MAKE EUROPE SUSTAINABLE FOR ALL

INEQUALITIES IN IRELAND

GREATER POLICY COHERENCE NEEDED TO TACKLE STARK WEALTH INEQUALITIES WHICH CO-EXIST ALONGSIDE WIDESPREAD SOCIAL DISCRIMINATION

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SOCIAL JUSTICE IRELAND working to build a just society

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EXECUTIVE SUMMARY

Income and wealth

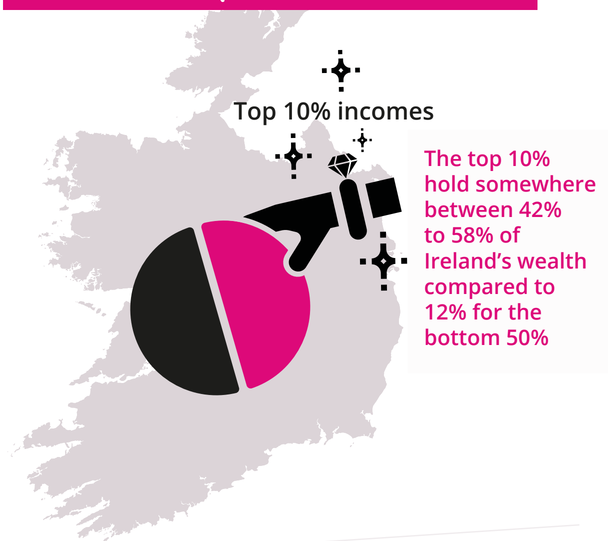
Gross income inequality is higher in Ireland than any other EU country. However, the impact of low taxation and social transfers is significant, bringing Ireland's net income inequality close to the EU average.[1] Economic policies since the 2008 financial crash have exacerbated wealth inequalities, with a shift in income towards the top 10%.[2] Between 2015 and 2017 the bottom 50% of people experienced a 2% fall in their share of gross income, while the top 1% saw their share increase by 27%.[3] Between 2010 and 2015 average household expenditure among the bottom 40% rose by 3.3%, while incomes rose by barely 1.1%,[4] indicating that Ireland is moving backwards on Target 10.1.

The statutory minimum wage in Ireland is €9.25 per hour but the minimum acceptable standard of living rate is €11.50. Eurostat defines low-pay as two-thirds of median hourly earnings. For 2010 this was €12.20. In 2013, 5.5% of employees had hourly earnings below the national minimum wage, 25.6% earned less than €11.45 an hour and 30.3% less than €12.20. The low paid are disproportionately part-time, female, young and working in retail and hospitality.[5] Meanwhile the growing number of workers in precarious employment, such as couriers and fast-food delivery workers, are placed on self-employment contracts. As self-employed workers, rather than employees, they have minimal rights, no collective representation and are excluded from social insurance benefits, such as Jobseekers Benefit.[6]

Discrimination and employment

Stark wealth inequalities exist alongside persistent social discrimination and low wages. This in particular affects members of the Traveller community, women, persons with disabilities, older persons and people who identified as 'black' in the study'.[7] One in eight people experience some form of discrimination.[8] Members of the Traveller community are ten times more likely to suffer discrimination while seeking work, and 22 times more likely to face difficulties in accessing private services, than people who identify as 'white Irish'.[9] Women are twice as likely as men to face discrimination at work, while persons with disabilities are twice as likely to experience discrimination at work or while accessing private and public services. People who identify as 'black' are three times more likely than 'white Irish' people to experience discrimination at work and in accessing private services, and four times more likely in public services.[10]

INCOME INEQUALITY IN IRELAND



Source: TASC

Housing

Inequalities have been a strong characteristic of Ireland's housing system, both historically and more recently. Key features of this are disproportionally high unemployment in disadvantaged areas, high house prices and reduced state provision of social housing. This has resulted in a shortage of available accommodation, high costs to both buy or rent properties and high levels of homelessness, with 10,264 people homeless in February 2019.[11] Homelessness disproportionately affects the young, single parents, non-EU migrants, members of the Traveller community and persons with disabilities. More than one in four homeless people have a disability, while members of the Traveller community (comprising 1% of the population) make up 9% of the homeless.[12] At the same time, housing and property are a source of wealth for Ireland's richest. A quarter of Ireland's wealthiest 100 people amassed their wealth through construction, property and building.[13]

