dashboard’ of different information, each of which needs to be interpreted in context. Cherishing All Equally 2015 identified 16 key indicators of economic inequality that are especially useful for monitoring trends on economic inequality in Ireland over time, based on data that is renewed on a regular basis.

This report is part of a long-term project by TASC to monitor trends in economic inequality in Ireland on an annual basis. We understand that to identify significant trends requires data analysis over a longer period of time. That is why we provide an analysis of the year to year changes and we also contextualise these changes within longer term shifts and trends in relation to economic inequality in Ireland.

This section provides data on 18 indicators of economic inequality in Ireland (see Table 2): an update of the 16 key indicators of economic inequality used in last year’s report, together with two new indicators.42 It also provides a brief commentary on the trends in the indicators, comparing Cherishing All Equally 2015 and 2016.

It should be noted that the data used in each indicator does not necessarily correspond to the year of the report but is the latest year for when data for that indicator is available. The exact year the data relates to is shown in the table of indicators. Where possible and relevant we also include the European average figure for comparative purposes.

Where new data has arisen (for example, regarding wealth) or where a particular social issue has emerged with economic inequality impacts (such as housing) we provide greater detail in this year’s analysis. New this year also are Section 4, which provides a detailed analysis of the gendered impact of economic inequality, and Section 5, which draws on important new data on the impact of economic inequality on children.43

Cherishing All Equally 2015 provided an in-depth analysis and discussion of each of the seven distinct factors of economic inequality. It provided not only comprehensive data relating to these seven factors but also explained the rationale for the data used and identified the key data sources for the reader to follow up. For a full appreciation of the data provided in this year’s report, it is important that it should be read in conjunction with the 2015 report.
Trends in key indicators of economic inequality in Ireland

Income

The most commonly available international data on economic inequality relates specifically to income inequality. Most flows of money into a household can be considered 'income'. Market income includes pay from employment, pensions, other employment-related payments (such as redundancy or lump sum payments or employer pension contributions), rents collected by landlords, capital gain from investments and interest gained on savings. Social protection payments provide the main alternative source of income, including near-universal payments like Child Benefit and State Pensions. The major exceptions to this definition of income are gifts and inheritance of money, which are generally seen as transfers of wealth rather than income.

An important consideration to bear in mind is the difference between pre-tax gross income and post-tax net income.

The Gini coefficient is the most commonly used measure of income inequality, and is often used to represent overall economic inequality (though it only measures income). The Gini coefficient produces a number from 0 to 100, which represents the overall level of income inequality in a country, with higher numbers closer to 100 representing greater inequality.\textsuperscript{44}

The Cherishing All Equally (CAE) 2016 indicator for net income inequality in Ireland, the net Gini coefficient, is 30.8.\textsuperscript{45} This represents a slight increase on the CAE 2015 net Gini of 29.9 and is now very close to the EU average of 30.9. Ireland’s net Gini has been relatively stable over the past decade or so, if increasing somewhat in recent years (its current level is up from 28.8 in 2009).

Another indicator of income inequality is the gross Gini coefficient which measures the distribution of market incomes before the effects of taxation or social transfers are calculated. The CAE 2016 gross income Gini coefficient for Ireland is 45.7.\textsuperscript{46} This is a slight fall from 46 in CAE 2015. However, Ireland’s gross income Gini coefficient in CAE 2016 is the highest in the EU, which is the same ranking as in CAE 2015. The average gross income Gini for the EU is 36.5. Ireland’s gross income inequality has increased significantly over the last decade, as the gross Gini was just 38.5 in 2003.

It is important to highlight that the significant difference between Ireland’s gross Gini coefficient and net Gini coefficient demonstrates the vital role being played by progressive taxation and social protection expenditure in reducing inequality in Ireland.

Changing income share

The CAE 2016 indicator for the gross income share shows that the top 10\% of income earners have increased their share of gross income from 33.93\% in CAE 2015 to 38.75\% in CAE 2016.\textsuperscript{47} The top 1\% has increased its share from 9.11\% to 10.95\% of gross income, while the bottom 90\% has seen its share fall from 66.07\% to 61.25\% of gross income. Table 3 shows also that the bottom 50\% saw a decline in its share by 15\%, falling from 17.81\% in CAE 2015 to 15.22\% of gross income in CAE 2016. This demonstrates how gross income inequality has worsened in Ireland during the economic recovery which, if it continues, is a worrying trend.
# Key indicators of economic inequality

Table 2: Key indicators of economic inequality in Ireland, Cherishing All Equally (CAE) 2015, Cherishing All Equally (CAE) 2016, and EU comparison

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Top 10% income share</td>
<td>33.93% (2011)</td>
<td>38.75% (2016 est.)</td>
<td>-</td>
</tr>
<tr>
<td>Top 1% income share</td>
<td>9.11% (2011)</td>
<td>10.95% (2016 est.)</td>
<td>-</td>
</tr>
<tr>
<td>Bottom 90% income share</td>
<td>66% (2011)</td>
<td>61.25% (2016 est.)</td>
<td>-</td>
</tr>
</tbody>
</table>

|----------------------------|-----------------------------|----------------------------|--------------|

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Share of 20-64 year olds in employment</td>
<td>65.5% (70.9% male; 60.3% female) (2013)</td>
<td>68.8% (75.1%/62.6%) (2014)</td>
<td>70.1% (75.9%/64.3%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Share of Irish working-age households that are ‘jobless’</td>
<td>17.1% (2013)</td>
<td>16% (2014)</td>
<td>10.9%</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory Minimum Wage (€9.15) as share of Living Wage (€11.50)</td>
<td>76% (2015)</td>
<td>79.5% (2016)</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Typical payment p.a. for single jobseeker or person with disability</td>
<td>€9,776 (2015)</td>
<td>€9,776 (2016)</td>
<td>-</td>
</tr>
<tr>
<td>Typical payment p.a. for single carer</td>
<td>€10,608 (2015)</td>
<td>€10,608 (2016)</td>
<td>-</td>
</tr>
<tr>
<td>Typical payment p.a. for single pensioner</td>
<td>€11,976 (2015)</td>
<td>€12,132 (2016)</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7. Wealth Inequality</th>
<th>Cherishing All Equally 2015</th>
<th>Cherishing All Equally 2016</th>
<th>EU 28 (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 10% wealth share</td>
<td>42-58% (2014 est.)</td>
<td>53.8% (2013)</td>
<td>-</td>
</tr>
<tr>
<td>Bottom 50% wealth share</td>
<td>12% (2015 est.)</td>
<td>4.9% (2013)</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General government expenditure, % of GDP</td>
<td>38.6% (2013)</td>
<td>35.1% (2016)</td>
<td>47.4%</td>
</tr>
</tbody>
</table>
### 9. Public spending on services

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Cherishing All Equally 2015</th>
<th>Cherishing All Equally 2016</th>
<th>EU 28 (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public spending per household on health and education</td>
<td>€13,706 (2012)</td>
<td>€13,542 (2014)</td>
<td>-</td>
</tr>
</tbody>
</table>

### 10. Tax

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Cherishing All Equally 2015</th>
<th>Cherishing All Equally 2016</th>
<th>EU 28 (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax-to-GDP ratio</td>
<td>29.1% (2012)</td>
<td>30.5% (2014)</td>
<td>40%</td>
</tr>
</tbody>
</table>

### 11. Social security contributions

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Cherishing All Equally 2015</th>
<th>Cherishing All Equally 2016</th>
<th>EU 28 (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net social security contributions, % of GDP</td>
<td>5.7% (2012)</td>
<td>5.3% (2014)</td>
<td>13.3%</td>
</tr>
</tbody>
</table>

### 12. Childcare costs

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Cherishing All Equally 2015</th>
<th>Cherishing All Equally 2016</th>
<th>EU 28 (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical childcare fees, % of family net income</td>
<td>27.4% (2012)</td>
<td>27.4% (2012)</td>
<td>11.2%</td>
</tr>
</tbody>
</table>

### 13. Third-level education

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Cherishing All Equally 2015</th>
<th>Cherishing All Equally 2016</th>
<th>EU 28 (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of 30-34 year olds with a third-level qualification</td>
<td>52.6% (2013)</td>
<td>52.3% (2015)</td>
<td>38.7%</td>
</tr>
</tbody>
</table>

### 14. Secondary education

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Cherishing All Equally 2015</th>
<th>Cherishing All Equally 2016</th>
<th>EU 28 (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of labour force with lower secondary education or less</td>
<td>23.3% (2013)</td>
<td>20.2% (2015)</td>
<td>23.5%</td>
</tr>
</tbody>
</table>

### 15. Youth unemployment

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Cherishing All Equally 2015</th>
<th>Cherishing All Equally 2016</th>
<th>EU 28 (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of 15-29 year olds ‘Not in Employment, Education, or Training’ (NEETs)</td>
<td>18.1% (2013)</td>
<td>16.8% (2015)</td>
<td>14.8%</td>
</tr>
</tbody>
</table>

### 16. Cost of living

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Cherishing All Equally 2015</th>
<th>Cherishing All Equally 2016</th>
<th>EU 28 (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of living in Ireland relative to EU average</td>
<td>21.2% above (2012)</td>
<td>25.1% above (2014)</td>
<td>-</td>
</tr>
</tbody>
</table>

### 17. Deprivation

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Cherishing All Equally 2015</th>
<th>Cherishing All Equally 2016</th>
<th>EU 28 (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of population experiencing two or more forms of material deprivation</td>
<td>26.9% (2012)</td>
<td>29% (2014)</td>
<td>-</td>
</tr>
</tbody>
</table>

### 18. Child poverty

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Cherishing All Equally 2015</th>
<th>Cherishing All Equally 2016</th>
<th>EU 28 (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of 0-16 year olds at risk of poverty or social exclusion</td>
<td>33.6% (2013)</td>
<td>29% (2014)</td>
<td>27.4%</td>
</tr>
</tbody>
</table>

The source and reference for all the data in the indicators presented in this table are available in the “Trends in key indicators of economic inequality in Ireland” section below where each indicator is discussed.
Table 3: Gross income share, CAE 2015 and CAE 2016 (Source: Revenue)

<table>
<thead>
<tr>
<th>Group</th>
<th>% share of income CAE 2015</th>
<th>% share of income CAE 2016</th>
<th>percentage point change in income share</th>
<th>percentage change in income share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom 50%</td>
<td>17.81</td>
<td>15.22</td>
<td>-2.6</td>
<td>-15%</td>
</tr>
<tr>
<td>Middle 60%</td>
<td>52.26</td>
<td>46.02</td>
<td>-6.2</td>
<td>-12%</td>
</tr>
<tr>
<td>Top 10%</td>
<td>33.93</td>
<td>38.75</td>
<td>4.8</td>
<td>14%</td>
</tr>
<tr>
<td>Top 1%</td>
<td>9.11</td>
<td>10.95</td>
<td>1.8</td>
<td>20%</td>
</tr>
</tbody>
</table>

Total gross income increased by €21bn between CAE 2015 and CAE 2016. Of this, more than half (€11.8bn) has gone to the top 10% and nearly 18% of the total has gone to the top 1% (See Table 4).48

Table 4: Distribution of gross income growth, CAE 2015 to CAE 2016’ (Source: Revenue)

<table>
<thead>
<tr>
<th>Group</th>
<th>Percentage of total increase in gross income received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom 50%</td>
<td>5.77%</td>
</tr>
<tr>
<td>Middle 60%</td>
<td>30.31%</td>
</tr>
<tr>
<td>Top 10%</td>
<td>56.35%</td>
</tr>
<tr>
<td>Top 1%</td>
<td>17.65%</td>
</tr>
</tbody>
</table>

**Employment and unemployment**

Reflecting Ireland’s recovering economy, the CAE 2016 employment rate is 68.8%, which is an increase from the CAE 2015 indicator of 65.5%.49 Ireland’s employment rate remains below the EU average employment rate of 70.1%. The male employment rate has increased by a greater amount (from 70.9% to 75.1%) than the female rate (from 60.3% to 62.6%) between CAE 2015 and CAE 2016.50

The unemployment rate fell from 9.7% in CAE 2015 to 8.4% in CAE 2016.51 Long-term unemployment remains elevated at 54%. The proportion of jobless households in CAE 2016 is 16% which is down on the CAE 2015 indicator of 17.1%.52 The CAE 2016 indicator remains substantially higher than the EU average of 10.9%.

Issues relating to ‘quality employment’ such as precariousness, low pay, and in-work poverty have emerged in recent years as significant challenges within the Irish labour market.

**Precariousness**

As the recovery has become more established, lower paid services jobs have accounted for a large share of recent employment growth. At the same time, growth in permanent, full-time employment is increasingly confined to top quintile, higher paid jobs.53

**Low pay**

At 23%, Ireland has among the highest incidence of low-paid jobs in the OECD. Women represent 60% of all low paid workers in Ireland.54 Half of women workers earn less than €20,000; this is far below the median wage for all workers of €28,500.55

With few exceptions, women workers have a higher incidence of low pay than do men across the OECD countries. This holds true in the case of Ireland, where 29% of female workers are in low paid jobs, in comparison to 19% of male workers (see Chart 12).56
Increase in working poor
Poverty and deprivation rates for those at work has increased in recent years. The deprivation rate for households with one person at work rose from 33.8% in 2014 to 35% in 2015. The ‘at-risk of poverty rate’ for these households rose from 13.4% to 15.9%.57

Minimum wage
The minimum wage has increased to €9.15 per hour (from 1st January 2016) up from €8.65 per hour. However this remains 20% lower than the living wage58 of €11.50 per hour.

