Poverty in Ireland - The Issues

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INTRODUCTION

The UN Human Development Report (2003) on Millennium Development Goals: A compact among nations to end human poverty identified Ireland as having the best economic performance in 17 selected OECD countries over the 1990-2001 period. Even though Ireland had the best economic performance it was ranked 16th out of 17 for levels of human poverty. Only the USA had a higher poverty ranking among the 17 highly developed countries. This was still the case in the most recent UN Human Development Report (2004) on Cultural Liberty in Today's Diverse World. The human poverty index measures survival, literacy, unemployment and income poverty.

The 2003 UN Human Development Report carried a special contribution by Joseph Stiglitz, a Nobel Laureat in Economics, on "Poverty, Globalisation and Growth". In his contribution he stated that the policy issue is not "to grow or not to grow" but "are there pro-poor growth strategies that do more to reduce poverty as they promote growth?" While his analysis related mainly to developing countries it is relevant in the context of Ireland which has one of the highest economic growth rates among OECD countries but also one of the highest poverty rates.

Similar information is not available for Northern Ireland as it is a region of the UK - the UK is ranked 15th in the UN Human Poverty Index, just above Ireland.

Ireland has had a National Anti-Poverty Strategy since 1997. Northern Ireland has had a Targeting Social Need Initiative, known as TSN in place since 1991. It is a reasonable question to ask whether having such strategies in place have made any difference in reducing poverty and social exclusion.

POVERTY IN IRELAND

In Ireland two measures of poverty are used: relative income poverty and consistent poverty.

Income Poverty

People are said to be living in income poverty when they are living below a particular income threshold. This has been agreed at European level as 60% of median household income, where it is expressed as "at risk of poverty". Using this threshold, 22.7% of the Irish population, that is almost 900,000 people, were living below €185 per week (€9,668 per year) in 2003 (the most recent data available), (Central Statistics Office, 2005). The comparative figure for Northern Ireland is
similar at 23% (Hillyard et al. 2003:38). In Ireland, the numbers in income poverty have been increasing steadily, rising from 15.6% in 1994, see Figure 1.

Figure 1: Relative Income Poverty in Ireland


The main reason for the continual increase in income poverty is that incomes in the population generally grew at a very fast rate during the economic boom. While the incomes of those at the bottom of the income distribution, such as those dependent on social welfare payments have increased, this was at a slower rate than the growth in wages and incomes in the population generally.

The level of income poverty is affected by the overall income distribution. Income inequality in Ireland rose sharply in the 1980s and 1990s. High levels of income inequality imply a poor redistribution of resources and opportunities through-out society. While a number of factors impact on the income distribution, public policy can intervene to redistribute resources generated by the market. Public policy can invest in the development of human and social capital and in public service and infrastructural development, all of which are essential to the long-term viability and sustainability of economic growth. The level of social expenditure is thus important in reducing levels of poverty. By comparison to other EU countries, Ireland has relatively low levels of social expenditure, but relatively high poverty rates, see Figure 2.

Figure 2: Social Expenditure and Poverty Rates


The ESRI has recently analysed a number of factors to identify the reasons for the high level of relative income poverty in Ireland compared to our European neighbours, (Callan, et al., 2004). They identified the structure of the tax and welfare system, in particular the extent of social welfare payments and the level of payment, as the key factor driving the high level of income poverty in Ireland. They provide evidence of European countries where good economic growth co-exists with a supportive social protection system and a low level of income poverty.
**Consistent Poverty**

Consistent poverty is poverty measure unique to Ireland. It measures the proportion of people on a low income (under 60% of median income) and experiencing basic deprivation, such as not having food, clothes, heat or falling into debt on everyday expenses.

In 2003, which is the latest information available, 9.4% of the population or just over 350,000 people were living in consistent poverty, (Central Statistics Office, 2005). This measure had been falling, but has shown an increase in the most recent figures available, see Figure 5.

Figure 5: Consistent Poverty in Ireland


The reasons for this have been given as methodological - a change in the survey and data collections methods. Nevertheless, with nearly 10% of the Irish population living on a low income (less than €185 per week) and experiencing deprivation, poverty remains a significant issue to be addressed.

While Northern Ireland uses a measure of consensual poverty, which is households which lack at least 3 deprivation items and have on average an income of less than £156.27 per week, they have also calculated a consistent poverty measure for comparison with the Republic of Ireland. Consistent poverty in Northern Ireland is 6.9%.

**Groups at Risk of Poverty**

Some groups in the population have higher than average levels of poverty. Figure 6 illustrates the main groups vulnerable to poverty in Ireland.

Figure 6: Groups at Risk of Poverty


Figure 6 shows that lone parents, people who are unemployed and people who are renting their accommodation have a high risk of being both income poor and deprived. Older people, single adult households and people who are ill and disabled
have a relatively high risk of income poverty but are less likely to be deprived. The categories are not mutually exclusive. 14% of children are living in consistent poverty and one quarter are living in families where the weekly income per person is less than €185.