International inequalities

While Ireland's new international Development Policy, *A Better World,*[14] maintains a strong focus on poverty reduction and prioritises the most vulnerable, greater action towards reducing global inequalities is essential. Ireland's facilitation of aggressive tax planning by multinational companies, for example, undermines developing countries' tax base, eroding much needed government income that could go towards essential services, such as healthcare and education.[15] This exacerbates inequality between countries even as Ireland's aid programme seeks to narrow the gap.[16] Likewise, *A Better World* aims to 'future proof' Ireland's development cooperation by integrating climate action across all its work. While welcome, this is undercut by the high levels of greenhouse gas emissions (GHGs) domestically. Ireland's GHGs have increased rapidly with economic recovery and the country is forecast to miss all reduction targets to which it is committed under Europe 2020 plans.[17] Total emissions from Ireland are in fact projected to increase from current levels by 1% and 4% by 2020 and 2030 respectively,[18] with those most vulnerable globally, who have contributed least to climate change, likely to suffer the most devasting impacts.

Conclusions

Greater effort to reduce domestic and global inequalities is essential. Effective implementation of SDG10 and all 17 Goals is needed to ensure a more equal Ireland. To achieve, this policy coherence across all government departments is crucial. Enforcement of equality legislation, determined action on workplace inequalities and discrimination, with gender- and equality-proofed budgets is further required, alongside recognition within the Constitution of economic, social and cultural rights, including the right to an adequate standard of living. Removing the loopholes in Ireland's tax system is imperative to address corporate tax avoidance.

Recommendations

- Strengthen a whole-of-government approach to implementing the 2030 Agenda for Sustainable Development with SDG oversight transferred to the Office of the Taosieach.
- Benchmark social welfare payments at a level sufficient to lift people above the poverty line and provide a minimal essential standard of living.
- Enact and enforce equality and anti-discrimination legislation and ensure access to free legal support.
- Develop a well-resourced Policy Coherence for Development mechanism to address inconsistencies, most notably in fiscal policies, climate change policies, migration and trade.

INTRODUCTION

Inequality is increasingly being recognised as a significant global challenge. It affects all people and all aspects of their lives. Sustainable Development Goal 10 aims to reduce inequality within and between countries. It recognises that widening disparities require the adoption of sound policies to empower the bottom percentile of income earners, and promote economic inclusion of all regardless of sex, race or ethnicity.[19]

As well documented on a global level, decades of globalization, financialization and "trickle-down" economic policies have exacerbated wealth inequalities, with a shift in income towards the top 10%.[20] The Gini coefficient, one standard and commonly used measure of inequality, sees inequality rising in OECD countries since the 1980s. In Ireland, gross income inequality, before taxes and social transfers, is higher than any other EU country. This has risen since the Financial Crisis, experienced post-2008. However, net income inequality stands close to the EU average, as a result of Ireland's low-tax economy, together with the large impact of social transfers in reducing economic equality.[21]

In Ireland, the bottom 50% of people saw their share of gross income fall by 2% between 2015 and 2017, while the top 1% saw their share increase by 27%.[22] Average household expenditure among the bottom 40% went from €447.82 to €452.80, a rise of barely 1.1% between 2010 and 2015, while overall household expenditure rose by 3.3% over the same period.[23] This indicates that Ireland is then moving backwards on Target 10.1. As price levels increased by 6.3% over the same period, there was a real-term decrease of 3% in average household consumption. In 2015-2016, the tenth decile enjoyed an average weekly spend of €1,700, as compared to €304 for the first decile and €396 for the second. Five years earlier, in 2009-2010, the figures were €1,716 (top decile), €354 (first decile) and €384 (second decile).[24]

Table 1 below shows the different shares of gross income for 2015-2017.[25] For all these groups, the share of income has fluctuated across years, except those in the top 1%. For these the share of income has risen.

	% Share of income CAE 2015	% Share of income CAE 2016	% Share of income CAE 2017	Percentage point change in income share 2015-2017	Percentage change in income share 2015-2017
Bottom 50%	17.81	15.22	17.57	-0.24	-2%
Middle 60%	52.26	46.02	45.73	-6.53	-14%
Top 10%	33.93	38.75	37.62	3.69	10%
Top 1%	9.11	10.95	12.0	2.94	27%

Source: derived from: Revenue, Ready Reckoner - Post Budget 2017, www.revenue.ie/en/about/statistics/ready-reckoner.pdf