There are clear indications that in some low pay areas employers are deliberately creating low hour jobs in order to increase flexibility. Involuntary part-time work was a significant problem prior to the recession (with 92,000 workers affected in 2008) and expanded massively after 2008 (reaching 155,000 in 2013); it is now falling but remains very high (with 106,000 workers affected).59

There is also significant growth in Irish ‘bogus’ self-employment; for example, the construction industry has more one person firms, and employers deliberately replacing traditional employees with ‘self-employed’ workers aided by RCT (Relevant Contracts Tax) to avoid paying tax.60

Whereas it was once believed that there is a tendency towards a general upskilling in labour markets, and so a decline of less skilled occupations, it’s now clear that in most countries the trend is towards polarisation – the growth of both ‘lovely’ and ‘lousy’ jobs.61

This, in part, explains why there is still a problem with high rates of emigration of young people from Ireland.62 A total of 35,000 young Irish people emigrated in 2015, which is higher than the number that emigrated in 2010, and it is almost three times the number that emigrated in 2006.63
Social protection

The social welfare system is a core component of fairness and equality in Irish society. Social protection payments provide a safety net for almost all families and directly support the living standards of a large proportion of our society. Via child benefit, illness and disability payments, unemployment supports and old age pensions, among others, the system dramatically alters the shape of Ireland’s income distribution and enhances equality.

The CAE 2016 indicators for social protection incomes\(^{64}\) for an unemployed jobseeker (€9,776 per annum), someone with a disability (€9,776 per annum) and a carer (€10,608) remain unchanged since CAE 2015. The income for a person with a full Contributory State Pension has increased from €11,976 per annum in 2015 to €12,131.60 per annum in 2016. As a result of austerity policies the basic social welfare rate of €188 per week (€9,776 per annum) for a single person has not been increased since 2011; it is €22 a week, 12%, below the ‘at-risk-of-poverty’ threshold of €210 per week (€10,926 per annum).\(^{65}\) Furthermore, reductions to welfare assistance introduced in 2014 for those under 25 years of age, remain in place.\(^{66}\)

The crisis years have had a profoundly unequal effect on Irish society with an additional 10% of the population now reliant on social transfers (welfare and protection) to keep out of poverty than was the case before the crisis in 2007 and the subsequent introduction of austerity policies. Without social welfare payments and transfers to both working people and families and the unemployed, 49.8% of Ireland’s population would be at risk of poverty (the second highest in the EU). The at-risk-of-poverty rate in Ireland, after pensions and social transfers, is 16.3%.\(^{67}\)

Wealth inequality

Wealth inequality is a core aspect of economic inequality. Highly unequal societies are typified by high levels of wealth concentration, where wealth is held by very few people. Wealth tends to be distributed more unequally than income and a highly unequal distribution of wealth causes problems for both the economy and society.

Wealth differs from income in that it is a ‘stock’, whereas income is a ‘flow’. Wealth is the result of past earnings and income, but it is also affected by inheritance and decisions relating to investment, savings and consumption. Wealth is made up of assets and can be divided into real assets or financial assets.\(^{68}\) Wealth provides substantial benefits to the holder of wealth above and beyond the monetary income generated from that wealth. Understanding the distribution of wealth and its benefits is extremely important to understanding economic inequality.

The CAE 2016 indicator on wealth inequality shows that the top 10% hold 53.8% of Ireland’s wealth while the bottom 50% have 4.9% of the wealth (see Chart 13).\(^{69}\) This contrasts to the CAE 2015 indicator where the top 10% held between 42% to 58% of net wealth in Ireland and the bottom 50% held 12%. It is important to note that while the indicators show a significant decline between CAE 2015 and CAE 2016 in the wealth held by the bottom 50% of the population, the two figures are not directly comparable as they rely on two different methodologies. The CAE 2016 indicator is based on newly published CSO data in 2015 on household wealth in Ireland gathered from the CSO Household Finance and Consumption survey (HFCS) 2013. The CAE 2015 indicator was based on an estimate using the distribution of income as a guide to income inequality calculated from Credit Suisse data, the best available estimate at that time.\(^{70}\) The CSO survey for the first time included data on actual household wealth in Ireland. This is a hugely significant and welcome contribution to accurate and comparative data on an area which prior to this was reliant on guesstimates from a variety of secondary sources.\(^{71}\) The CSO methodology involves an extensive survey of households’ assets and liabilities which covered more than 5,000 households in Ireland by face-to-face interview.
Comparing with previous best estimates, the CSO wealth data provides a clear indication that Ireland’s wealth inequality has worsened in recent decades (see Chart 14). The previous comprehensive research on data on wealth in Ireland was undertaken by Brian Nolan based on data gathered in 1987 from the ESRI. Nolan estimated that the top 10% of the wealth distribution owned 42% of net wealth, while the top 1% owned 10%. Comparing this with the CSO wealth data we can see that the top 10% have increased their proportion of Ireland’s net wealth by over ten percentage points (from 42% to 53.8%) between 1987 and 2013, while the bottom 50% of the population have seen their share of net wealth fall over this period from 12.2% to 4.9%. Furthermore the top 20% held 59.6% of net wealth in 1987 which has risen to 73% today. This is higher than the Euro Area average for the wealth held by the top 20% which is 67.6%.

Chart 13: Net wealth by decile (Source: CSO 2015)
The CSO survey data also provides useful information on the distribution of financial assets. It is known that wealth inequality will tend to rise when the overall share of financial assets relative to real assets is increasing, as happened after the financial crisis. For those at the higher end of the wealth distribution scale, a larger proportion of their wealth is made up from equity in private businesses and listed companies. A rising stock market, such as the current ‘bull market’ on going since 2009,\textsuperscript{76} tend to favour wealthier individuals and to cause the overall wealth shares of the top wealth groups to increase.

The CSO survey\textsuperscript{77} reveals that the distribution of financial assets is in fact broadly similar to the distribution of net wealth. Over half of all financial assets are held by the top 10% (see Chart 15).

\textbf{Chart 15: Distribution of financial assets by decile (Source: CSO 2015)}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{chart15}
\caption{Distribution of financial assets by decile (Source: CSO 2015)}
\end{figure}
Relationship between wealth and income

There is a link between a person's income and the wealth they can accumulate. When looking at the distribution of wealth by income group, the top 20% of income earners have 39% of net wealth, while those in the bottom 20% have 11% share of net wealth. The top 40% have 60% of the net wealth (see Chart 16).

**Chart 16: Wealth share by income (Source: CSO 2015)**

Single-parent households are particularly affected by wealth inequality (see Chart 17). For example, the median value of savings for all respondents was €4,500. Couples were above that on €6,500, while single adult households and couples with children were only marginally below the total median on €4,000 and €3,000. The median savings of single parent households is €300, which is less than one-tenth of that held either by couples with children or single people.

**Chart 17: Median value of savings (Source: CSO 2015)**
With a mean net wealth (arithmetic average) of €30,600, a single parent household has a net worth that is 14% of the average. Or to look at it another way, the average household has a net worth 7 times greater than the average for a single parent household (see Chart 18).

**Chart 18: Mean and median wealth (Source: CSO 2015)**

The difference in median values is even more stark. The median value of net wealth for single parent households at €1,400 is 1.4% of the average and about 1% of that for a couple with no children. This means that over half of single parents have a net wealth of less that €1,400. Not only do these figures reinforce the large disparities between single parents and all other groups, but the difference between the median values and the mean values show the highly skewed nature of wealth inequality in Ireland.
Public spending

Public services, many of which are universal, play a major role in addressing economic inequality in its various forms. Services reduce the burden of risk on people for major costs that most would be unable to afford on their own without social solidarity expenditure. This is most obvious in relation to old age, job loss, disability, illness and the costs associated with raising children. Public services also represent a series of collective investments that benefit all of society and are central to Ireland’s economic prosperity, including roads, electricity networks and education services.

The overall level of public spending provides a useful benchmark to understand the scale of material benefits to society through public services. These material benefits are essential to reducing economic inequality.

The CAE 2016 indicator for public spending per household on health and education in Ireland is €13,542 per household. This is a reduction on the CAE 2015 indicator of €13,706 per household. In relation to the specific areas of spending, total health spending increased from €14,279 million in CAE 2015 to €14,396 million in CAE 2016 while education spending has fallen from €8,449 million to €8,060 million.

Chart 19: General government expenditure, % of GDP (Source: Eurostat)

Ireland’s level of government expenditure as a percentage of GDP is now the joint lowest in the EU.
Public expenditure and the housing crisis

Ireland’s level of investment in capital infrastructure has fallen significantly during the period of austerity (2009 onwards) and continues to remain low in the period of economic recovery (from 2013 to present). Ireland now has the lowest investment in capital infrastructure in the history of the state with capital spending at around 2% of GDP (see Chart 21), below the EU average of 2.7% of GDP. This is the second lowest level of public capital investment in the EU.

Chart 21: Public capital expenditure, % of GDP (Source: IFAC 2015)
Reductions in capital spending have had a damaging social impact in the area of social housing. The significant fall off of capital investment resulted in Ireland’s level of acquisition (purchase and construction) of new permanent social housing (local authority, voluntary and cooperative housing) dropping dramatically from just under 7,000 units in 2008 to 300 units in 2015 (see Chart 22). This is the lowest output in more than 40 years (even lower than during the recession in the 1980s). There was also an associated reduction in funding for regeneration projects in disadvantaged local authority estates across Dublin, Cork and Limerick.

Chart 22: Social house completions by sector (Source: Department of Environment 2016)

The relatively recently published Social Housing Strategy 2020 contained a very welcome commitment to put local authority and social housing back as a central plank of housing policy. However, of the 110,000 ‘social housing’ units in the Plan, 75,000 are to come from the private-rented sector (through the rent allowance and the Rental Accommodation Scheme). A majority of the remaining 35,000 new social housing units are to come from private-financed, “off-balance sheet” mechanisms such as public private partnerships, although experience to date shows that these mechanisms do not work.

Just 12,000 units, less than 2,500 a year, are planned through new local authority builds by 2020. This is well below the estimated requirement of 10,000 new permanent social housing units per annum (based on the existing waiting list of 90,000 households and an expected one third of all new households unable to afford to meet their housing needs in the private market). Furthermore, the direction to the state agency, NAMA, to pursue a commercial mandate aimed at achieving “a maximum return” to the State has meant the sale of land and residential units to vulture funds, rather than their use for social and affordable housing.

Taxation

Tax revenue funds social protection payments and public services. Social security contributions – called PRSI (Pay-Related Social Insurance) in Ireland – give people legal entitlements to social insurance benefit payments, such as the Contributory State Pension. When tax revenue is limited, services will be weaker and the incomes of people who rely on social solidarity will be lower. If people want more extensive or higher quality public services to be provided in Ireland,
greater levels of tax revenue are likely to be required. As well as these direct effects, taxes have indirect effects on the wider economy, which can influence business decision making.

There are complex trade-offs between the use of taxation to achieve redistribution and meeting other priorities, such as boosting job creation, which can also reduce economic inequality. These are not incompatible and a well-designed tax system can achieve both of these successfully. The goal of tax policy should be to favour progressive and proportional taxes that reduce inequality.

The CAE 2016 indicator in relation to Ireland’s level of taxation, Ireland’s tax to GDP ratio, is 30.5%. This is marginally up on the CAE 2015 figure of 29.1%. Ireland’s tax to GDP ratio is the sixth lowest in the EU 28 and is the second lowest in the Euro area (after Latvia). The related CAE 2016 indicator for total social security contributions in Ireland is 5.3% of GDP, slightly down on the CAE 2015 indicator of 5.7% of GDP. Ireland’s social security contribution is less than half of the EU average (13.3%).

Ireland now has the lowest total general government revenue as a percentage of GDP (inclusive of tax and social insurance) in the EU (see Chart 23). Ireland’s figure of 32.8% of GDP is 12.2% below the average ratio for the EU (45%). Three EU countries (Denmark, France and Finland) have a total revenue-to-GDP ratio that is over 20 percentage points higher than in Ireland.

Ireland now has the lowest total general government revenue as a percentage of GDP (inclusive of tax and social insurance) in the EU.

Ireland’s extremely low revenue rate is due to very low social insurance charged on employers, a lack of a higher rate of tax on very high incomes, a low corporate tax rate and lower tax and social insurance on average and low income workers (although indirect taxes affect these groups more).
Childcare costs

Family and household composition impact on economic inequality. Policies to reduce economic inequality must take account of the fact that people’s basic material needs vary greatly depending on household composition and whether or not a person has adult and child dependents, or support from their own family. In particular, families bring responsibilities and costs associating with caring for dependents.

The OECD has found that in Ireland, the additional costs associated with childcare can represent the largest additional costs for households with children, associated with taking up either part-time or full-time employment. The CAE 2016 indicator for childcare costs is 27.4%\(^91\) of family net income compared to an EU average of 11.2%. Ireland has the second highest childcare costs in the OECD for couples (Chart 25) and they are the highest in the OECD for lone parents (Chart 26), and are not offset, as in some other countries, by benefits in the form of subsidies and direct payments.\(^92\)

Ireland has the second highest childcare costs in the OECD for couples and they are the highest in the OECD for lone parents.
The high cost of childcare has a greater impact on lower income households and women in particular, which is analysed in detail in the later sections on gender (Section 4) and children (Section 5). For example, evidence from the Growing up in Ireland study highlights the impact of inadequate childcare on lower income groups.93 Those in the lowest two deciles are over six times more likely to be prevented from looking for a job because of difficulty arranging childcare than those in the highest two income deciles (see Chart 27). While those in the lowest decile are five times more likely to have turned down or left a job because of childcare difficulties.

Chart 27: Difficulty in arranging childcare by income decile (Source: Growing Up in Ireland)
Education

Additional factors that play an important role in causing and addressing economic inequality in Ireland were defined in Cherishing All Equally 2015 as ‘capacities’.

Capacities operate at several levels: they affect people’s potential market incomes, their access to material goods, and the types and levels of material goods that they need for flourishing. They include differences in people’s education and skills, in their ability to access to financial services, in their likelihood to be discriminated against, in their access to social networks, and in their disabilities (including mental health disabilities).

