



Ireland's monetised welfare state

TASC-FEPS annual conference

16 June 2017

James Wickham

TASC Think-tank for Action on Social Change



- **Introduction:** Let's talk about economic inequality
- **Economic inequality** – a matter of choice
- **The Irish welfare state** – restraining inequality with redistribution
- **What is to be done?**
 - Europe –and Ireland - needs **a pay rise**
 - Europe –and Ireland – needs **public childcare**



It's all about money!

Terry Waite on his release in 1991 after five years imprisonment as a hostage in the Lebanon:

'One of the things that I did notice was a gradual drift and change in society towards giving everything a monetary value'

So not just inequality, but a specific form of inequality

Economic inequality

A matter of choice



Income inequality 1970s -2010: Gini coefficients

Year	France	Germany	Ireland	Italy	Sweden	UK	USA
Mid 1970s					21.2	26.9	31.6
Mid 1980s		25.1		28.7	19.8	30.9	34.0
Mid 1990s	27.7	26.0		32.6	21.1	33.7	36.1
2000	28.7	26.4		32.1	24.3	35.2	35.7
2005	28.8	28.5*	32.3	33.0*	23.4*	33.5	38.0
2010	30.3	28.6	29.8	31.9	26.9	34.1	38.0

Over time inequality has increased

Inequality varies between countries



Growth argument:

Too much inequality reduces or even prevents economic growth

BUT

This may be wrong!

What sort of growth?

Social argument:

Inequality undermines social cohesion

BUT

May be wrong too!

Moral argument:

Too much inequality means inequality of power, esteem and worth



Commodified and financialised wealth

- Lite wealth

Median household wealth in Eurozone 2014 €104,100

More property: housing, cars, shares, life insurance

More debt!

- Heavy wealth

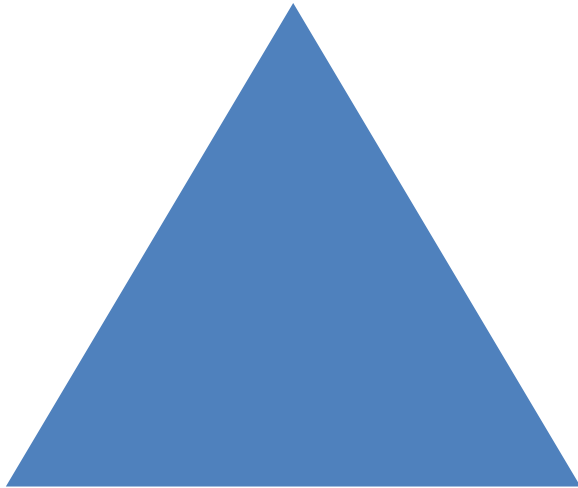
1987 140 dollar billionaires in the world

2017 2,043

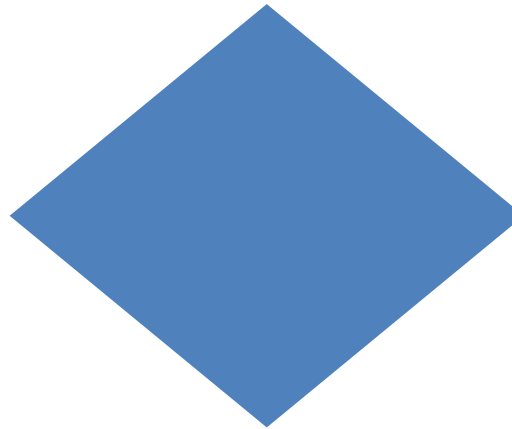
The new global super-rich

The real citizens of nowhere

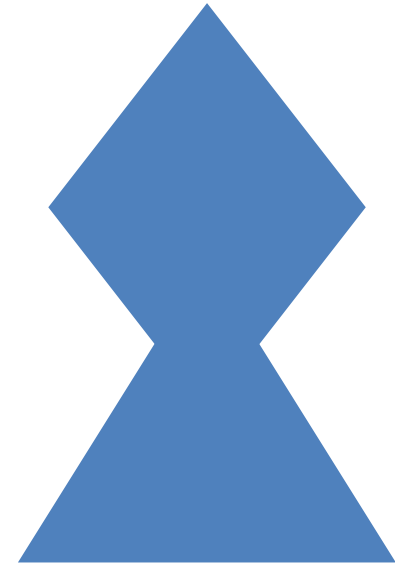
Changing occupational structure



Pyramid (1950s)