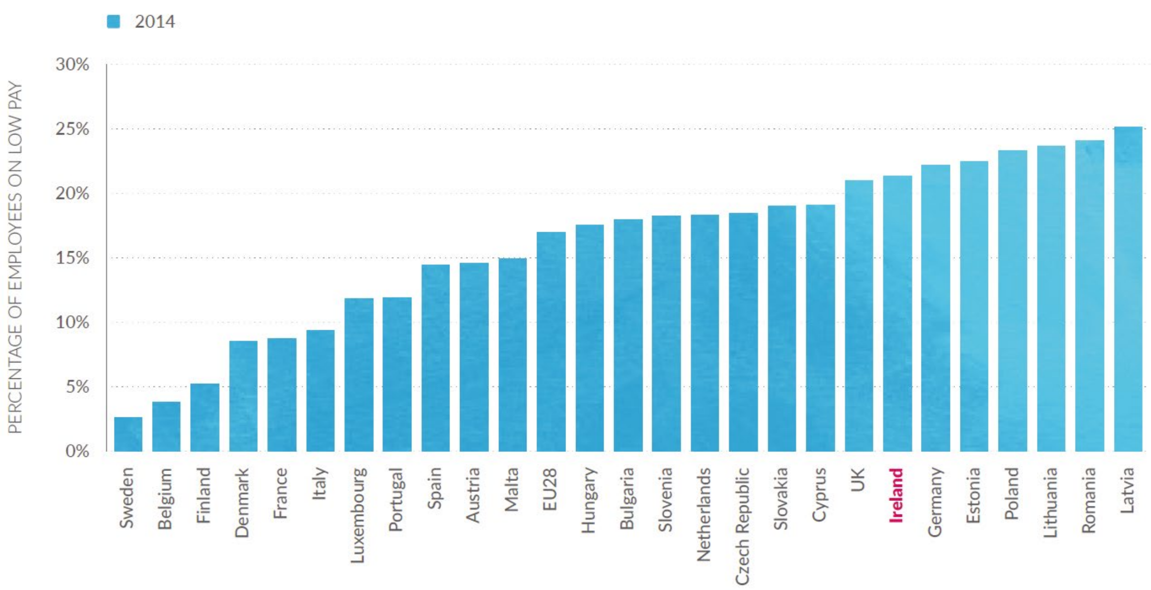
Net income inequality is less than gross income inequality, as direct taxes take relatively more from high earners while state benefits and transfers go disproportionately to those with low or no earnings. Across the EU, Ireland has the largest gap between gross income inequality and net income inequality. This is related to the extent of low paid employment, which is compensated for by the welfare state.

Employment

Unemployment rates in Ireland have been falling since 2012 and employment is rising for both men and women. The proportion of households that are jobless has now fallen to 14.5% and the legal minimum wage is 80.4% of the Living Wage.[26]

However, persistent low wages is an issue that characterises employment in Ireland. Market incomes (or gross incomes) are unequal with the incidence of low pay rising in Ireland since 2004.[27] While Ireland has a national statutory minimum hourly wage (currently €9.25 per hour), the minimum acceptable standard of living rate is €11.50. This threshold is only a recommendation, while the national minimum wage has legal force. Eurostat defines low-pay through a third threshold. This is two-thirds of median hourly earnings. For 2010 this was €12.20. As of 2013, 5.5% of employees had hourly earnings below the national minimum wage, 25.6% had an hourly rate of less than €11.45 and 30.3% were less than €12.20.[28] In Ireland the low paid are disproportionately part-time, female, young and working in retail and hospitality. Table 2 below shows that Ireland's low pay is relatively high compared to European countries.[29]

Rates of precarious work has also grown in recent years, with the rise of zero hours contracts in Ireland.[30] While, Eurostat data indicates that Ireland has high rates of self-employment (16.4%) as opposed to 14.9% for the EU28, much of this self-employment is in precarious work.[31] This includes workers such as couriers and fast-food delivery workers who are placed on self-employment contracts. As self-employed workers, rather than employees they have minimal rights, no collective representation and are excluded from social insurance benefits, such as Jobseekers Benefit.[32]



(LOW PAY: HOURLY EARNINGS AS TWO THIRDS OF MEDIAN HOURLY EARNINGS)