Properly designed public policies can help to reduce economic inequality by addressing these differences.

One of the key indicators used to measure capacities is education. This year’s report shows that 52.3% of 30-34 year olds in Ireland have third level education, which is approximately the same level as CAE 2015 (52.6%). This is the third highest level in the EU. Furthermore, there has been a decline in the proportion of Ireland’s labour force that has a lower secondary education or less from 23.3% in CAE 2015 to 20.2% in CAE 2016. This is below the EU average of 23.5%. The CAE 2016 indicator for the proportion of 15-29 year olds who are ‘Not in Employment, Education, or Training’ (NEETs)’ is 16.8%, down on 18.1% in CAE 2015. The CAE 2016 indicator for NEETs in Ireland is the ninth highest level in the EU and higher than the EU average rate of 14.8%.

Cost of living

The cost of living – relative to means – is the basic substantive test of income adequacy. ‘High’ and ‘low’ incomes are not only relative to each other, but also they relate to the cost of essential goods and services that people need in order to have a decent standard of living. The cost of living also tells us something about how well the economy is regulated and governed to serve society as a whole.

The comparatively low level of public spending and associated marketised and deregulated nature of the Irish economy and society (i.e. a greater proportion of necessities e.g. housing, childcare, health care are required to be purchased in an unregulated private market) mean that Ireland remains an expensive place to live.

The cost of living in Ireland in CAE 2016 is 25.1% higher than the EU average. This is a very noticeable increase from the CAE 2015 indicator value of 21.2%. Inadequate public services and infrastructure contribute significantly to the high cost of living, particularly in areas such as childcare, housing, education, healthcare and transport. People on low incomes are worst affected by high costs of basic necessities as they take a larger proportional slice of their income.
This high cost of living also influences Ireland's high level of household indebtedness, where Ireland has the fourth highest level of household indebtedness in the OECD as a percentage of net disposable income (see Chart 29).  

**Chart 29: Household debt, % of net disposable income, OECD countries (Source: OECD.Stat)**
Rising cost of housing
The cost of housing in the private rented sector has risen dramatically in recent years with rents in Dublin now higher than their peak in 2008. A fifth of all households in the state are now reliant on the private rental sector for housing but it is a key source of homelessness due to these increasingly unaffordable rents. Renting privately does not provide families and children with a secure and affordable family home, where they can settle down, go to the same school, or create a community. The recently introduced two-year rent freeze provides a breathing space for some tenants but has not stopped rents rising further.

This situation is worsened as banks move to repossess, and vulture funds seek to buy and re-sell the 30,000 buy-to-let rental properties in arrears.

The scale of the housing emergency includes over 90,000 people on social housing waiting lists and the 1,881 children and their families are homeless in Dublin. Mortgage arrears remain a problem: despite the fall in the total number of mortgage accounts in arrears, the number in arrears over 720 days has risen by almost 45%, to 37,269 in 2015, resulting in a possible additional 16,000 repossessions.

Poverty and deprivation
Poverty and deprivation are important indicators of economic inequality as they show the extent to which some people are unable to meet their basic material needs. Any state of affairs in which some people are unable to meet their basic material needs is an instance of economic inequality. But economic inequality also exists when income and wealth disparities allow some people to attain much higher quality and quantity of healthcare, education, housing and other goods and services than other people.

The CAE 2016 indicator for poverty and deprivation shows that 29% of the population experienced two or more types of enforced deprivation, which is an increase on last year’s figure of 26.9%. This shows that despite the economic recovery there remain relatively high rates of deprivation in Ireland. It also shows the impacts of the recession and austerity period as the deprivation rate is almost double the rate in 2008 (13.7%).

This year we have provided an additional indicator on poverty and deprivation; the percentage of 0-16 year olds at risk of poverty or social exclusion, in order to take account of the particular impact of economic inequality on children and also to provide a European comparison. This new CAE 2016 indicator for child poverty shows that 29% of 0-16 year olds in Ireland are at risk of poverty or social exclusion. While this is down on the CAE 2015 indicator of 33.6%, which is welcome, there is no room for complacency. The CAE 2016 indicator is higher than the EU average of 27.4% and is double the rate of the country with the lowest rate of child poverty and social exclusion in the EU (Denmark with a 14.4% rate).

The consistent poverty rate in Ireland is 8%, which is almost double the 4.2% rate in 2008. The at-risk-of-poverty rate is 16.3% which is higher than the 14.1% in 2009. If the at-risk-of-poverty rate is anchored to 2010 incomes the rate becomes 19.3 per cent. It is important to note that the at-risk-of-poverty rate (and consequently the consistent poverty rate) is calculated based an equivalised income below 60% of the national median income. The median income is €18,210 and, therefore, the nominal ‘at risk of poverty’ threshold is €10,926 i.e. 60% of the median. As stated earlier, 16.3% of individuals in Ireland have an equivalised disposable income below this threshold.

If the median income per individual falls (as it has done from €19,273 in 2010, to its current rate of €18,210) then the threshold at which a person is identified as being at risk of poverty (60% of median income) also falls (in this case from €11,564 in 2010 to €10,786).
The proportion of children living in consistent poverty in Ireland is 11.2% which is almost double the 6.3% rate in 2008. This equates to 138,000 children, or 1 in 8, living in consistent poverty. Over a third of children (36.1%) experience deprivation, double the 2007 rate of 15.9%.

Of all households, lone parents with children have the highest poverty and deprivation rates. Over a fifth (22.1%) of lone parent families are in consistent poverty while almost a third (32%) are in relative poverty. The deprivation rate for lone parent households increased from 35.6% in 2007 to 58.7% currently.

**Conclusion**

Analysis of the recent trends in relation to TASC's 18 key indicators on economic inequality in Ireland reveals that in spite of the economic recovery, economic inequality is worsening in Ireland. Indicators in relation to gross income, wealth, deprivation (particularly child poverty), public expenditure, cost of living and social welfare have all disimproved. There have been some welcome improvements, particularly in relation to the increase in employment rates and the fall in levels of NEETs. However, high rates of low pay (particularly for women), precarious work and jobless households remain.

As has been demonstrated internationally, a rising level of economic inequality such as we are experiencing in Ireland jeopardises the sustainability of the recovery both economically and socially. Moreover, the provision of high quality and affordable public services and infrastructure in areas of housing, childcare, transport, health care, and education, that are required to mitigate this rising inequality, are as yet, not forthcoming. Ireland now has the lowest levels of government expenditure as a proportion of GDP in the EU 28 and also has the lowest level of government revenue in the EU 28.

We have to conclude that Ireland is continuing the neoliberal approach to economic development that has demonstrably failed to deliver sustainable growth and worsens inequality. The trends in these indicators in relation to economic inequality in Ireland demonstrate clear warning signs that alternative policy approaches are required in order to ensure a more sustainable and equal recovery that ensures all citizens can benefit, particularly the least advantaged.
4. Gender and economic inequality in Ireland
Dr Ursula Barry† and Dr Maggie Feeley, UCD

‘We should all be feminists. A feminist is a person who believes in the social, political, and economic equality of the sexes. A feminist is a man or a woman who says, “Yes, there’s a problem with gender as it is today, and we must fix it, we must do better”’. (Chimamanda Ngozi Adichie115 quoted by Michael D Higgins, President of Ireland)116

Introduction

We focus in this section on the causes and consequences of gendered economic inequalities in Ireland and their impact on women, specific minority groups and Irish society in general. We explore the detail of gendered economic inequalities in the Irish context through a number of themes including employment, welfare, representation and care. We conclude with some recommendations for ways in which these might be addressed.

The section adopts a definition of gender as a set of social and cultural differences between girls and boys, women and men, expressed in diverse gender identities that intersect with social class, ethnicity, religion, culture, disability, sexuality and age.117 Based on this definition, gender is seen as distinct from biological sex and the legal right of individuals to self-identify their preferred gender is recognised.118 Although our focus is on economic matters, inequality is never just about economics but a blend of interconnected disparities in the degrees of power, respect and recognition, care and resources which determine a person’s or a social group’s life condition.119

We propose that we are all collectively impoverished by gendered political, cultural, affective120 and economic structures that constrain and overburden women, and others, in some respects, whilst at the same time enabling damaging patriarchal notions of male hegemony to continue relatively untrammelled. When we talk about affective structures, we refer to the ways in which relationships of love, care and solidarity are organised and conducted in Irish society and, in particular, we consider the gendered nature of those structures. To what extent are the burdens and benefits of care relationships equally distributed and what costs are attached? Overall, a review of the data about gendered economic conditions leads us to propose that a more equal sharing of paid and unpaid care work would be in the interests of both men and women, and the basis for a more just society.
The proposition explored in this chapter is that persistent cultural, gendered divisions in the affective domain, in turn determine inequalities in the economic and political spheres. In the absence of adequate state care structures, women’s continued position as society’s default caregivers means that they have less power and influence in the public sphere, where pivotal decisions about social structures and social and economic policies are made. This lack of public presence is echoed in women’s underrepresentation in more senior positions in employment, in a significant gendered pay and pension gap, in women’s concentration in low paid part-time work, unpaid care work and in lone parent households. A growing body of international research identifies care inequalities as central to shaping other gendered inequalities, including those related to materially-determined resources. Furthermore, it means that those who benefit from these inequitable social arrangements are in fact profiting from women’s undervalued, unrecognised and unpaid love labour, sometimes named as the ‘patriarchal dividend’. These are deeply embedded cultural determinants of the multiple inequalities that women experience in Irish society and that include and move far beyond economic issues.

The gendered nature of care leads to unequal gendered resource outcomes reflected in differential benefits and costs to the ‘public purse’. This highlights the centrality of care to all aspects of social practice as a consequence of the social and cultural construction of gender in Irish society. Gender inequalities, including economic inequalities, are pervasive across all aspects of social practice. According to the European Gender Equality Index 2012, Ireland ranked eighth highest out of the EU 28 with a score of 56.5 where 100 indicates gender equality. The overall index combined scores for work, money, knowledge, time, power, and health. Ireland scored well in relation to gendered health equality (95.2) and very poorly in relation to power (31.4). The highest scoring country was Sweden with 74.2. This suggests that redressing gender inequalities remains a major challenge across the EU leaving no room for complacency even in the highest scoring states.

Table 5: Some key gender inequality indicators for Ireland

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
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<tbody>
<tr>
<td>29% of female workers are low paid</td>
<td>In Ireland compared to 19% of male workers. This is the sixth highest level in the OECD.</td>
</tr>
<tr>
<td>35% of Irish women worked part-time</td>
<td>Compared to 13.8% of men in 2014.</td>
</tr>
<tr>
<td>The gender pay gap in Ireland is 13.9%</td>
<td>Compared to EU average of 16.4%.</td>
</tr>
<tr>
<td>The gender pay gap in Ireland between women with no children and women with at least one child is 31%</td>
<td>The highest gap in the EU.</td>
</tr>
<tr>
<td>Lone parent households (90% of lone parents are women) had a deprivation rate in 2014 at 58.7% and a consistent poverty rate at 22.1%</td>
<td></td>
</tr>
<tr>
<td>The gender pension gap is 37%</td>
<td>This is the fifth highest pension gap in the EU.</td>
</tr>
<tr>
<td>Women carry out 70% of family care work</td>
<td></td>
</tr>
<tr>
<td>On over 3,494 occasions in 2013, women’s domestic violence services were unable to accommodate women and their children because the refuge was full or there was no refuge in their area</td>
<td></td>
</tr>
<tr>
<td>Irish women make up 10.5% of board members</td>
<td>Of the largest publicly listed companies in Ireland compared to EU 28 average of 18.6%.</td>
</tr>
<tr>
<td>19% (6 out of 27) of heads of third level research institutions are women</td>
<td></td>
</tr>
<tr>
<td>Women elected representatives make up 22% of members of the Dáil, the national parliament, in contrast to the EU 28 average of 28%</td>
<td></td>
</tr>
</tbody>
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Sources for this data are referenced throughout the following text.
Low pay and low hours

Across the OECD countries, Ireland has the fourth highest proportion of low paid workers after the U.S., Estonia, and South Korea, and the majority of those on low incomes are women. It has been estimated that young women’s wages are 90% of male earnings but for older cohorts this ratio widens. Women aged between 35 years and 44 years earn 71.5% of men’s wages and those in the 55 to 64 years age group have incomes that are only 61.4% of those of men. Arguably it is at the time when women age and have greater resource demands in terms of health, care and other life costs, that the cumulative impact of their interrupted employment patterns becomes most punishing.

As a consequence of income and care inequalities, women are frequently the managers of poverty and its impacts on low-income households. The proportion of children living in consistent poverty rose from 6.8% in 2008 to 11.7% in 2013. One in ten people aged over 65 are at risk of poverty. For those carrying the major burden of family care these figures have a serious gendered impact that is rarely recognised. Scarce economic resources lead, in turn, to poverty in terms of time, health, and wellbeing, as women struggle to provide for families with inadequate resources. Double jobbing and precarious working conditions compound the pressures and insecurities in women’s lives and mean that inescapable generational cycles of inequality are established. These inequalities are predominantly about reproduction and care related issues and fundamentally gendered in nature.

Part-time employment

Prohibitive costs and poor availability of childcare services means that women are often caught in a care trap that limits their earnings and power to purchase essential services. Figures in the Quarterly National Household Survey (QNHS) special module on households and family units shows that lone parents’ capacity to enter employment is directly correlated to the age of their dependent children. The employment rate of lone parents (aged 15-64) whose youngest child was aged 0 to 5 years was 42% in Q2 2015 compared to 49.7% where the youngest child was aged 6 to 11 and 63.2% where the youngest child was aged 12 to 17. The gendered, unequal demands of care therefore limit women’s earnings while the absence of a robust childcare infrastructure penalises lone parent families.