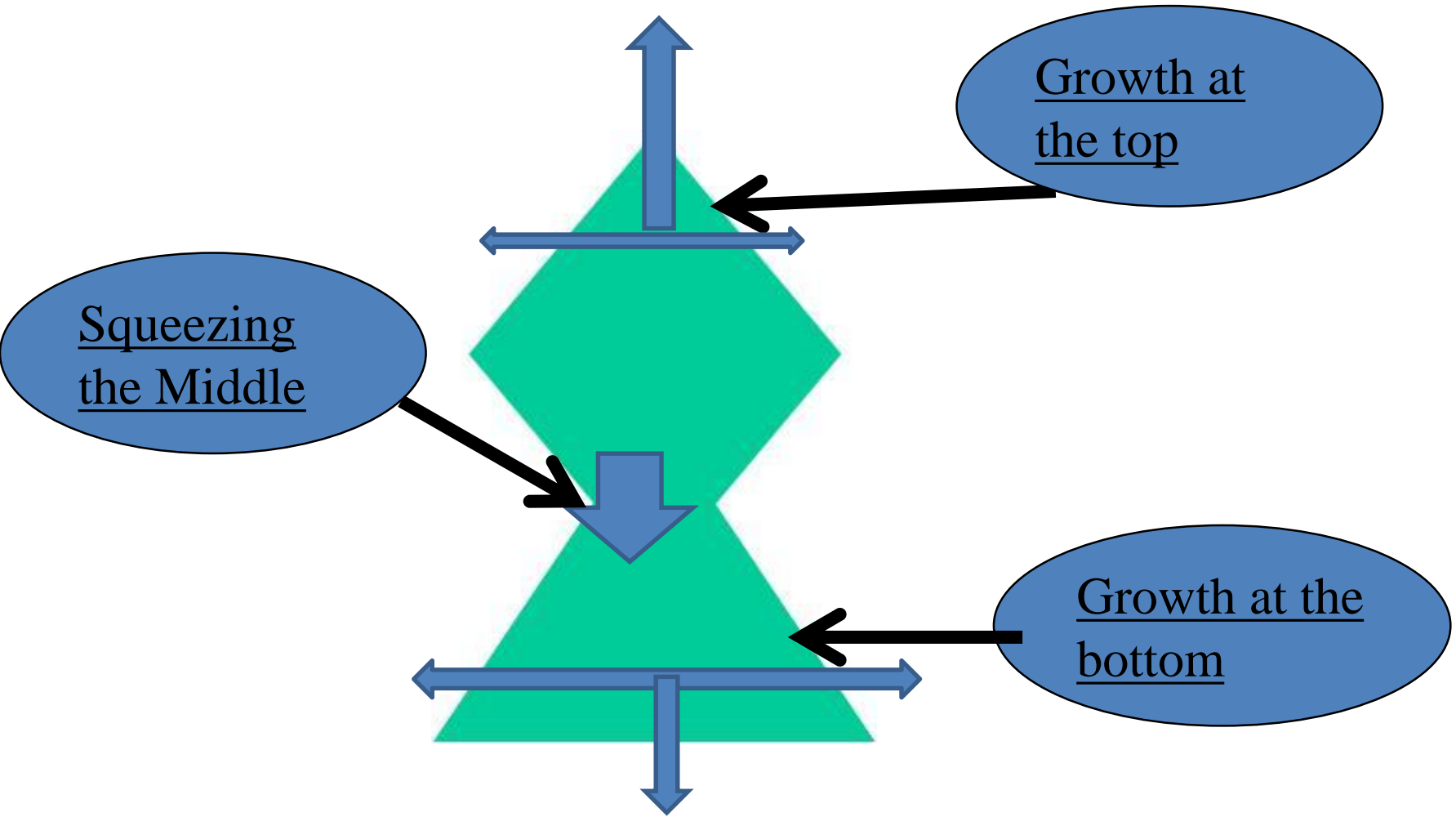


Diamond (1970s)



Hour glass (2010s)

What's happening to occupations?



Ireland: Cherishing all Equally?



Ireland is

NOT

‘the most unequal society in Europe’