Source: Eurostat [earn_ses_pub1s] Establishments with 10 or more employees

Discrimination

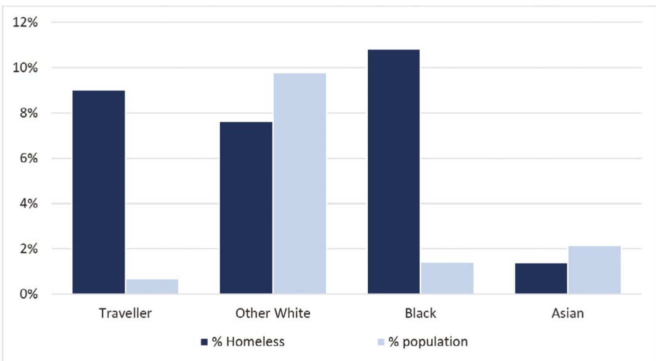
Discrimination is a persistent problem in Ireland. Close to one in eight people in the country report having experienced some form of discrimination in the last two years.[33] Recent research from the Economic and Social Research Institute.[34]shows that members of the Traveller community are ten times more likely to suffer discrimination while seeking work, and 22 times more likely to face such injustice when trying to access private services, than people who identify as 'white Irish'.[35] Women, the study showed, are twice as likely as men to face discrimination at work, while persons with disabilities are twice as likely to experience discrimination at work or while accessing private and public services.[36] People who identified as 'black' in the study are three times more likely than 'white Irish' people to experience discrimination at work and in accessing private services, and four times more likely in public services.[37]

Housing and homelessness

In Ireland key features of housing and homelessness are disproportionally high unemployment in disadvantaged areas, growing housing unaffordability and the withdrawal of the state from the direct provision of social housing. This has resulted in a shortage of available accommodation, high costs to both buy or rent properties and high levels of homelessness with 10,264 people homeless in February 2019.[38] Yet, at the same time, housing and property have provided a source of wealth for Ireland's richest. A quarter of Ireland's wealthiest 100 people amassed their wealth through construction, property and building.[39] Alongside this, unaffordable rental costs and the challenges of home ownership have served to worsen economic and generational inequalities.

While the right to housing is set-out in Article 11 of the International Covenant on Economic, Social and Cultural Rights, how this right is realised depends on a complex mix of policy issues and choices.

These include tenure choice, quality of stock, supply, adaptability and affordability.[40] Housing discrimination in Ireland is experienced in relation to access to housing, housing quality and homelessness. A report from ESRI, highlights that females are more likely than males to experience environmental deprivation but are less likely to be homelessness.[41] Young individuals (under 30) are particularly disadvantaged with higher levels of discrimination, housing and environmental deprivation and a higher risk of homelessness. Non-EU nationals are at a higher risk of over-crowding compared to others on the same income, with the same characteristics. Lone parents are a disadvantaged group with 60% of homeless family units, lone mother families. People with disabilities are among the most disadvantaged groups with high risks of discrimination, and housing and environmental deprivation.[42] More than one in four homeless people have a disability. Figure 3 below categorises normally resident homeless population and normally resident Irish population by ethnic/cultural background.[43] This shows that African migrants are over-represented among the homeless. Members of the Traveller Community are the most at risk of homelessness, while they represent 1% of Irish population, they make up to 9% of homeless population.[44]



Source: Census 2016 Statbank, Tables E5010 and E7015
Note: Excluding missing (not stated) ethnic/cultural background.

International Level

Ireland's new International Development policy, *A Better World* launched in February 2019. This sets out the Irish Government's commitment to supporting the achievement of the Sustainable Development Goals internationally, in particular to reaching those 'furthest behind'.[45] Key areas in the policy include prioritising gender equality; reducing humanitarian need; climate action; and strengthening governance. The continued focus on working with the most vulnerable is greatly welcome, as is the commitment to expanding Overseas Development Assistance to deliver on 0.7% of GNI by 2030 and indicates positive steps by the Irish Government. Alongside this, Ireland's aid programming consistently has a strong focus on working with the most vulnerable and delivering untied aid, a focus which has been maintained in the new policy.