Largely because of the demands of care responsibilities, part-time employment and part-time earnings have been the reality for over a third of women in work. In 2014, 35% of Irish women worked part-time compared to the EU average of 32.9% and more than double the proportion of men. The figure stood at 14.3% of men in paid work in 2013 and dropped to 13.8% in 2014. This also remains significantly above the EU average of 9.9% in 2014 and taken together means Ireland ranked 19th in measures of gender gap in part-time employment.

Gendered pay gap

Although income is not the sole indicator of economic inequality it is a vital ingredient in assuring the wellbeing of individuals and families. The National Women’s Council of Ireland (NWCI) suggests that in recent years the economic situation of women in Ireland has deteriorated. Many men, particularly young men, were economically affected by the recent recession but inequalities persist between women and men where women are still the losers.
The gender pay gap in Ireland is 13.9% – in other words women in Ireland are paid almost 14% less than men, below the EU average of 16.4%, but higher than countries like Belgium (10%), Luxembourg (8.6%), and Italy (6.7%). The gender pay gap exists even though women attain higher educational qualifications at school and university than men. In the Irish context, what is perhaps most disturbing is the high cost of motherhood. Ireland has the highest gender pay gap in the OECD between women with no children (gender pay gap of -17%) and women with at least one child (gender pay gap of 14%) – a 31 percentage point gap (in contrast to a 3% gap for Italy, Spain and Belgium). The gender pay gap exists across the sectors. For the bottom 10% of earners, the gap in Ireland is 4% but this rises to 24.6% for the top 10% of income earners, suggesting the continued presence of a glass ceiling and indirect discrimination.

The recessionary years demonstrably hit women harder than men. Whereas men lost 9% of their income, women in couples lost 14%. Many women earners (50%) bring home less than €20,000, which is considerably below the median wage of €28,500, and a large number of lone parents (63%), most of whom are women, experience material deprivation, because of the combination of low rates of pay and time-consuming care responsibilities.

**Gender pension gap**

As a result of less concentrated waged work patterns and the unequal distribution of unpaid family care work, women are less likely to have occupational pensions than men. They are thereby economically penalised for the time devoted to childcare, elder care and care of other dependents within the family. The gender pension gap which measures the gap between the value of pension payments to women and to men is 37%. Ireland has the fifth highest pension gap in the EU where the EU average is 38%. During the economic crisis, reduction in pay and pension levels in the public sector for health care and education disproportionately impacted on women who make up the majority of employees in those sectors (81% and 76% respectively). For example, the gender pension gap rose from 35% in 2010 to 37% in 2012.

**Transgender experiences of employment**

Being unequally recognised and respected can result in transgender people, both men and women, being less cared about in society generally and discriminated against in the workplace. Research in both the UK and Ireland has shown experiences of discrimination against Transgender people resulting in high unemployment, under-employment, low earnings and economic inequality. Despite being generally well qualified, relatively few (37%) of the Irish Trans research sample of 164 respondents, earned over €15,000 with fewer still (31%) earning over €20,000. Only 51% of the Irish Trans sample was employed in full or part-time work and 24% were unemployed but seeking work. The report attributes the high levels of unemployment and low earnings to work-related difficulties reported by 43% of respondents. In total 103 people cited forms of discrimination including harassment, unfair treatment in relation to appointments, unfair dismissal and leaving a job because of feeling discriminated against on the grounds of their Trans identity. Consequently, because of employment, impacts on earnings, access to promotion and wider discrimination in relation to goods and services, both men and women experienced gender related resource and wellbeing inequalities.

**Income from welfare**

Without social transfers almost half of the Irish population, women and men, would be at risk of poverty. The basic rate of welfare for a single person is €22 per week below the poverty line. The minimum social welfare payment has been the same since 2011 and despite much rhetoric about economic recovery, successive budgets have failed to increase basic welfare payments in line with the rise in the standard of living.
In the Irish social protection system, largely still based on the male breadwinner model, a significant number of women are categorised as dependents whose benefits are calculated in relation to their spouse’s economic position. This is most often the case for those in low income and elderly persons’ households where women do not have autonomous status as claimants. Many women, particularly those with care responsibilities, wish to combine care work with part-time waged work. In Ireland, such claimants are not eligible for Jobseekers Allowance, are not registered as unemployed and are, therefore, discriminated against in terms of welfare income and opportunities to participate in preparation for work and other training programmes. The combined impact of the policy decisions which shape the structure of the social protection system renders some women invisible, taking the magnitude of their unpaid care labour for granted, and disempowers others from making independent choices about their lives. It has led to women’s reality being likened to a choice between ‘a patriarchal employment market, patriarchal health care and the patriarchal social welfare system’.

**Migrant women**

Women from migrant communities experience multiple disadvantages within the health and welfare systems. They often experience both gender and racial discrimination and are overrepresented in the most marginalised and lowest paid jobs. Lack of clarity around complex welfare regulations has resulted in migrant women being refused both essential and emergency social welfare payments to which they are legitimately entitled. In a context of domestic violence this makes access to a refuge more complicated and leaves already traumatised women and children at risk of homelessness and destitution. A recent report into treatment of immigrants seeking welfare support from the Department of Social Protection revealed that staff were under ‘unprecedented’ pressure and this sometimes resulted in people experiencing poor levels of customer care including incomplete and inaccurate information. The average waiting time for a claim for supplementary welfare allowance payments was found to be 20 weeks, which was deemed ‘unacceptable’. It was also found that there was a high level of incorrect refusals of claims.

Asylum seekers are still further disadvantaged in that they are not entitled to work or access social welfare. Those who do not have work permits and visas in their own right are open to exploitation in the underground economy including the sex industry. Awaiting the outcome of the application process, women and men are deprived of their basic rights to establish and maintain a home, cook for a family and support their children’s education, whilst living in overcrowded and inhospitable institutions. Aikidwa and the Irish Refugee Council have researched the impact on women of living in Direct Provision and their findings emphasise the detrimental impact of extreme economic deprivation and inequality on all asylum seekers, but particularly already vulnerable women and children.

**Lone parents**

Income inequalities make life hard for everyone at the poorer end of the spectrum; however, as mentioned above, women have less income and often find themselves managing the consequences of poverty in low income and lone parent families. The ability to meet basic material needs defines whether or not they have a decent standard of living and in turn the level of wellbeing they can expect for themselves and their dependents.

Analysis by socio-demographic characteristics revealed that those living in lone parent households (90% of lone parents are women) had the highest deprivation rate in 2014 at 58.7% and the highest consistent poverty rate at 22.1%. A consensual measure of poverty devised by the Vincentian Partnership for Social Justice (VPSJ) revealed that in 2015 social welfare payments did not meet the cost of a Minimum Essential Standard of Living (MESL) for 191 of the 214 urban sample household types.
Housing costs are a major area of expenditure for all families, especially those where women are coping alone. Homelessness in Ireland is at crisis point; March 2016 figures identify 912 families with 1,881 children who are dependent on emergency accommodation.\textsuperscript{159} There are insufficient emergency beds for individuals and accommodation offered for families with children is often unfit for purpose. Focus Ireland estimate there may be as many as 1,000 homeless women in Ireland.\textsuperscript{160}

The recession years saw numerous cuts and adjustments to welfare benefits, the primary source of income for many women, especially those who are lone parents. One measure severely reduced the ‘earnings disregard’ (i.e. the amount of money lone parents could earn each week without loss of the One Parent Family Payment - OPFP) regardless of the impact this would have on labour market participation or general levels of poverty. The ‘earnings disregard’ was reduced from €146.50 per week in 2011 to €130 in 2012, €110 in 2013, €90 in 2014 and €60 in 2015. The €60 level was partially reversed to €90.00 in 2016. At the same time, phased reductions and shifts in the eligibility criteria for the OPFP edged recipients towards Jobseeker’s Allowance and labour market activation. Without adequate affordable childcare supports in place lone parents are discouraged from seeking or accessing even low income employment.

A further change introduced over the crisis years was that eligibility criteria for the OPFP based on the age of the youngest child was changed. The age threshold was reduced from 18 (or 22 if the child is still in full-time education) to seven years, over a phased period of years starting in 2011 and the reduction completed in 2015. This targeting of lone parents was despite the fact that childcare remained inadequate and costly and the net income losses of these cuts would leave lone parents considerably economically disadvantaged. The introduction of Jobseeker’s Transition in 2015\textsuperscript{161} in response to robust campaigning went some way (it only covers lone parents until their child reaches 14 years old) to easing the impact of the new regime and pointed to the need for reform of Jobseekers Allowance to enable similar flexibility for all job seekers in a similar position. As the case is, for the large majority of claimants of Jobseeker’s Allowance availability for full-time work is a requirement, a situation that particularly disadvantages women caught between waged work and unpaid care responsibilities.

**Care matters**

Gender stereotyped patterns of care are rooted in the Irish Constitution where the terms ‘mother’ and ‘women’ are interchangeable and where a limited role outside the home is anticipated for women.\textsuperscript{162} The Maternity Protection Acts 1994 and 2004 provide for statutory minimum entitlements in relation to maternity at work including maternity leave. Women are entitled to 26 weeks paid maternity leave together with 16 weeks additional unpaid maternity leave, which begins immediately after the end of maternity leave. Men on the other hand are only entitled, from 2016, to two weeks paid paternity leave. The gendered division of care labour is thus deeply embedded in the legislative and policy fabric of Irish society.

Despite robust equality legislation in relation to gender equality between women and men, the culturally-reproduced, gendered order of caring means that women remain society’s default carers. This is true in Irish society (Lynch et al, 2009)\textsuperscript{163} as well as in other OECD countries (Bittman, 2004).\textsuperscript{164} Family care work is unequally shared between women (70%) and men (30%) in Ireland.\textsuperscript{165} Of 27 countries in an OECD study on unpaid family and household work Irish households spent the highest amount of daily time (29%) on care for household members. Lack of affordable, accessible, quality childcare is likely to be a central factor. Similarly, the absence of quality state residential care facilities for elderly people means that female family members experience a cultural and moral imperative to take on these affective responsibilities. Globally, women spent three times as many hours as men in unpaid care work.\textsuperscript{166} This gendered affective inequality makes men in families beneficiaries of women’s unpaid care labour both economically and in terms of time use. By the same token, men are also affectively poorer through cultural exclusion from fully participating in relational, caring aspects of social practice.
Traditionally, men’s caring role has been synonymous with breadwinning for other family members while women performed the hands-on care duties. Despite the fact that many women now work outside the home, they still bear the overall responsibility for family care and most men will avoid these culturally feminised tasks whenever possible.167

In heterosexual families and lone parent families that are mostly headed by women, women are restrained by care and unpaid, time-consuming work, from full participation in the labour market.168 Efforts on the part of care advocates to have care work recognised and appropriately remunerated have resulted (since 1990 and extended in 2007)169 in a Carer’s Allowance payment being made to those on a low income who are responsible for the care and support needs of older people, disabled people and those who are ill. Nonetheless, this payment is still considered as welfare rather than employment income and so does not accrue the long-term material benefits of employment nor the recognition that care is work.

Childcare

As the majority carers, women will benefit from the partial restoration of child benefit payments170 and some modest improvements to childcare infrastructure. The payment is €140 per month which remains lower than the 2009 rate of €166 per month. The pre-school programme has also been extended so that children may now begin pre-school at age three and 8,000 additional childcare places have been made available through an expansion of the Community Childcare Subvention programme. Along with additional funds to support childcare providers, these are welcome steps in addressing the poor childcare infrastructure that prevents women having the choice to participate in the workforce. The introduction of two weeks statutory paternity leave is a long-awaited concession and will do little to redress the massive gender imbalance in care work, but it is an initial positive change suggesting the beginning of new cultural awareness of deeply rooted gender inequalities. It is the first time that the role of fathers, unmentioned in the Constitution, is recognised in the Irish socio-economic statutory framework.

There is evidence of a positive effect arising from the introduction of universal part-time early childhood care provision for children from age three up to compulsory school age.171 However, the provision mirrors the school year, rather than a normal work pattern, and is limited to three hours per day, five days per week for thirty-eight weeks of the year. In practice, middle class women can afford to pay the additional fees needed to top up the provision to match the requirements of work. Lower-waged women who cannot afford to supplement the state provision are thereby discriminated against and left with limited availability for work. The benefits of public investment in early childhood care and education (ECCE) have been well made both from a purely economic172 and broader equality perspective.173 The limited nature of both ECCE and a strong, quality public childcare infrastructure restricts women’s capacity to participate in the workplace, or places additional burdens on them while they juggle employment and unequal care responsibilities.174

The mud floor of precarious casual employment combined with the glass ceiling and the care ceiling means that women are restricted by neoliberal and patriarchal structures in their life choices. Consequently, their contribution to their own economic wellbeing and that of their family is also constrained.175 Public investment in childcare makes economic sense for individuals, families and society in general and there are concerns that projected expenditure in this area is grossly inadequate.176
Homecare work

Those who care for dependent older people and those with disabilities, again mostly women, have had the Respite Grant that was lost in 2012 restored from 2016 onwards and this is a positive move for those with care responsibilities. The homecarer tax credit has been raised by €190 from €810 to €1,000 per year but, because of its link to a raised threshold of allowed earnings, it will have limited benefit for low-income families with a homecarer. Some recent additional spending, particularly in the areas of childcare, education and health, has brought modest benefits to women who carry the main family management responsibility in these areas. Nevertheless, the overall gendered nature of poverty remains evident with lone parents, ethnic minority women (including Traveller women) and older women experiencing the gender pension gap, all detrimentally affected.177

Public spending on care

There is no gender or equality budgeting or auditing carried out in Ireland although there is considerable civic interest from a broad range of organisations for such an approach to be implemented.178 The NWCI has highlighted the need for gender budgeting and mainstreaming across public services, citing evidence from collaborative work with the HSE that showed that gender-sensitive health policies and practices delivered better outcomes for both men and women.179 In a two-tier health system that favours those who can pay, there are significant health priorities for women that are exacerbated by income inequality and insufficient public spending. These include certain cancers, osteoporosis and the availability of good local maternity services based on diverse chosen birth-plans.180 In addition to these issues that impact on women generally, some women are further disadvantaged in a number of ways, for example, Traveller women have a life expectancy 11.5 years less than that of women in the wider population, and there is a need to fund a National Traveller Health Implementation Plan and Roma Primary Healthcare project to address these fundamental inequalities.181

Delivering income from welfare payments is a complex, piecemeal and undoubtedly time-consuming, unwieldy system, costly to administer. For women, balancing care and part-time work demands, accessing benefits to which they are entitled, and for which eligibility criteria shift regularly, is onerous and adds to the stresses of daily life. Arguments in favour of more public spending on the central social infrastructure identify this as a way of reducing this dependency on diverse individual payments.182

Underfunding in the public sector impacts on all those dependent on state services. In many cases there are private choices that mean those who are better off purchase alternatives to public provision in health, childcare, education, housing and other areas. Those without such options rely on what the state makes available and a weak public sector can be harmful to both service users and those who work there. A majority of those working in the public system are women: nurses, teachers, community support and development workers and administrators. In addition to salary cuts at an individual level, their daily working life is made more stressful by the pressures of working in underfunded structures and absorbing the consequential dissatisfaction and frustration of service users. Both in the private and public sphere, women bear the brunt of care work and the consequences that accrue from its lack of recognition and value.