And on many measures

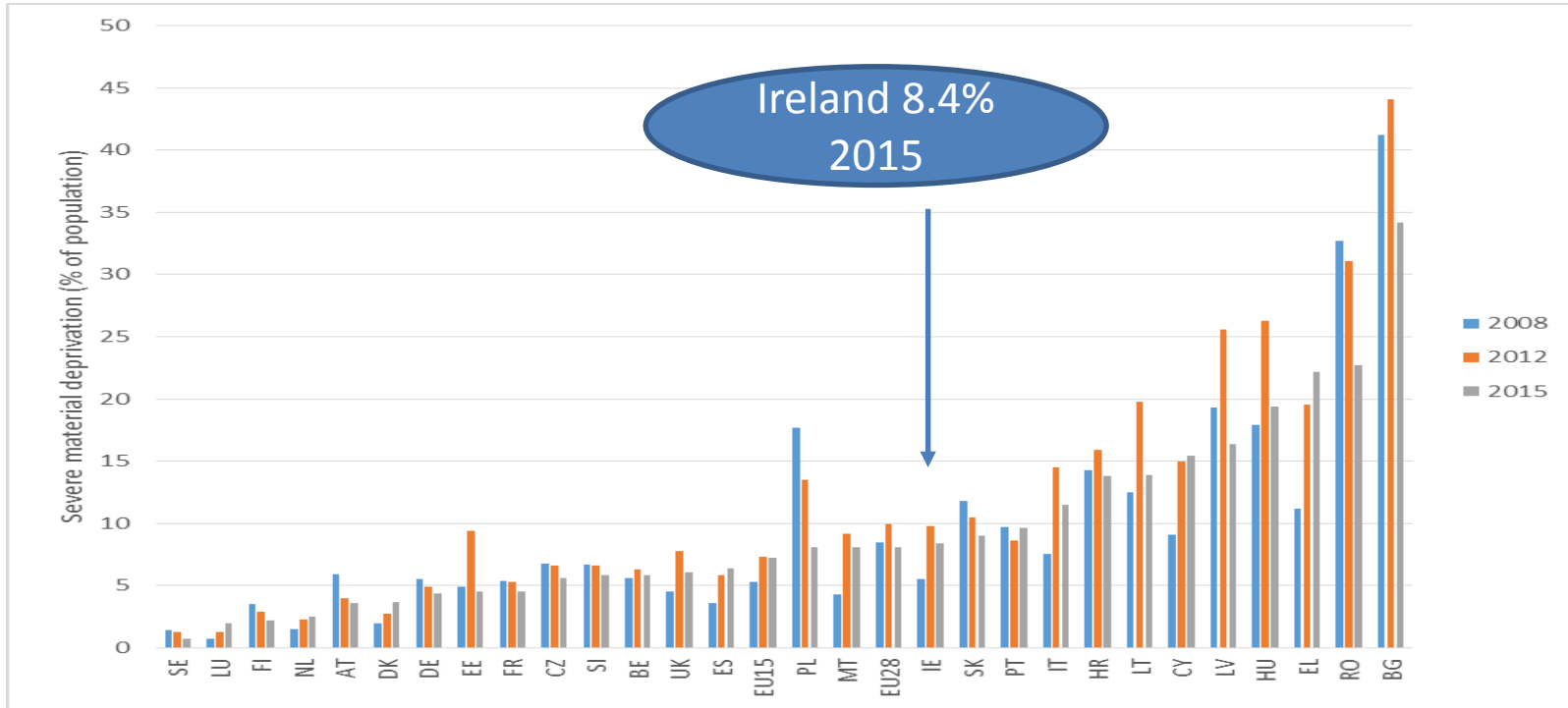
‘Inequality is

NOT

Increasing’



Severe material deprivation in EU member states: 2008, 2012, 2015

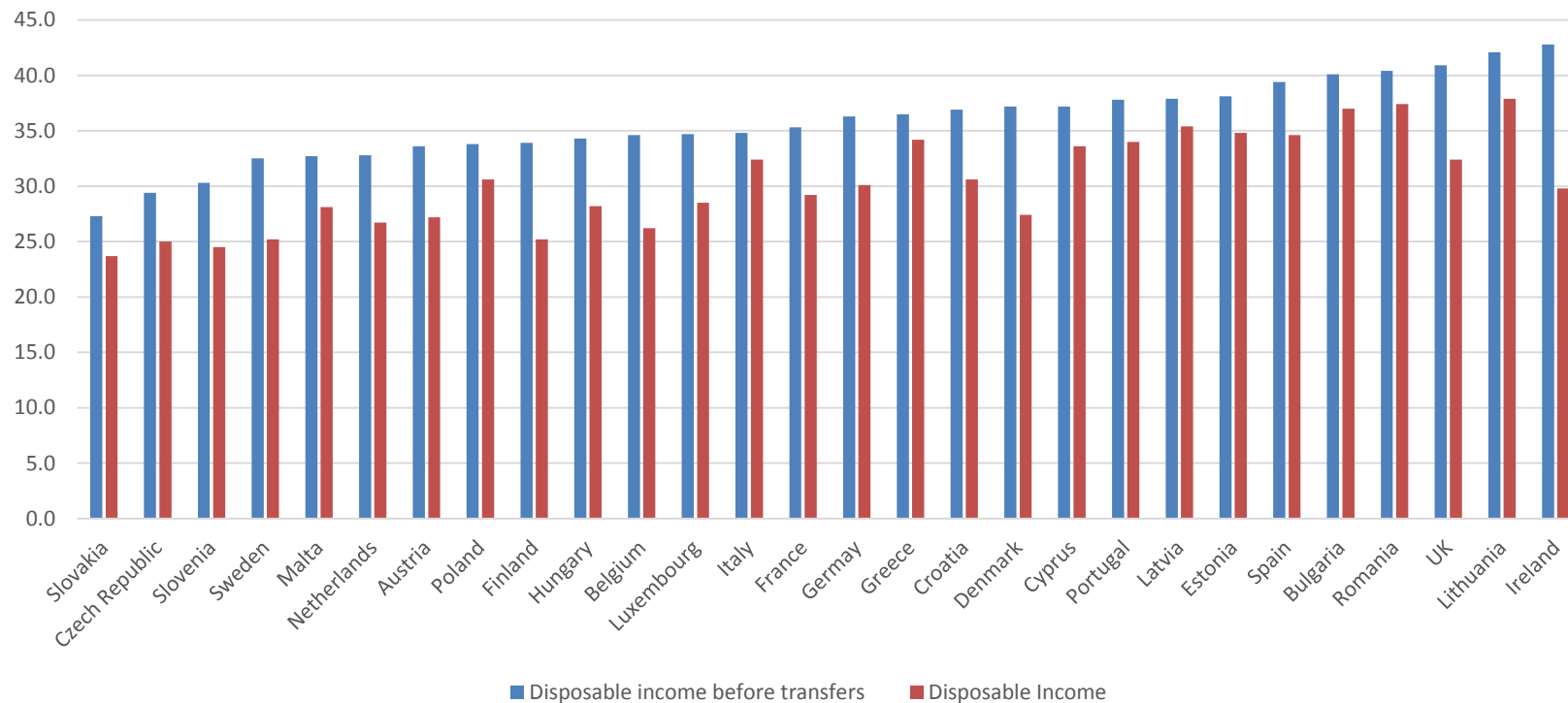


Severe material deprivation: enforced lack of at least four of nine necessities

Ireland is a *relatively* affluent European country – or real poverty not as bad as in some other countries