However, greater action towards reducing global inequalities, in particular through Ireland's tax policies, is essential. Although the Irish government has taken steps to address the 'Double Irish' tax avoidance scheme, abolished in 2014, which saw the transfer of intellectual property royalties to tax havens in the Caribbean, this has now been replaced by the 'Single Malt' which allows companies to redirect profits to other states with which Ireland has double taxation agreements, but which don't impose any corporate tax.[46] Christian Aid Ireland work in this, as shown in their 2017 Report *'Impossible' structures: tax outcomes overlooked by the 2015 tax Spillover analysis*[47] highlights that this structure maintains the use of Ireland as a low-tax 'booking centre' for sales of goods and services in other countries. Ireland's tax system serves to undermine developing economies' tax bases as corporate tax avoidance is a significant obstacle for developing countries to generate revenue for public services. Multinational companies exploit profit shifting to avoid paying billions of taxes. Between US500million and US$1.6billion may typically be earned by Irish investors each year from developing countries as interest and dividends on direct investments and between US$1.1bn and US$1.7bn as returns on portfolio investments.[48]

Further inequalities, manifest through a lack of policy coherence, can be seen in commitments towards climate action. Ireland's *A Better World Policy* commits to scale up funding on climate action and explore innovative approaches to climate finance, risk insurance and climate adaption. This commits to 'future proof' Ireland's development cooperation by integrating climate action across all work.[49] This further includes prioritising climate action in all interventions on food and agriculture and focusing on climate resilient small-holder agriculture. *A Better World* also commits to strengthening coordination with the Department of Communications, Climate Action and Environment (DCCAE) on Ireland's national SDG implementation plan and the coordination of Irish support for global climate action and initiatives.[50] These commitments are much needed and plans to strengthen coordination with DCCAE indicate positive steps. However, at present, actions are undercut by the high levels of greenhouse gas emissions (GHGs) domestically. Ireland's GHGs have increased rapidly with economic recovery and the country is forecast to miss all reduction targets committed under Europe 2020 plans.[51]

The Environmental Protection Agency (EPA) forecasts that Ireland is not projected to meet 2020 emissions reduction targets and is not on the right trajectory to meet longer term EU and national emission reduction commitments.[52] Total emissions from Ireland are in fact projected to increase from current levels by 1% and 4% by 2020 and 2030 respectively.[53] This is based on current existing measures taken by the Government. With additional measures taken, as part of Ireland's Development Plan, GHG emissions are projected to increase by 2% by 2020 and decrease by 1% by 2030.[54] Ireland is not on the right long-term trajectory to meet national 2050 targets in the electricity generation, built environment and transport sectors. The knock-on effect of this, is that those most vulnerable globally, who have contributed the least to climate change, will suffer devasting impacts.

Recommendations[55]

1. Strengthen a whole-of-government approach to implementing the 2030 Agenda for Sustainable Development. To facilitate this, responsibility for oversight should be transferred to the Office of the Taoiseach.

2. The Irish government should benchmark social welfare payments at a level adequate to both lift people above the poverty line and provide a minimum essential standard of living.

3. Ireland needs to develop a well-resourced Policy Coherence for Development mechanism to address inconsistencies most notably in fiscal policies, climate change policies, migration and trade.

4. The government should ensure future budgets are fully gender-proofed and equality proofed. It should progressively increase Ireland's tax take as a share of GDP and ensure additional revenues are channelled into employment programs, housing supports, increased social welfare and pension payments, to intensify the redistributive role on taxation in the Irish economy.

5. In its fiscal, employment and investment policies, the government should ensure better-paid work. The national minimum wage should immediately be increased to €11.70 an hour to ensure it is sufficient to deliver a minimum essential standard of living. Furthermore, labour and wage policies should seek to address the disproportionate representation of women in low-paid sectors.

6. Stronger enforcement of equality legislation should be prioritised, with broader access to free legal support delivered to ensure anti-discrimination legislation is fully and robustly implemented.

7. Targeted legislation and complementary state programs should be delivered to address the workplace inequalities and discrimination experienced by women, persons with disabilities, Travellers, members of ethnic minorities, migrants, older persons, and members of the LGBTQI+ community.

8. Economic, social and cultural rights, including the right to an adequate standard of living, should be fully recognised in the Constitution.

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[55] Recommendations included here are based on recommendations contained within the Irish Coalition 2030 Sustainable Development Goal Report.

The European-wide project **Make Europe Sustainable for All (MESA)** is coordinated by the European Environmental Bureau (EEB) and implemented in 15 European countries by 25 partners. It aims to raise citizens', CSOs', and policy-makers' awareness on the Agenda 2030 and the Sustainable Development Goals (SDGs), adopted by the 193 Member states of the United Nations in 2015. At the core of the project are campaigns and advocacy on inequalities, sustainable agriculture, gender equality, climate change, migration and sustainable consumption and production. This report was produced as part of the **Fighting Inequalities** in Europe campaign of the project, and contributes as well as the global **Faces of Inequality** campaign, which gives social exclusion, poverty and discrimination a face.

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