Violence against women

Inequalities towards individual women are exacerbated by reduced public allocations to groups working to support women. From 2008 statutory funding for domestic violence services offered by Women’s Aid was cut by 31%.183 Over the same period, member organisations of the Rape Crisis Network of Ireland (RCNI) have experienced cuts of 16.5% with some centres being cut by as much as 30%.184
Those working in the area of sexual and domestic violence have expressed concerns at the impact on services as a result of inadequate levels of funding. Service providers have insufficient resources to respond to all emergency telephone calls for support, refuge places are too few to meet demand and the complexity of women’s needs for rehousing as a result of male violence need to be understood and acted upon. Community resources are essential in supporting women and families experiencing violence where Gardaí struggle to deal with the volume of cases they encounter. This is despite the fact that underreporting of sexual and domestic violence is widely acknowledged and the proportion of arrests and convictions are only a small fraction of the reported cases. These are serious gendered resource issues rooted in a persistent lack of recognition and neglect of the core issues. Violence against women comes at a high cost to society and responses need to be located within a gender equality framework. There can be no real equality between women and men while women experience gender-based violence on a large scale and while state agencies and institutions turn a blind eye.

Service providers need to be aware of how gender creates different roles for women and men in society. It is by taking account of unequal power relations between women and men that service providers will be able to address different vulnerabilities experienced by different groups of women and men. Until 5 November 2015, Ireland was one of only 9 countries of the 47 Council of Europe member states not to have signed the Istanbul Convention: the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence.

Homelessness and domestic violence

One pivotal cause of homelessness for women is domestic violence. A one-day survey was carried out by Safe Ireland on 5th November 2013 and, although services reported it was a reasonably quiet day, 700 women and children were homeless already, or at risk of homelessness on that day because of safety concerns at home. The definition of homelessness should be expanded to include victims of domestic violence so that they can be catered for quickly.

On over 3,494 occasions in 2013, services were unable to accommodate women and their children because the refuge was full or there was no refuge in their area. The costs of male violence against women reach far beyond the immediate physical and emotional damage done to women and children and have tangible long-term emotional and economic costs. Gendered violence hampers efforts to reduce poverty, reduces productivity and raises demands on the public purse in a host of ways. There are also generational losses in terms of negative impacts on children, educational outcomes and significant health costs. Overall, remedying the root causes of male violence against women makes both good ethical and economic sense.

Underrepresentation

Despite equal and often better educational outcomes and skills, when it comes to employability, women are not gaining labour market advantages in line with their academic achievements. Even when women have all the requirements of employability, within an unequal gender regime, they cannot translate this into employment that will capitalise on their capabilities either in terms of earning or status. This is particularly evident when it comes to higher-level positions. Women are seriously underrepresented when it comes to the boards of management of Ireland’s top businesses. Irish women make up just 10.5% of board members of the largest publicly listed companies in Ireland, significantly below the EU 28 average of 18.6%. Women continue to be underrepresented in top positions in third level institutions with only 19% (5 out of 27) of heads of third level research institutions are women.

In terms of public decision-making positions, women continue to be severely underrepresented. In the Dáil, the national parliament, the percentage of women has increased only slightly from 16.3% in 2011 to 22% in 2016. This is in contrast to the EU 28 average of 28%.
In 2012, gender quotas for general elections were introduced through legislation requiring political parties to put forward at least 30% women candidates in the 2016 General Election (rising to 40% in subsequent general elections). This is a binding statutory obligation and those parties not complying will have their state funding cut by 50%.

The dearth of women’s voices impacts on the awareness and understanding of gender issues across decision-making bodies. Not only are women’s capacities underused but also their insight and perspective is lost to the greater social good. Women’s absence from decision-making bodies allows gender stereotypes to persist unchallenged and means that policies that would enable more equitable gender participation in employment and public life generally remain unarticulated.

In April 2015, the Government replaced the Local Community Development Programme with the Social Inclusion and Community Activation programme and in the new iteration ‘disadvantaged women’ were removed as a target group. Women’s underrepresentation in decision-making bodies at all levels means that their economic disadvantage goes virtually unremarked. Disempowering budget cuts to women’s advocacy groups means that voices that defend women’s rights are significantly weakened and the considerable community solidarity and development work carried out by women is no longer possible. This all makes the maximising of capacities extremely difficult for all women, and disadvantaged women in particular.

Universal Basic Income

The concept of a Universal Basic Income (UBI) has been proposed as a mechanism to create greater economic stability and a more equal society, and could be particularly beneficial to address gender inequalities. As an alternative to the current welfare system the BI is proposed as an unconditional payment made directly from the state to every citizen – child, woman and man – and sufficient to have a frugal but decent standard of living. Concerns about the high level of tax needed to support the scheme and the potential impact on the incentive to work, are countered by arguments about the dynamic influences on raising the standard of living of the least well off (namely lone parents) and the overall positive equality outcomes for Irish society.

What might a basic income offer women? It is claimed that the introduction of BI would mean that women and others with caring responsibilities would benefit from the removal of the distinct economic risks associated with the gendered division of labour. Robeyns argues that BI may increase women’s independence especially if the payment for children were made directly to mothers. A BI would reduce the pressures on women to manage complex welfare claims and the associated intrusions into their personal circumstances. It would have a positive psychological impact on women working in the home, increase their bargaining power and potentially lead to a re-valuation of unwaged home and care work. Further suggestions for how BI may reduce gender inequality are its potential to reduce the sexual division of labour and labour market segregation.

Conclusion

Underlying trenchant, gendered economic inequalities remain largely unchallenged. Assumptions are reproduced about gendered responsibilities that stereotype and limit women into unjust and undervalued social roles. Women are expected to carry an unfair burden of care while men’s affective nature is culturally limited and constrained. These stereotypes are reproduced in education, the media, families and throughout cultural fields and wider social structures. Gender equality needs to become a real rather than a rhetorical or aspirational objective and education should become a strategic site for challenging gender stereotyping and learning about gender justice in practice.
A recent Eurobarometer Report showed that over the crisis years the percentage of the population in Ireland that think gender inequalities are widespread rose from 43% in 2009 to a majority 54% in 2014. Furthermore, it found that 81% of respondents in Ireland – including both men and women – stated that tackling gender inequality should be a priority for the EU, a proportion higher than the EU 28 average of 76%.

Gendered economic inequalities are difficult to consider without also taking account of the broader political, economic, cultural and affective systems that reproduce and maintain them. We have seen how women and others experience economic disadvantage and injustice because of the cultural roles and values attributed to different gender groups in Irish society. Lack of power and representation in decision-making bodies allows these disparities to persist because the underlying realities of women’s lives fall outside the consciousness and concerns of those in power. Fundamental change lies in a comprehensive focus on greater gender justice that would get rid of limiting gender roles, end the unfair division of unwaged care labour and, in turn, eliminate gendered economic inequalities.

**Recommendations**

- We need education about gender equality so that a meaningful cultural shift can be achieved, including education about the need for shared care responsibilities across society.

- We need appropriate investment in developing a strong early years infrastructure that provides high quality, affordable and accessible childcare.

- We need robust and reliable public services in health, education, housing and transport for the wellbeing of women and men in Ireland and particularly those on lower incomes and/or dependent on social protection.

- We need to make the achievement of gender income equality an explicit goal of public policy and include gender proofing of all budgets, strategic targets and evaluative measures.

- We need the cuts to the women’s community sector to be redressed immediately, especially those for the delivery of services to women experiencing violence and appropriate core funding streams and long-term strategies need to be put in place.

- We need increased representation of women who will articulate and monitor progress on gender equality goals as part of their public responsibility.

- The new National Women’s Strategy post-2016 should include specific targets, timelines and budgets and be less reliant on general aspirations.

- We need to consider alternative, gender equal, economic structures like those found in the Basic Income movement or the cooperative movement.

- We need a shift in emphasis from hyper productivity and punishing work loads for everyone, of whatever gender group, that would allow Irish people to lead more balanced, caring, equal lives and this would be a better place for everyone.
5. Children and economic inequality in Ireland

‘The consequences of poverty and inequality are very significant for children. Children experience poverty differently from adults; they have specific and different needs. While an adult may fall into poverty temporarily, falling into poverty in childhood can last a lifetime – rarely does a child get a second chance at an education or a healthy start in life. Even short periods of food deprivation can impact children’s long-term development . . . Child poverty threatens not only the individual child, but is likely to be passed on to future generations, entrenching and even exacerbating inequality in society.’

The impact of economic inequality on children’s levels of wellbeing has received increased attention in Ireland and internationally amongst policy makers, academics, politicians and children’s rights’ advocates. Having ratified the UN Convention on the Rights of the Child (1989), countries are obliged to monitor trends in the living conditions of children. In their ground-breaking work The Spirit Level, Wilkinson and Pickett highlight the strong links between higher levels of economic inequality and poorer levels of child wellbeing.

There has been increasing concern in Ireland with the marked growth in child inequality and poverty during the period of economic recession and austerity. A historic referendum was passed in 2012 which enshrined children’s rights into the constitution. It requires that

‘The State recognises and affirms the natural and imprescriptible rights of all children and shall, as far as practicable, by its laws protect and vindicate those rights’.

It is, therefore, very timely in this centenary year of the 1916 Proclamation that aimed to cherish ‘all the children of the nation equally’ to examine the extent and impact of economic inequality on children in Ireland. This section seeks to answer the important fundamental question of why some children in Ireland are able to fulfil their potential and flourish while other children are denied this right, and finds that the role of growing economic inequality offers the most persuasive explanation.

This section begins with an analysis of economic inequality and levels of child wellbeing internationally. It then presents the key indicators for children and economic inequality in Ireland. This is followed by evidence of the impact on children of educational inequalities, health inequalities and housing inequalities. Finally, we offer some conclusions.

The evidence presented in relation to these inequalities is based largely on analysis and data from two key sources. The first is previously unpublished research kindly provided to TASC by the children’s charity Barnardos. This research was undertaken by Indecon for Barnardos and includes original analysis of data provided by the CSO EU SILC and Growing Up in Ireland studies. The second source is additional data in three reports drawing on the Growing Up in Ireland research. Growing Up in Ireland is the national longitudinal study of children and
Economic inequality, poverty and child wellbeing

Levels of child wellbeing are strongly related to levels of economic inequality.204 Child wellbeing is lower where levels of income inequality are higher (see Chart 30).

Consistent with this finding, countries which have become more unequal in recent decades have also seen a decline in levels of child wellbeing (see Chart 31).
Children in unequal societies suffer worse infant mortality rates, lower levels of participation in further education, are more likely to be overweight, to be victims of bullying, and to become teenage mothers. As adults, they are more likely to suffer socio-emotional problems and low income. Social mobility is also lower in more unequal societies, making it difficult for children to escape from intergenerational cycles of poverty and deprivation.205

In all societies, inequality has the greatest impact on the poor and those living in the most deprived areas and, therefore, children born into socioeconomically disadvantaged families suffer worse levels of child wellbeing with lifelong implications. Persistent poverty and poverty in early childhood have been found to be particularly harmful in their effects on children.206

Inequality affects children through low incomes, the lack of basic necessities such as an adequate diet or warm clothes; living in substandard housing; being homeless; living in poorly serviced neighbourhoods with high levels of crime and anti-social behaviour; having poor access to health services; being at higher risk of infant and child mortality; having limited access to social and family services; experiencing educational disadvantage; having limited access to playgrounds, sporting and recreational facilities or cultural activities.207

Inequalities tend to reinforce each other in the lives of affected children:

‘Inequality of income, resources, respect and social standing, power, health and education. These inequalities are layered and interrelated. Where one type of inequality is allowed to flourish others will thrive. The child who experiences a health inequality because of poor access to speech and language therapy is likely to fall behind in their education and find they have fewer opportunities upon leaving school. Likewise the child who lives in inappropriate accommodation may find their mental and physical health suffers as a result’.208

Economic inequality is about more than just an inadequate income. It is about the situation of children in the context of the wider society in which they live, their levels of relative poverty, deprivation, their access to resources, education, health and their levels of happiness, anxiety, and perception of self-worth compared to others. It is about socioeconomic class inequalities and how children living at the bottom are differentially excluded and impacted through their childhood compared to those at the top, and how, as a result of inequality in childhood, their adult lives are also scarred by inequality.