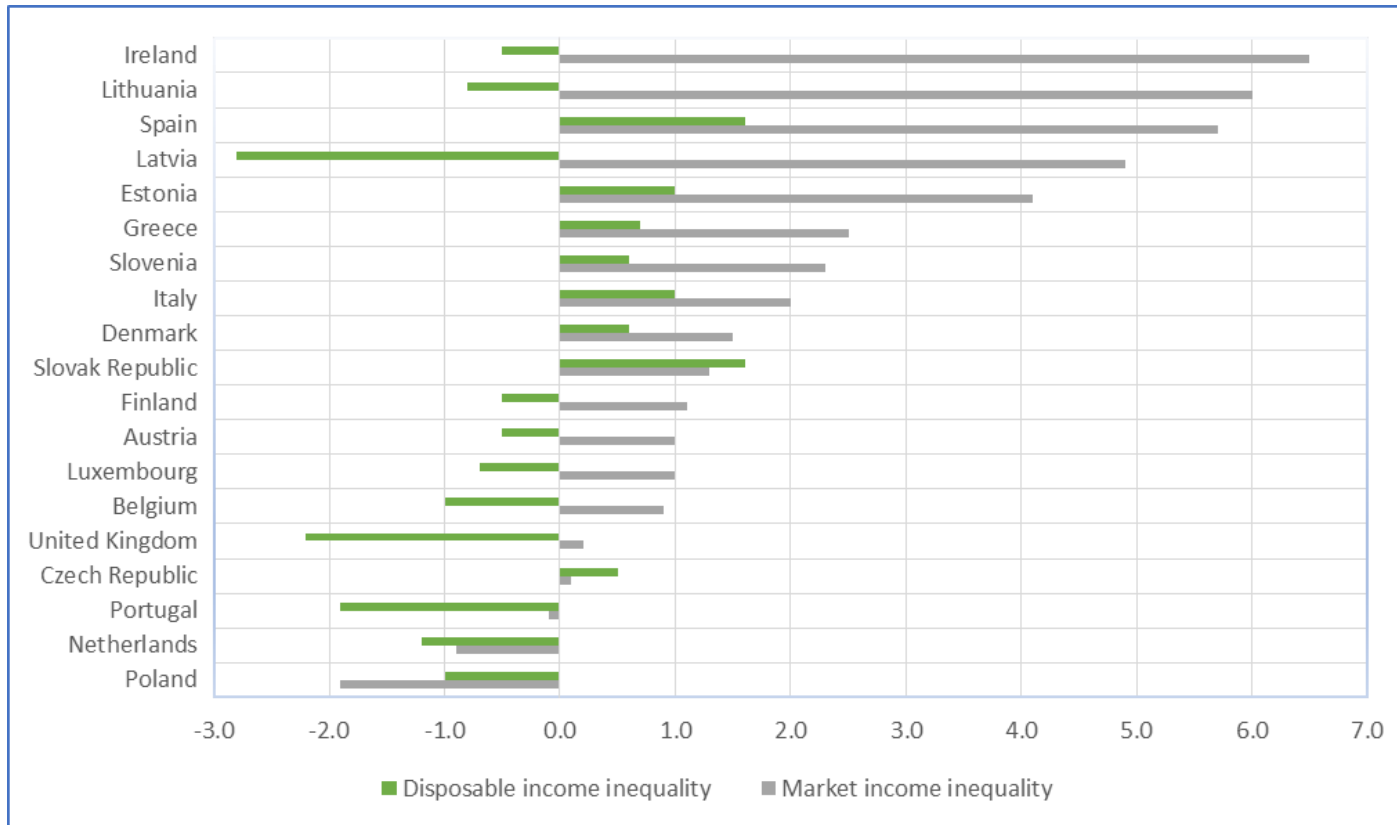
Why welfare state matters

Gini Coefficients: Income 2015



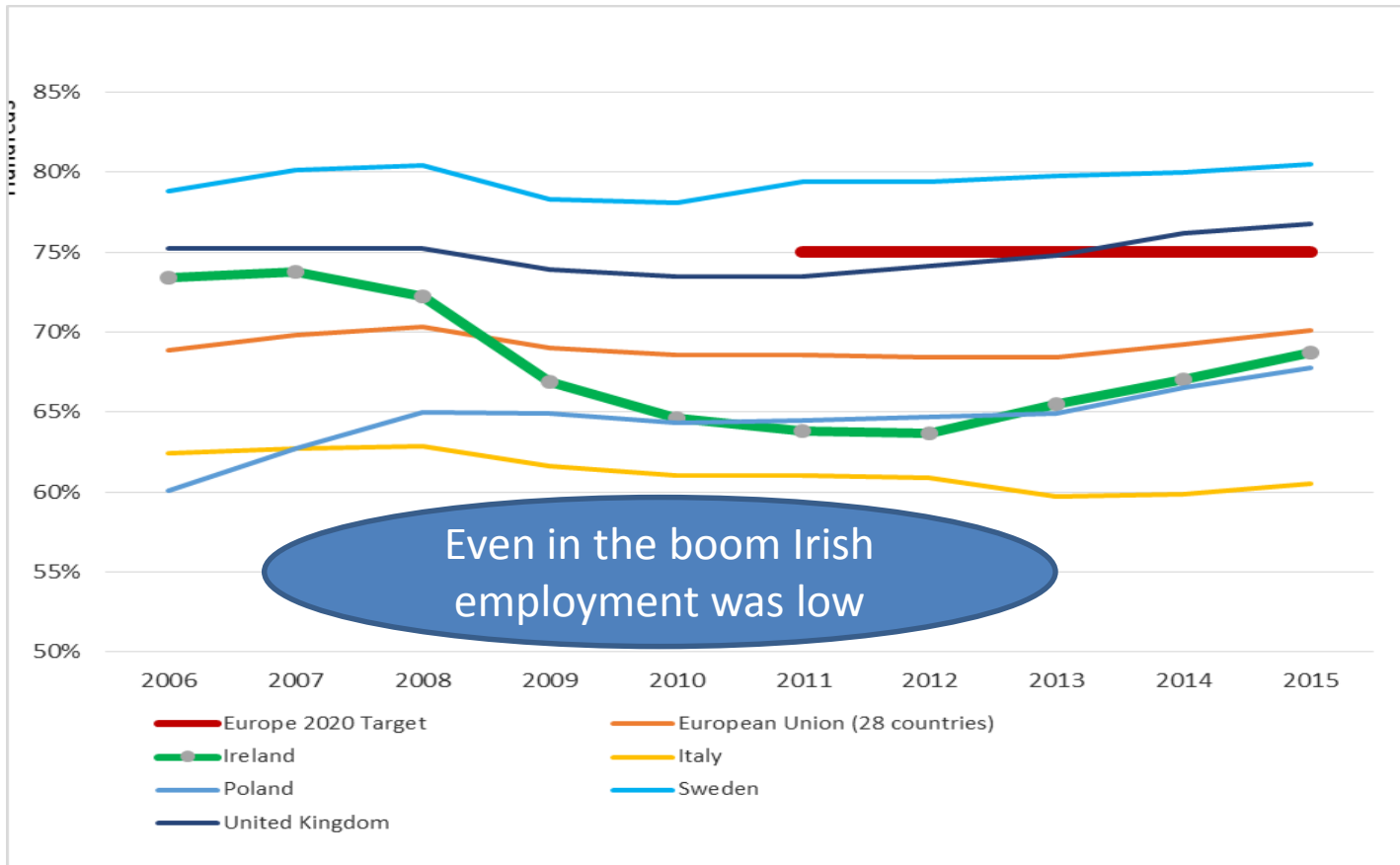


Percentage point change in Gini