A key social process through which children are affected by inequality and relative poverty is through awareness of increased status differentiation between themselves and the wider society. Before the end of primary school children are fully conscious of class differences: they can rank occupations hierarchically and are able to categorise people socially by outward indicators such as clothing, houses, and cars. Inequality is socially divisive and results in status competition, anxiety and increased feelings of inferiority. For those at the bottom it results in a world of chronic stress which has a detrimental impact on parental and child health and wellbeing.209

**Economic inequality and children in Ireland: Key indicators**

During the recent period of economic crisis followed by budgetary austerity measures (2008-2014), the proportion of children living in consistent poverty in Ireland almost doubled from 6.3% in 2008 to 11.2% in 2014 (see Chart 32).210 This equates to 138,000 children, or one in eight, living in consistent poverty. This can be contrasted to the adult consistent poverty rate of 7.9%, and 2.1% for those aged 65 and over (see Chart 33). Almost one in five children (18.6%) are affected by relative poverty (classified as ‘at risk of poverty’) (see Chart 32). Over a third of children (36.1%) experience deprivation, double the 2007 rate of 15.9%.211
Of all households with children, lone parents have the highest poverty and deprivation rates. This is significant given that 18.3% of all children in Ireland live in lone parent households. Over a fifth (22.1%) of lone parent families are in consistent poverty while almost a third (32%) are in relative poverty. The deprivation rate for lone parent households increased from 35.6% in 2007 to 58.7% in 2014 (See Chart 34).
The proportion of children at risk of poverty or social exclusion in Ireland is 27.6% which is higher than the EU average of 24.4% (see Chart 35). Ireland has the 9th highest rate in the EU and almost double the rates of Sweden and Netherlands. Ireland’s at risk of poverty or social exclusion rate for single parent households (62.5% in 2014) is also higher than the EU average (48.2%).

Chart 35: Children (0-16 years) at risk of poverty or social exclusion in the EU 28 (Source: Eurostat)
Evidence from *Growing Up in Ireland*

Evidence from the *Growing Up in Ireland* study supports the data on rising child poverty and social exclusion in Ireland as it shows a significant increase in levels of economic vulnerability amongst children during the recession and austerity period.

As outlined earlier, the *Growing Up in Ireland* research surveyed two groups of children. The first group was born in 1998 (the ‘98’ Cohort). They were surveyed prior to the recession at age 9 and their level of economic vulnerability was found to be 15%. When they were surveyed again at age 13, in 2011 and 2012, their level of vulnerability had risen by ten percentage points to 25%. Similarly, the level of economic vulnerability for the second group of children in the survey (the ‘08’ Cohort; born in 2008) had risen to 25% when they were surveyed in 2011/2012 at aged just three years old. The fact that a quarter of all children in the survey were affected by economic vulnerability at the height of the recession shows the significant impact on children of rising economic difficulties in this period.

However, the rise in economic vulnerability amongst children was not shared equally across society. The overwhelming majority of children (96%) experiencing economic vulnerability were located in the bottom two income quartiles (50% of the population). For the ‘08’ Cohort, 62% of the economically vulnerable children were in the bottom quartile in contrast to none of those in the top quartile (see Chart 36).

**Chart 36: Children experiencing economic vulnerability by income quartile, 2011/2012**

(Source: *Growing up in Ireland* 2014)
Income inequality for households with children during the recession

The average annual disposable income for the top income decile of households with children in Ireland is 6.3 times that held by the bottom income decile (see Table 6).

While households from all income deciles suffered income reductions during the recession the loss for those in the bottom deciles is substantial and has had much more of an impact in terms of increasing poverty and deprivation for these households than the reduction for those in the top deciles.221

Table 6: Average equivalised disposable income by decile, 2008 and 2013 – households with child aged under 15 years (Source: Indecon/Barnardos 2015)

<table>
<thead>
<tr>
<th>Income Decile</th>
<th>2008</th>
<th>2013</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8,429</td>
<td>7,468</td>
<td>-11.4%</td>
</tr>
<tr>
<td>2</td>
<td>11,942</td>
<td>10,400</td>
<td>-12.9%</td>
</tr>
<tr>
<td>3</td>
<td>13,756</td>
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<td>6</td>
<td>21,211</td>
<td>18,456</td>
<td>-12.9%</td>
</tr>
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<td>7</td>
<td>23,829</td>
<td>21,251</td>
<td>-10.8%</td>
</tr>
<tr>
<td>8</td>
<td>27,358</td>
<td>24,973</td>
<td>-8.7%</td>
</tr>
<tr>
<td>9</td>
<td>33,195</td>
<td>31,057</td>
<td>-6.3%</td>
</tr>
<tr>
<td>10</td>
<td>57,731</td>
<td>47,237</td>
<td>-18.1%</td>
</tr>
</tbody>
</table>

Budgetary policy over the eight years from 2009 to 2016 reduced the disposable income of families with children by approximately 10%, double the reduction in disposable income for retired couples.

Social transfers (welfare, child benefit, tax measures) continue to play a vital role in reducing poverty rates for children. Without such social transfers, following six years of austerity policies (i.e. reductions in public services and social welfare) combined with economic difficulties caused by experiences of unemployment and/or wage cuts during the recession years, almost a half of all children in Ireland (44.6%) would be at risk of poverty.222

Economic inequality and socio-emotional problems amongst children

‘All children deserve the same opportunities in life, yet in Ireland children are born unequal. Their futures are determined by a lottery that sees some born with the opportunity to thrive and others forced to fight just to survive. The mistaken belief that Irish society is inherently fair has led to a dominant narrative that those who succeed do so because they are decent and hardworking, whereas those less fortunate are to blame for their ‘personal failure’. Yet in most instances people who have more power resources, respect, health, safety and education have it because they were born with it, and those who are born with less rarely catch up’.223
The *Growing Up in Ireland* research found that rising levels of economic vulnerability in Ireland during the recession resulted in an increased risk of socio-emotional developmental problems among children.224 Young people whose families had been significantly affected by the recession had poorer behaviour at age 13 than at age nine. Children who were economically vulnerable throughout the recession were three times more likely to be at increased risk of socio-emotional problems than those who were not economically vulnerable.225

The research also demonstrated the profound impact of economic inequality on children's emotional wellbeing. It found a strong negative correlation between children's self-image at age 9 and their social class background with a decline in the self-image of children from higher to lower social class and income backgrounds. Children from professional and managerial backgrounds were found to have a more positive self-image at the age of nine in terms of behaviour, freedom from anxiety, and happiness. In contrast, children from more disadvantaged backgrounds were more anxious, less happy and reported poorer behaviour. Children whose families were in the lowest income quintile (fifth) reported the poorest behaviour. Furthermore, children in the bottom two income groups displayed the highest levels of anxiety. In summary, children from higher social class backgrounds were significantly more positive about their behaviour, more confident as learners, happier, less anxious, felt they were more popular and had a more positive body image than those from more disadvantaged backgrounds.

### Children, spatial inequality and disadvantage

Children growing up in disadvantaged areas face multiple inequalities in comparison to children growing up in more affluent areas. These include substandard housing, poorer quality community facilities, local services and amenities, higher levels of anti-social behaviour and higher levels of poverty, unemployment and economic deprivation. The depth of Ireland's spatial inequality is shown in the fact that Ireland has as many children growing up in disadvantaged areas (78,011) as there are in affluent areas (86,517).226 The map (see Chart 37) showing the difference in affluence levels for various parts of Dublin City provides an example of the extent of the inequality divide in Ireland.

**Chart 37: Pobal Deprivation Index 2011 – Dublin (Source: Indecon/Barnardos 2015)**


**Educational inequalities for children**

“There is no difference in the inherent ability of a child born into the poorest family and a child born into the richest family. Test scores for nine-month-olds have no correlation with household income. By age three years, however, a correlation begins to emerge: those from higher income families score higher. This indicates inequalities in child development performance as a pre-requisite to almost all other types of inequalities are caused by income disparity. The impact of income disparity on educational outcomes becomes stronger as children get older. The evidence shows very significant inbuilt structural inequalities in education, which disadvantage children from lower income families from birth.”

Through the lens of educational inequalities we can see how wider economic inequalities and disadvantages in society embed and reinforce child inequality in Ireland. Education enables individuals and groups to overcome other social disadvantages and prior discriminations, and builds capacities to succeed. Educational disadvantages have a particularly strong link to income inequality in Ireland. 53% of low paid adults have only a primary education while the risk of low pay is less than 20% for those who complete some third level education.

**Educational inequality in the early years**

The *Growing up in Ireland* research shows clearly that educational inequalities are strongly related to the advantages received by children of higher economic status, social class and relative affluence from the earliest age in childhood and the disadvantages suffered by those in lower income and economically-deprived households. Children are not, on average, born unequal. It is economic inequality that lays the foundation at a young age for the huge inequalities that emerge later in education and life.

At nine months old, the level of household income a child is born into has no correlation with their inherent cognitive potential. But by aged three those in higher income families are performing better with a difference of at least 10 points in the average scores on the Naming Vocabulary tests between children in the lowest income quintile and the highest income quintile (see Chart 38). At aged three a 1% increase in household income is predicted to lead to a 5.1% increase in vocabulary score.

**Chart 38: Average ability scores of 3 year olds by household income quintile (Source: *Growing up in Ireland 2013*)**

Children are not, on average, born unequal. It is economic inequality that lays the foundation at a young age for the huge inequalities that emerge later in education and life.
Educational inequality for children in the school going years

The educational inequality gap remains for children at age 9 where a 1% increase in household income is predicted to increase reading score by 5.16% and maths scores by 5.1%.

Furthermore, at age 9, children in the bottom income deciles are disproportionately more affected by learning disabilities. The incidence of speech and language difficulties amongst children aged 9 in the bottom three deciles are double the incidence for children in the top three deciles. Not only are more children at the bottom affected by learning difficulties, the impact of their disability is much greater on children at the bottom. A much higher (between 30% and 40%) proportion of those with learning difficulties in the lower income deciles at aged 9 have below average academic performance than those in the highest income deciles.

By age 13, the educational inequality divide has grown even more acute with a 1% increase in household income predicted to lead to a 6.5% increase in verbal scores, a 5.2% increase in numerical scores and a 5.8% increase in the total Drumcondra test scores (see Chart 39).

Chart 39: Increase in children’s educational test scores, by age, for each 1% increase in income (Source: Indecon/Barnardos 2015)

Children aged 13 from lower income households have a three times higher rate of long-term school absenteeism than children from the top income decile. Eighteen per cent of children from the lowest income decile miss between 7-10 days of school in contrast to just 9% of children from the top income decile while 11% of children from the lowest income decile miss between 11 to 20 days in contrast to just 4% of the top income decile.

Those in lower income households also tend to spend less time on homework and get less parental support than those in higher income households. The proportion of children who get no support at all with their homework from the poorest background (15%) is double those who receive no support from higher income backgrounds (7%).

The negative impact of inequality on children’s sense of self-worth and wellbeing by the time they reach aged 13 is profoundly damaging to their expectations for their lives (see Chart 40). For example, only 36% of children at age 13 from the bottom income decile expect to achieve a third level education in contrast to 65% of children from the top income decile.
Inequality and access to third level education

While Ireland has the fourth highest rate of attendance at third level institutions in the OECD\(^2\) there is a significant level of inequality in levels of attendance by income and social class background (see Chart 41). Students from affluent areas have double the attendance rate at university than students from disadvantaged areas. 50% of students from affluent areas study at one of the ‘top three’ universities in Ireland.\(^3\) This is four times the rate of those from disadvantaged areas. Within some disadvantaged areas no students attend a ‘top three’ university (see Table 7).

Chart 41: Percentage of students from affluent and disadvantaged areas attending third level, by institution, 2014 (Source: Indecon/Barnardos 2015)
The social class inequality between access to third level is further demonstrated in figures which show 56% of new entrants in institutes of technology are in receipt of a student support grant compared to just 36% in universities.

Table 7: Percentage of students from selected disadvantaged areas attending third level, by institution, 2014 (Source: Indecon/Barnardos 2015)

<table>
<thead>
<tr>
<th>Electoral Districts</th>
<th>Third Level</th>
<th>An Institute of Technology &amp; Other</th>
<th>A University</th>
<th>A Top 3 University</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>69%</td>
<td>39%</td>
<td>29%</td>
<td>12%</td>
</tr>
<tr>
<td>Ballymun D- Dublin</td>
<td>42%</td>
<td>21%</td>
<td>21.2%</td>
<td>0%</td>
</tr>
<tr>
<td>Blanchardstown-Corduff</td>
<td>29%</td>
<td>19%</td>
<td>9.6%</td>
<td>0%</td>
</tr>
<tr>
<td>Dundalk Urban- Louth</td>
<td>73%</td>
<td>41%</td>
<td>29.1%</td>
<td>16%</td>
</tr>
<tr>
<td>Farranferris A-Cork</td>
<td>29%</td>
<td>0%</td>
<td>8.8%</td>
<td>9%</td>
</tr>
<tr>
<td>Hacketstown- Carlow</td>
<td>56%</td>
<td>44%</td>
<td>12.0%</td>
<td>4%</td>
</tr>
<tr>
<td>Galvone – Limerick</td>
<td>19%</td>
<td>13%</td>
<td>6%</td>
<td>0%</td>
</tr>
<tr>
<td>Tallaght-Killinardan</td>
<td>33%</td>
<td>30%</td>
<td>3.7%</td>
<td>2%</td>
</tr>
</tbody>
</table>

These figures explain why Ireland ranks 22nd out of the 28 EU countries in terms of equitable access to education (see Chart 42).

Chart 42: Equitable access to education in the EU 28 (Source: Social Justice Monitor 2015)
Educational inequalities for children are a manifestation of, and result from, economic inequality in society. They are a mechanism by which wider societal inequality is reproduced and reinforced as those with higher incomes and wealth use their advantages to achieve higher outcomes.\(^{243}\) Currently education in Ireland does not guarantee equality of opportunity for all.