coefficient, disposable and market income inequality, 2007 and 2010





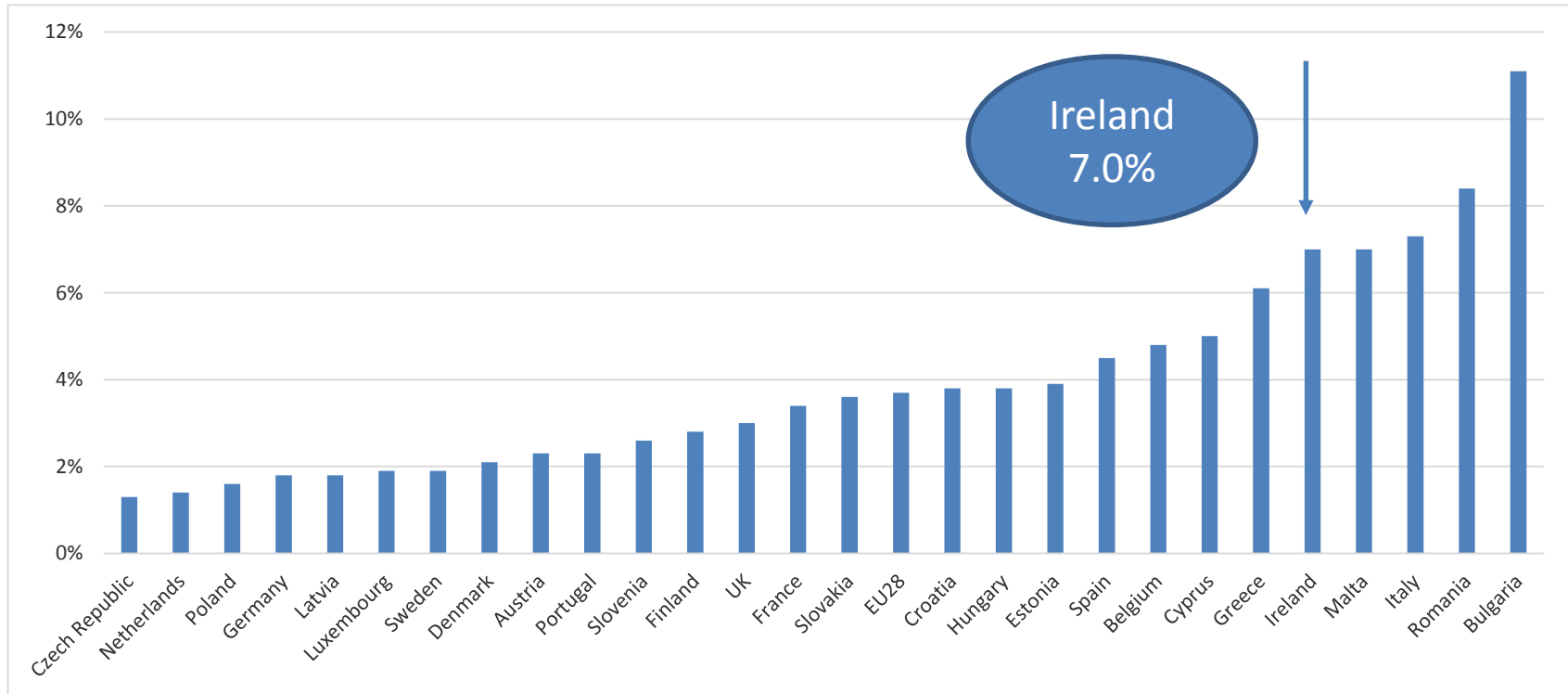
Employment rate 2006-2015 (employed as % 20-64 age group)