The period of the recession (2008-2013) saw these inequalities worsen as increasing numbers of families and children suffered from poverty and faced difficulties covering the costs of education at all levels, costs which wealthier families could afford. The average cost of sending a child to a public primary school in Ireland is €390 per annum whereas the welfare payment to cover this cost for lower income families is just €100. One in ten primary school parents and nearly one in five (19\%) of secondary school parents have to resort to taking out loans to cover school costs.\(^{244}\) Austerity cuts to educational services for children with learning disabilities, language supports for immigrant children, Traveller-specific educational supports, have all had a considerable impact on inequality.\(^{245}\)

Policies that increase economic inequalities and reduce public educational services and supports exacerbate an already unequal educational system.

**Children and health inequalities**

There are strong demonstrated links between higher economic inequality and lower levels of children’s health internationally.\(^{246}\) In Ireland we can see a similar pattern where at the earliest age health outcomes are associated with economic inequality. For example, the proportion of infants in the bottom decile born with a low birthweight (7.5\%) is double the proportion of the highest decile (3.82\%) while children in lower income deciles suffer more from chronic illnesses than higher income deciles (see Chart 43).\(^{247}\)

![Chart 43: % of 9 year old children with an ongoing chronic physical or mental health problem, illness, or disability, by income decile (Source: Indecon/Barnardos 2015)](chart)

At age three, health inequalities are manifest in children in the bottom decile. They have a 10\% higher rate of being overweight than the top decile. Obesity rates for the bottom decile are double those at the top (Chart 44).\(^{248}\)

Obesity rates for the bottom decile are double those at the top.
The health of children for the most disadvantaged groups in society (lone parent families, children in poverty and Traveller and Roma children) is significantly worse than the national average.\textsuperscript{249}

**Children and food poverty**

The number of children living in a household experiencing food poverty has doubled since 2009.\textsuperscript{250} Food poverty is an inequality where socially disadvantaged households consume less nutritionally-balanced diets and suffer from higher rates of diet-related chronic diseases such as diabetes, heart disease, obesity and certain cancers at a younger age. The lowest income families are nearly three times more likely to experience food poverty in Ireland (11\%) than the highest social cohorts (4\%).\textsuperscript{251} Food poverty affects health and educational inequalities. This demonstrates how multiple inequalities reinforce their impact on a child’s life:

‘Children starting the school day hungry, undermines their capacity to learn, to socialise. Being hungry restricts their ability to fully participate in class which can have a detrimental impact on their personal, cognitive, social and educational development’.\textsuperscript{252}

**Children’s access to health care**

Ireland’s two-tier health system exacerbates economic inequalities for children; those who are reliant on the public health and hospital system face long waiting lists for certain treatments while those who can afford to pay privately (or for private health insurance) can access timely treatment. At aged three, 8\% of children in the lowest income decile did not get medical treatment because they were still on a waiting list compared to 3\% in the highest income decile. Thus, sick children in lower income households who cannot afford this access are left waiting for treatment with significant consequential impacts for their life. The longer the waiting period in gaining timely medical treatment the greater the likely impact on a child’s development.\textsuperscript{253}
In 2014, 3,000 children were waiting more than 12 months for speech and language therapy with a further 1,940 children waiting more than 12 months for their initial assessment. The longest waits were in disadvantaged parts of Dublin and the shortest in more affluent areas of Dublin. There are 11,145 children on waiting lists for Irish public hospitals with numbers increasing by a third (33.7%) in just over a year (from December 2014 to March 2016). A total of 1,500 children are waiting longer than three months for access to mental health services.

Households with children in the highest income decile spend almost eight times as much on medical expenses (including private insurance) as those in the lowest income decile (see Chart 45).

**Chart 45: Average weekly spend on medical expenses (€), by income decile – households with at least one child under 18 (Source: Indecon/Barnardos 2015)**

Housing inequalities have a number of significant impacts on children. At the most extreme end of housing inequality, being homeless can have a deeply profound impact on the life of a child. Homelessness can cause immediate risks in terms of safety and physical health but also raised levels of anxiety, socio-emotional problems, family relationship stress, and impacts on educational development. Insecurity of tenure (facing threat of eviction and being in mortgage or rent arrears) can have similar impacts, as can the impact of financial stress on a family as a result of high housing costs.

Various forms of deprivation and poverty (food, clothing, heat) can result from the requirement to spend large proportions of household incomes on housing. Substandard housing conditions (dampness, mould, unsafe environment) can also have detrimental health impacts on children. They can also affect a child’s self-esteem, self-worth and ability to form friendships.

The policies of financialisation and privatisation in housing in Ireland witnessed a dramatic reduction in the provision of local authority social housing and an increasing reliance on speculative housing provision in the private market. This has resulted in a significant increase in housing inequality in Ireland whereby lower income households face inequitable access to affordable, secure and high quality housing.
The number of children living in unsuitable emergency homeless accommodation (such as hotels and B&Bs) in Dublin has more than doubled from 726 in December 2014 to 1,723 in March 2016 (see Chart 46). Some families and children are living up to 18 months in this emergency accommodation, restricted to one room, with no space to do homework, cook food, and required to share communal spaces with strangers. This is a deeply traumatic experience for children and has a profoundly negative impact on a child’s development. A majority of homeless families are lone parents and the children are of primary school age or younger. Furthermore families becoming homeless are, in the main, coming from already disadvantaged areas and low income backgrounds.

Chart 46: Numbers of homeless children in emergency accommodation in Dublin
(Source: Dublin Homeless Regional Executive)

The leading cause of homelessness for families and children in Ireland relates to issues of affordability and insecurity of tenure in the private rented sector. Rents have risen substantially in recent years and returned to pre-recession peak levels in 2015 while state support for low income private rental tenants (through various forms of rent allowance and housing assistance payments) remains below market rents. This has implications for children as the private rental sector has become increasingly important with the proportion of all pre-school children in Ireland living in rental accommodation increasing from 22% in 2002 to 34.7% in 2011.

Almost 90% of the 180,000 households that have been in mortgage arrears on their primary home during the crisis have dependent children. Currently, there are 58,000 in arrears of over 180 days on their home and 37,000 in arrears of over 720 days. Legal proceedings for repossession of homes in long-term arrears have been issued in 23,000 cases. The financial and household stress associated with this has had (and continues to have for those in arrears) a detrimental impact on children living in these households:

“Significant numbers of MABS (Money Advice and Budgeting Service) clients reported that the stress generated by their indebtedness problems had negative implications for their physical health, their relationships with their spouse or partner and children and undermined the quality of their family life.”

The number of households on social housing waiting lists nationally almost doubled between 2008 and 2013 to reach 90,000 households. Children are living in over half of these households (see Chart 47).
Public investment in children in Ireland

Public investment in early years care (childcare and early education) amounts to less than 0.2% of GDP in Ireland. The average for OECD countries is 0.8% and the UNICEF international benchmark is 1% of GDP. Ireland ranks relatively high among OECD countries in the percentage of GDP spent on cash and tax breaks on family benefits, accounting for about three-quarters of total expenditure in this area (see Chart 48).

These social transfers, including welfare payments and child benefit, play a very significant role in reducing our very high (pre-social transfer) at-risk-of poverty rate of 44.6% amongst children down to 18.6% after transfers. This means that a quarter of children in Ireland are lifted out of income poverty through various welfare supports.

In contrast, Ireland ranks thirteenth out of thirty-three OECD countries in terms of the proportion of GDP spent on services for families. In contrast, the Nordic countries spend a significantly greater proportion (half) on services and they achieve much lower rates of child poverty (see Chart 49).\textsuperscript{265}

A quarter of children in Ireland are lifted out of income poverty through various welfare supports.
There has been an increase in investment in early years services in recent years with the introduction of a universal free pre-school year (for 3 hours a day for the school term), subsidies to community childcare services in disadvantaged areas, and the extension of free GP care to children aged 6. However, major challenges of affordability, accessibility of childcare and the requirement for broader based family support services remain.
There has also been recognition of the social and economic benefits from improving child wellbeing through investment in early years care and education, prevention and early intervention (e.g. family and child support interventions, parenting support). Research also suggests that children benefit from a strong level of parental care in the first year of life. Interventions at the developmentally important stages of pre-birth and 0-3 years can play an important role in reducing child inequalities and poverty. The multiplier of investment in such ‘early year’s human capital’ runs between seven and 16 times.268 Tackling the root causes of low wellbeing in children is cost-effective as it reduces the need to fund expensive, remedial interventions for each generation of children affected by inequality. For example, three area based prevention and early intervention programmes in Dublin to combat child poverty have resulted in significant improvements in child educational and wellbeing outcomes.269

Conclusion

‘Every child has the right to a standard of living that is adequate to their development – physical, mental, spiritual, moral and social. While parents and guardians have the primary responsibility to provide for the child’s material needs, the State also has the responsibility to assist parents and guardians to alleviate poverty where needed’.270

The evidence provided in this section highlights the negative impact of growing economic inequality on children’s wellbeing and their ability to flourish in Ireland. It identifies the impact of economic inequality in the recession through the significant rise in child poverty and deprivation rates. Children living in lower income households in Ireland are affected by multiple inequalities including educational inequalities, higher levels of special needs, lower levels of self-worth, self-image, socio-emotional development, and health. They also suffer from severe welfare impacts from the housing crisis.

The evidence indicates worrying levels of child poverty in Ireland along with structural inequalities which disadvantage children from birth. This represents a profound challenge to aspirations of achieving a more equal and ethical society and an economy where all children can flourish equally.

To reduce child inequality and poverty requires tackling the root causes of economic inequality which include a number of contributing factors as outlined in this section.271 These include market income and wealth inequality (which are more marked in neoliberal, marketised, economies like Ireland), deprivation, and inequalities relating to employment, education, health, housing, socio-cultural capital, and socio-emotional wellbeing, amongst others.

Improvements in overall levels of child wellbeing, in turn, require dramatic reductions in economic inequality, far beyond a narrow, albeit welcome, measure of increasing investment in early year’s childcare/education. More equal developed countries have mitigated inequalities through their ‘societal commitment to greater equality’ including a reduction in the proportion of children living in relative poverty.272 Successful countries have had the necessary political will to ensure adequate resources and a long-term approach by setting targets to reduce child poverty and achieving them through appropriate policy measures. Impact assessments of budgetary measures on child poverty and inequality prior to the implementation of such budgetary measures would be useful in this regard.273

Countries that have successfully reduced poverty adopted heterodox policies rather than fully embracing market-conforming prescriptions,274 combining strategies aimed at supporting the access of parents to good quality employment, developing enabling services (especially childcare), combining universal and targeted services and maintaining and further developing income supports (particularly on return to employment and education for lone parents).275
The evidence suggests that Ireland needs to further develop high-quality universal public services for children and families that can guarantee greater equality for all children in the areas of health care, childcare, social housing, education (ensuring all levels are free and equally accessible), social work, family support services, and area-based childhood anti-poverty programmes. A greater focus on targeted interventions is also required to support those groups of children and families who suffer extreme forms of inequality e.g. children in poverty, in lone parent households, children with special needs and disabilities, Traveller and Roma children.276

To address child inequalities requires that children’s socio-economic and cultural rights are fulfilled and placed at the centre of policy development ensuring adequate economic protection, equality and the participation in decisions that affect them and that children are empowered to have a voice in their own home lives and wider community and society. In this regard, the Irish Human Rights and Equality Commission has outlined a range of areas where the Irish State falls short of its obligations under the UN Convention on the Rights of the Child, some of which include:277

- Child-rights centred independent monitoring mechanisms
- Child-friendly budgeting
- Child health
- Poverty
- Homelessness
- The legacy of historical child abuse and gaps in child protection
- Diversity in education
- Asylum and direct provision
- Family and Care Proceedings

Radically challenging our current grossly unequal levels of income and wealth to ensure more balanced incomes across society is fundamental. This means ensuring a living wage and quality jobs and greater support for lone parents and low income parents who take up work.

Ireland’s social, economic and state institutions and systems reinforce and reproduce economic inequalities that have extremely detrimental impacts on children from lower-income backgrounds. This is grossly unfair, unethical, morally unacceptable and reduces the human and social capital of Ireland and, as a consequence, its long-term potential.

Reducing child inequality in Ireland is achievable but it requires a significant shift in policy to make it a central political, economic and social prioritisation.


9 The Gini coefficient is a statistical index that captures the distribution of income. The index is scaled here between 0 and 100, where 0 represents perfect equality (everyone has the same income) and 100 represents perfect inequality (one person has all the income).


11 Even on its own terms, the Gini coefficient is a ratio measure, meaning that if everyone’s income doubles, the ratio stays the same, even though absolute inequality between higher and lower earners is increasing. This is more or less what happened during the ‘Celtic Tiger’ period. See McDonough, Terrence and Jason Loughrey, *The H.E.A.P. Chart: Hierarchy of Earnings, Attributes and Privilege Analysis*, Dublin: TASC, 2009, http://www.eapn.ie/eapn/wp-content/uploads/2010/04/HEAP-Chart.pdf.

13 The ratio of the top 20% to the bottom 20% of the net income distribution.


18 AMECO: Adjusted wage share as percentage of GDP at current prices (Compensation per employee as percentage of GDP at market prices per person employed) (ALCD0), http://ec.europa.eu/economy_finance/ameco/user/serie/SelectSerie.cfm.


24 Notwithstanding recent moves to strengthen collective bargaining legislation in Ireland.


Endnotes


42 It also provides two additional inequality indicators relating to child poverty and public expenditure. These include an additional indicator to provide an overview of public spending: General Government Expenditure as a percentage of GDP, and an indicator to cover child poverty; the proportion of 0-16 year olds which are at risk of poverty or social exclusion.