Households with 'low work intensity' are defined as households where the adult members only have work for 20% of their available time. In 2015 10.6% of the EU28 population aged less than 60 lived in such households. **In Ireland however this was 19.2% (715,000 people) - the highest proportion in the EU.** This level could be reduced if Ireland had more affordable adequate childcare services.

Proportion of age group 15-19 not in education or training (NEET rate) 2015



Ireland: Low pay

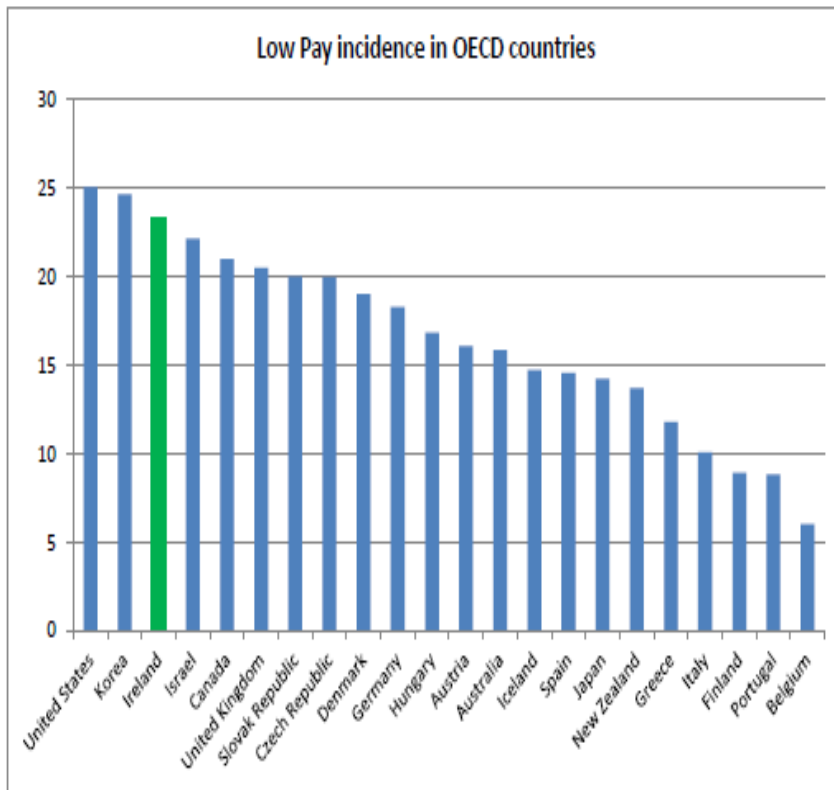
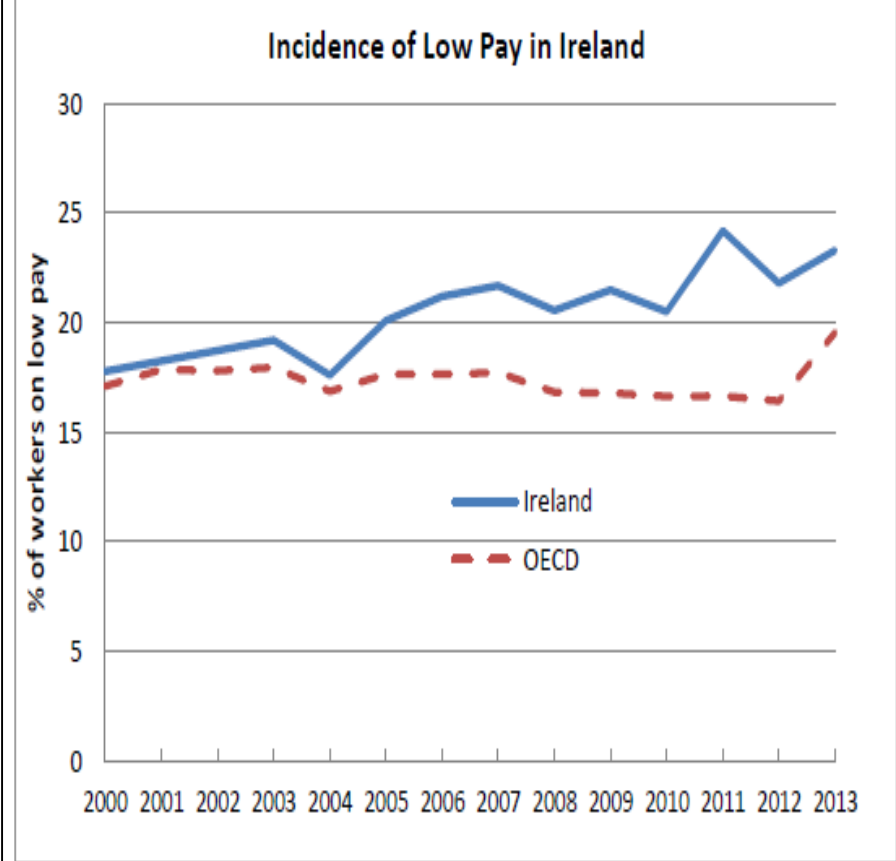


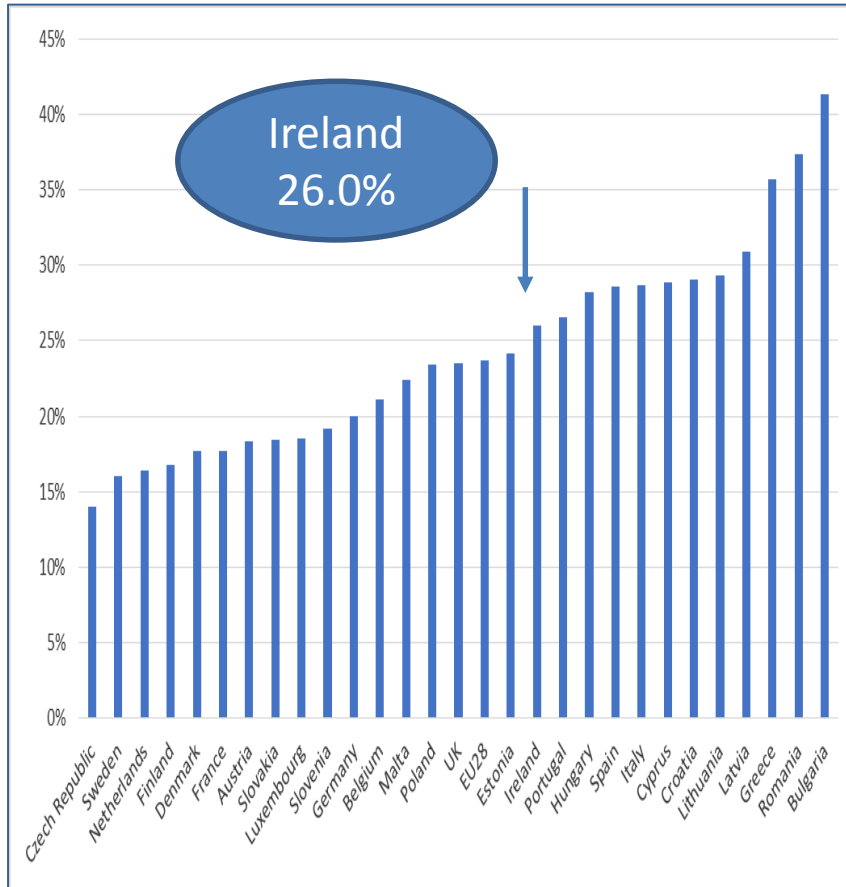
Chart 10: Low Pay incidence in OECD countries (source OECD)



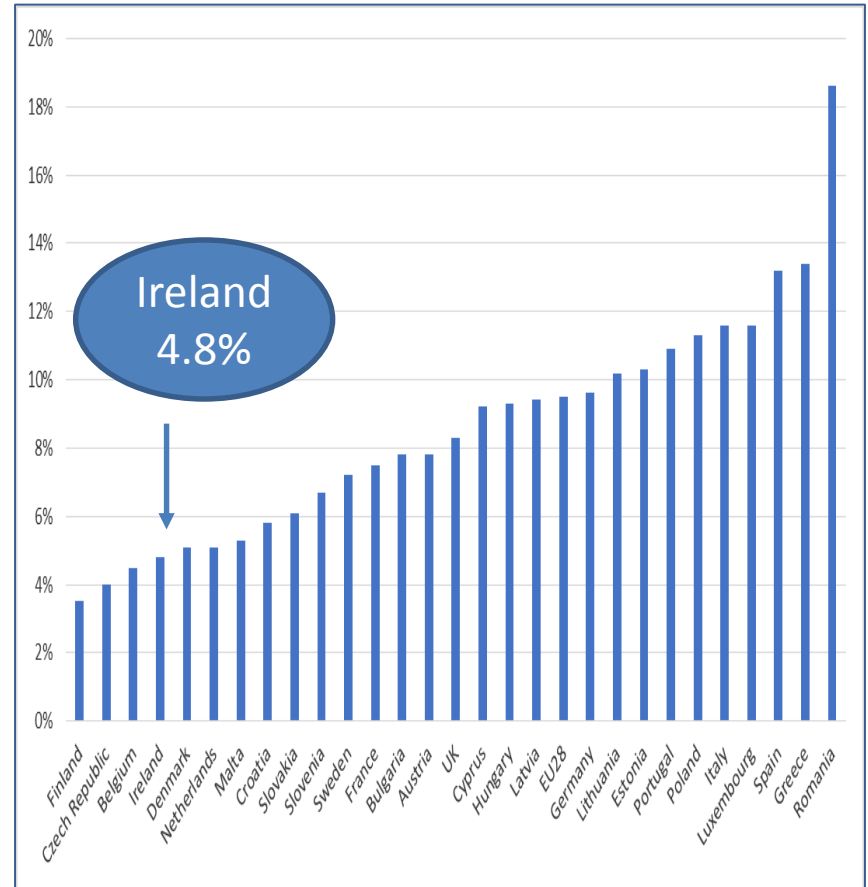
Data: OECD. From TASC, submission to Low Pay Commission 2015