43 This draws on data kindly provided to TASC from the children’s charity, Barnardos. It is from unpublished research undertaken for Barnardos by Indecon and is based on Indecon’s analysis of CSO EU SILC and Growing Up in Ireland Data. The Growing up in Ireland study involves on-going surveying and research by the ESRI and Trinity College Dublin of two groups of children (a total of 18,000, one group born in 1998 and the other group born in 2008) from 2006 to the present.

44 The Gini coefficient is useful for gauging the overall level of income inequality in a country, and when comparing Ireland with other countries. Its greatest value is in showing trends over a number of years. But it cannot be used to measure one aspect of the economy in isolation (such as the national budget) as the household income data it uses is affected by simultaneous changes to taxation, market incomes, welfare rates and other factors. There are further limitations to using the Gini coefficient in isolation to make judgements about the levels of inequality in Ireland. The Gini coefficient does not show the relationships between those on high, low and middle income.


58 A living wage is intended to establish an hourly wage rate that provides employees with sufficient income to achieve an agreed acceptable minimum standard of living. In that sense it is an income floor, representing a figure which allows employees to afford the essentials of life. A living wage, however, also necessitates having sufficient weekly hours of work to achieve that living wage. Being paid the hourly Living Wage rate is insufficient if workers are on zero or low hours contracts. See www.livingwage.ie for further analysis and information on the living wage calculations.


66 In 2014 the basic social welfare allowance payment for eligible individuals (e.g. jobseekers allowance for the unemployed) aged between 22 and 24 years was reduced from €144 per week to €100 per week and for those aged 25 it was reduced from €188 to €144 per week.


68 Real assets include land, real estate, personal property, agricultural assets, vehicles, while financial assets include cash savings, life assurance reserves, pension fund equity, business equity, shares and stocks etc.


71 The CSO data is extremely useful for comparing the wealth status of households, but it may suffer from three drawbacks that are likely to underestimate wealth inequality: 1) As a voluntary survey those with the most wealth may opt out and thus be under-represented 2) The wealth is self-reported and thus extreme wealth may be undervalued in the responses 3) The highly skewed nature of wealth means that variation within extreme groups (e.g. the top 1%) is likely to lead to different results. The Credit Suisse data uses a different methodology that relies on data on income inequality to estimate wealth. This gives a more accurate reflection of what is happening at the extreme end of the distribution (top 1%). However it lacks the detail of the HFCS in understanding the wealth profile of individual households. For further discussion on measuring wealth inequalities, see Staunton, Cormac, The Distribution of Wealth in Ireland, TASC, 2015, http://www.tasc.ie/download/pdf/the_distribution_of_wealth_in_ireland_final.pdf?issuu=ignore.


73 Net wealth is the difference between a stock of total assets (real and financial) and liabilities (debt).


76 The US stock market has been rising in value since March 2009, the second-longest sustained period of rising share prices in the post-second world war period. Financial Times, 'US stock market set for second-longest bull run', April 26, 2016, http://www.ft.com/intl/cms/s/0/4b25b264-08a1-11e6-a623-b84d06a39ec2.html#axzz49f7DppHM.


78 The median value is the middle, or mid-point value of savings, with half of respondents having savings greater than that value and half of respondents having savings of less value. The mean is the average value of all savings held.


80 The 2012 health figure used in Cherishing All Equally 2015 has since been revised upward by Eurostat from €11,666 million to €14279 million.


82 Includes public expenditure on bank recapitalisation.


90 GDP is used here as the standard international comparator. When it comes to comparing tax levels, percentage of GDP, not Gross National Product (GNP), is the correct reference point as all economic activity in a country is liable for taxation. For a useful discussion on the relative merits of using GDP or GNP as the international comparator, see here: http://www.nerinstitute.net/blog/2016/01/06/low-tax-low-spend.

91 This is the same as the 2015 figure as there is no new comparable data available this year.


93 This is unpublished research undertaken for Barnardos by Indecon and is based on Indecon’s analysis of CSO EU SILC and *Growing Up in Ireland* data. Indecon/Barnardos, Divided and Unequal, 2015.


104 Households that are excluded and marginalised from consuming goods and services which are considered the norm for other people in society, due to an inability to afford them, are considered to be deprived. The identification of the marginalised or deprived is currently achieved on the basis of a set of eleven basic deprivation indicators:

1. Two pairs of strong shoes
2. A warm waterproof overcoat
3. Buy new (not second-hand) clothes
4. Eat meal 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

Individuals who experience two or more of the eleven listed items are considered to be experiencing enforced deprivation. This is the basis for calculating the deprivation rate.


108 An individual is considered to be in consistent poverty when they are identified as being at risk of poverty and living in a household deprived of two or more of the eleven basic deprivation items.


112 Households composed of one adult with children aged under 18.


114 An extended version of this chapter is available from: ursula.barry@ucd.ie


120 When we talk about the affective inequalities we are talking about love, care and solidarity and the degree to which the burdens and benefits of these are shared by those of diverse genders.


124 Health indicators included life expectancy and number of healthy life years in absolute value at birth; those aged 16+ who perceived their health as good or very good; those without unmet needs for dental and medical examination.


127 Ibid.


The gender pay gap measures the relative difference in the average gross hourly earnings of men and women as a whole.


Women are less likely than men to be employed consistently throughout their adult lives. This is in part explained by a higher proportion of women taking time out of the labour market (career interruptions) in order to take care of their children or provide other caring roles.


150 Ibid.


157 Vincentian Partnership for Social Justice (VPSJ), Minimum Essential Standards of Living, 2015, http://www.budgeting.ie/images/stories/Publications/MESL_Update_Paper/VPSJ_2015_Minimum_Essential_Standard_of_Living.pdf. This is derived from the Consensual Budget Standards methodology involving extensive work with focus groups which compiles baskets of the goods and services vital to a household type’s minimum needs. Focusing on needs and not wants, it identifies a standard for everyone, below which no one should be expected to live.

158 Ibid.


160 Ibid.

161 The Jobseeker’s Transition is available to lone parents whose youngest child is aged between 7 and 13. It allows a claimant to work part-time, without restrictions, and still receive the Jobseeker’s Allowance – Transitional payment, subject to the means test. A claimant does not have to be unemployed for 4 days out of 7, as is the case for the full conditions of Jobseeker’s Allowance, and they can access income supports as well as employment and training support. Furthermore, those in receipt of the payment do not have to be available for and genuinely seeking full-time work. This is in order to allow claimants meet their caring responsibilities when they have young children.


163 Ibid.


166 Ibid.


170 Child benefit was reduced through the austerity budgets from €166 per month in 2009 to a low of €130 per month in 2014. It was then increased from €130 to €135 per month in 2015 and to €140 in 2016.

171 In January 2010 a universally available preschool year was introduced and 95% of eligible children participate. Department of Children and Youth Affairs, *Childcare in Budget 2016*, 2016, http://www.dcya.gov.ie/documents/childcare/20151103BudgetDayQandA.PDF.


180 Ireland has a largely hospital-based obstetrics-led maternity service with very limited access to home delivery.


182 Ibid.


188 Women’s Aid, Day Eight: Children need refuge space with their mothers, 2014, https://www.womensaid.ie/socialnetwork/2014/12/02/day-eight-children-need-refuge-space-with-their-mo.

189 Ibid.


197 Ibid.

199 UNICEF measures levels of child wellbeing under six different headings or dimensions including material wellbeing, health and safety, education, peer and family relationships, behaviours and risks, and young people’s own subjective sense of wellbeing (see UNICEF, Child poverty in perspective: An overview of child wellbeing in rich countries, 2007, https://www.unicef-irc.org/publications/pdf/rc7_eng.pdf). Statham and Chase identify that child wellbeing should be understood both in relation to objective measures, such as household income, educational resources and health status; and subjective indicators such as happiness, perceptions of quality of life and life satisfaction. It is multi-dimensional, should include dimensions of physical, emotional and social wellbeing; should focus on the immediate lives of children but also consider their future lives; and should incorporate some subjective as well as objective measures (Statham, June and Elaine Chase Childhood Wellbeing: A brief overview, Childhood Wellbeing Research Centre, 2010, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/183197/Child-Wellbeing-Brief.pdf).


203 The Growing Up in Ireland study was commissioned by the Department of Children and Youth Affairs in association with the Department of Social Protection and the Central Statistics Office. A consortium of researchers led by the ESRI and The Children’s Research Centre at Trinity College Dublin has been commissioned to carry out the study. Phase 2 of the study was announced in 2015, http://www.esri.ie/growing-up-in-ireland/about-growing-up-in-ireland/.


210 The consistent poverty measure looks at those persons who are defined as being at risk of poverty and experiencing enforced deprivation (experiencing two or more types of deprivation).


212 Experiencing two or more types of enforced deprivation.


214 Households composed of one adult with children aged under 18.


216 Eurostat: People at risk of poverty or social exclusion by age and sex (ilc_peps01), http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_peps01&lang=eng. This indicator corresponds to the sum of persons under age 16 who are: at risk of poverty or severely materially deprived or living in households with very low work intensity.


219 The risk of being in a family with relatively low income, experiencing elevated levels of economic stress and at risk of joblessness.

220 The ‘08 Cohort of children, most of whom were born in 2008, were interviewed at age 9 months and at 3 years (N=9,793). The ‘98 Cohort of children, most of whom were born in 1998, were interviewed when the children were 9 and again at 13 years (N=7,423). The first and second waves span the onset of the recession, with the ‘98 Cohort first interviewed between September 2007 and April 2008, before the beginning of the recession and the ‘08 Cohort first interviewed between September 2008 and April 2009, as the recession was beginning. The second wave of interviews took place in 2011-2012. http://www.esri.ie/growing-up-in-ireland/about-growing-up-in-ireland.
221 This is unpublished research undertaken for Barnardos by Indecon and is based on Indecon's analysis of CSO EU SILC and Growing Up in Ireland data. Indecon/Barnardos, *Divided and Unequal*, 2015.


225 Emotional health and problem behaviours among children and young people are indicated by a high score on the Strengths and Difficulties Questionnaire (SDQ). Children that were not living in economically vulnerable families had only a 3.5% risk of having a high SDQ score. This rose to about 8% if the child was economically vulnerable in just one of the two survey waves and to 13% if the child was economically vulnerable in both periods. Smyth, Emer, *Wellbeing and School Experiences among 9- and 13-Year-Olds: Insights from the Growing Up in Ireland study*, ESRI, 2015, https://www.esri.ie/pubs/BKMNEXT291.pdf.


231 Ibid.


234 The Drumcondra tests are national standard tests for children in Irish schools and include verbal reasoning and numerical ability.

235 55% of children in the top two income deciles spend between one and two hours on their homework, compared to just 45% of children in the bottom two deciles. While more than two-thirds of children (69%) from well-off households receive parental help with homework compared with about half (52%) of those at the bottom. Indecon/Barnardos, *Divided and Unequal*, 2015.

236 Research carried out for Barnardos involving a survey sample of 500 nationally representative 11-17 year olds. Millward Brown, 2015.


239 The top three ranked universities in Ireland are: 1) Trinity College Dublin; 2) University College Dublin; 3) University College Cork.

240 Available for students from lower income backgrounds. Generally involves fees being paid and a maintenance support payment.

241 Higher Education Authority, *Student Grant Recipients from a First Year Full-Time Undergraduate New Entrant Cohort for the Academic Year 2013/14 in HEA Funded Institutions*, 2015, http://www.heai.ie/sites/default/files/susi_grant_recipients_from_a_new_entrant_cohort_for_the_academic_year_2013.pdf. The highest proportion of new entrants in receipt of a grant is in Letterkenny Institute of Technology (71%) compared to the lowest in Trinity College Dublin (at 24%).


244 The cost of sending a child to secondary school is €785 per annum which contrasts with the welfare payment of back to school clothing and footwear allowance of €200 per annum. The costs for attending third level education have also risen considerably with students fees (registration charge) increasing from €900 per student in 2008 to €3,000 in 2015 (unless a student is in receipt of maintenance or fee support, which approximately 40% of students do receive). Barnardos, *School Costs Survey*, 2015, http://www.barnardos.ie/what-we-do/campaign-and-lobby/our-recent-work/school-costs-survey-2015.html.


248 Ibid.


251 Kelloggs, *Is the Food Divide Getting Bigger?*, 2015, http://www.kelloggs.ie/en_IE/news-center.html. For those in the lowest decile, a third of their disposable income is spent on food compared to less than 10% for the highest decile.

253 Ibid.

254 Ibid.


266 A second year of universal pre-school was announced in 2015 and there are plans to increase the free GP care to under-12s.


269 The Department of Children and Youth Affairs along with Atlantic Philanthropies funded three area based Prevention and Early Intervention programme to combat child poverty and social exclusion (Area Based Childhood (ABC) programme (2013—2017), in very disadvantaged areas of Tallaght, Ballymun and Darndale. These have achieved significant improvements in outcomes for children particularly parenting programmes and in school and home based supports have tackled the early onset of behavioural and emotional problems among children and achieved improvements in school attendance and improvements in children's' behaviour. https://www.kildarestreet.com/wrans/?id=2016-04-14a.1044.


Cherishing All Equally 2016 is the second report in an annual series and is part of a long-term project by TASC to monitor trends in economic inequality in Ireland. It presents key economic inequality indicators in Ireland, which year-on-year will provide critical information for the public, for policy makers and activists alike. This year’s report includes two in-depth themed sections regarding the impact of economic inequality on gender and children.

In this centenary year, Cherishing All Equally 2016 provides an important contribution towards understanding economic inequality in Ireland one hundred years after the 1916 Proclamation, which declared:

‘The Republic guarantees religious and civil liberty, equal rights and equal opportunities to all its citizens, and declares its resolve to pursue the happiness and prosperity of the whole nation and of all its parts, cherishing all of the children of the nation equally’.

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