Proportion of the population in poverty 2015

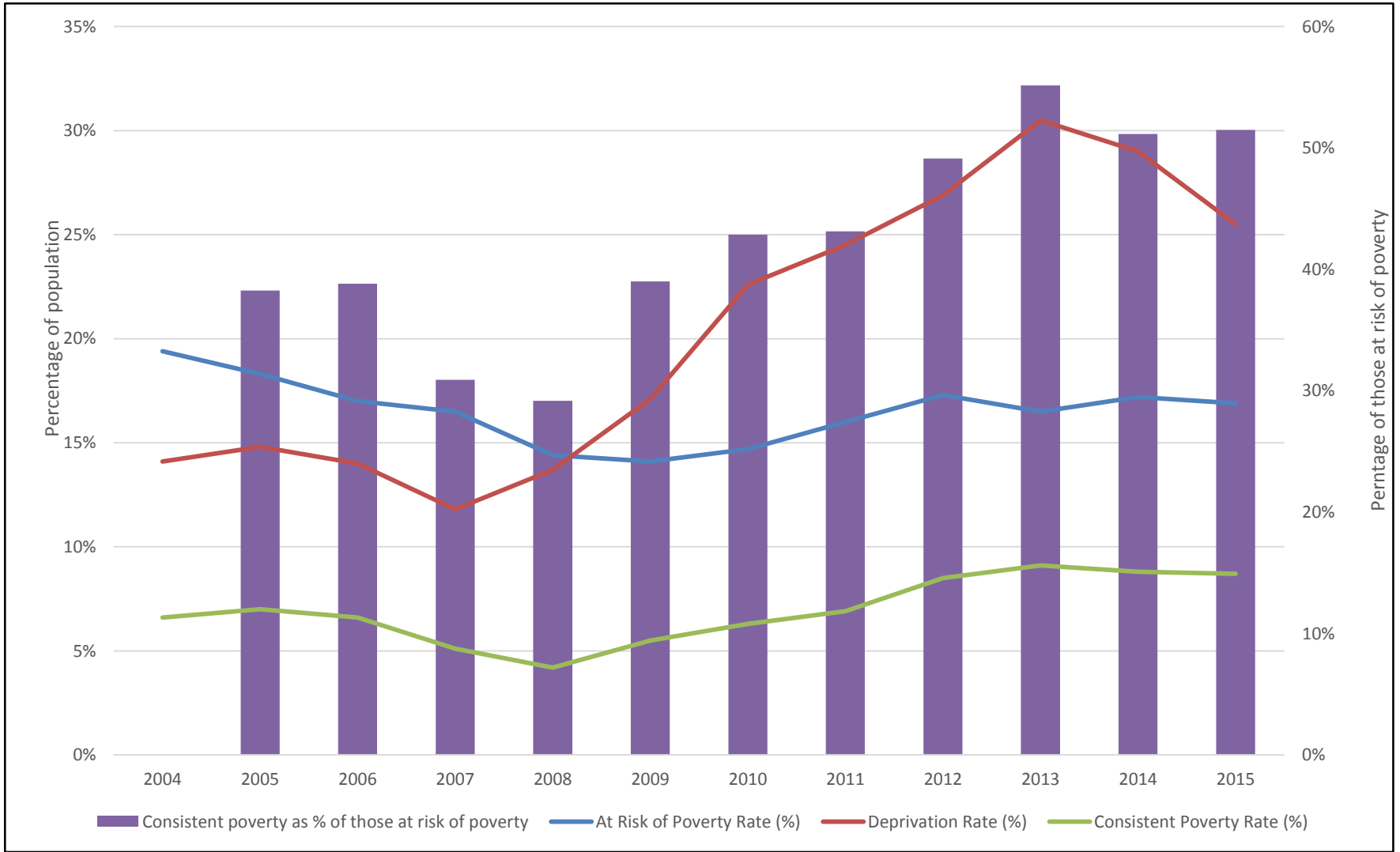


In-work poverty rate 2015



Transfers reduce poverty rate, in-work benefits reduce in-work poverty. **The welfare state compensates for low employment and ends up subsidising low pay**

Unequal and left behind





Europe's welfare states – Europe is not America!

Without the welfare state, Ireland – and many other countries – would be as unequal as the USA

But without a European social policy the EU is probably doomed to disintegrate

From redistribution to pre-distribution

Ireland – and Europe - needs a pay rise!

Social investment in universal public services

Adequately funded and accessible childcare the single biggest game changer for inequality