Similar groups have a high risk of poverty in Northern Ireland - lone parents and people with disabilities, in particular. 27% of Northern Ireland's children are at risk of poverty.

Data Shortcomings

While this information paints an overview of the levels and risks of poverty it does not give the whole picture. As the information is based on national household surveys, people who do not live in households are not included in the information. People who are known to have relatively high levels of poverty but who are not in the figures include people who are homeless, some members of the Travelling community, refugees and asylum seekers and people living in institutions. In addition, the information does not tell us about poverty risk within households but assumes that resources are shared equally. Yet, we know from other research than there is a higher risk for women and children.

POLICIES TO TACKLE POVERTY - THE IRISH NATIONAL ANTI-POVERTY STRATEGY

The Irish National Anti-Poverty Strategy was conceived at the UN Social Summit in Copenhagen in 1995 when the Irish Government endorsed a programme of action aimed at not only eliminating absolute poverty in the developing world but also reducing overall poverty and inequalities everywhere. Arising from this commitment, the Irish Government approved the development of a National Anti-Poverty Strategy in Ireland. It established an Inter-departmental Policy Committee which included representatives of all the main government departments at senior level to do this.

In April 1997, the National Anti-Poverty Strategy, entitled Sharing in Progress was published (National Anti-Poverty Strategy, 1997). The strategy was to be implemented over a ten year period from 1997 to 2007. Key features of the strategy included:

- An agreed definition of poverty;
- An analysis of the causes of poverty and identification of those most at risk of poverty;
- A global target for poverty reduction;
• Targets, objectives and actions for five thematic areas - educational disadvantage, unemployment, income adequacy, disadvantaged urban areas, rural poverty;
• Key equality and participation principles to underpin the Strategy; and
• Structures by which the strategy would be implemented.

The definition of poverty adopted in the National Anti-Poverty Strategy is:

People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities which are considered the norm for other people in society (National Anti-Poverty Strategy, 1997: 3).

The strategy adopts a relative definition of poverty, where poverty is described with reference to the prevailing socio-economic conditions of the society in question.

An important feature of the strategy was that it set a global target for poverty reduction. Ireland was the first European country to formally adopt such a target.

The importance of specific institutional structures to implement the strategy was recognised. At political level a Cabinet Committee on Social Inclusion was established. At administrative level the Inter-Departmental Policy Committee, which was originally established to develop the Strategy, provided the principal strategic focus for its implementation. A dedicated Unit was established in the Department of Social and Family Affairs with responsibility for co-ordinating and developing cross-Departmental action in support of social inclusion initiatives.

One of the key policy developments to emerge from the strategy was the development and application of poverty proofing. Poverty proofing is described as:

"the process by which government departments, local authorities and state agencies assess policies and programmes at design and review stages in relation to the likely impact that they will have or have had on poverty and on inequalities which are likely to lead to poverty, with a view to poverty reduction" (National Anti-Poverty Strategy, 1999: 13)

What this means in practice is that major economic and social policy proposals are assessed for their effects on poverty. Poverty proofing is undertaken by officials in government departments, in accordance with Poverty Proofing Guidelines.
A review of poverty proofing noted that while it had sensitised policy makers to the poverty dimension of policies, there were concerns in relation to its application in practice, (National Economic and Social Council, 2001).

Building an Inclusive Society: Revised National Anti-Poverty Strategy 2002

In 2002, following a review of the original National Anti-Poverty Strategy, a revised National Anti-Poverty Strategy called Building an Inclusive Society was launched, (National Anti-Poverty Strategy, 2002). The review sought to address identified weaknesses in the original NAPS by updating the Strategy in consultation with the social partners; by reviewing the underlying methodology; by reviewing and revising the existing targets; by considering new targets in the areas of child poverty, women's poverty, older people, health and housing/accommodation; and by addressing emerging causes of poverty such as racism.

The revised strategy has a five year timeframe from 2002 to 2007. It retains the definition of poverty. The revised strategy contains a revised global target to reduce consistent poverty to 2% or ideally to eliminate it. However, no target was set for the reduction of relative income poverty.

The revised strategy contains 36 targets in total, across the 5 key themes of income support, employment, education, health and housing/accommodation, as well as for vulnerable groups identified as children and young people, women, older people, the Travelling community, people with disabilities and disadvantaged urban and rural dwellers. It cites migrants and members of ethnic minority groups as vulnerable to poverty, but does not set a target due to lack of information.

Some of the institutional structures for implementing the Strategy have been strengthened. The Cabinet Sub-Committee on Social Inclusion remains. A new Social Inclusion Consultative Group, involving the social partners and anti-poverty experts, meets twice a year to offer its advice and observations on the process as it develops. An annual Social Inclusion Forum, hosted by the National Economic and Social Forum, is held, where individuals and representatives of the community and voluntary sector, amongst others, have an opportunity to contribute to the process.

A new National Office for Social Inclusion, reporting to the Minister for Social and Family Affairs, has taken over the functions of the original strategy Unit. Social Inclusion Units have been established in Departments that have prime responsibility for implementing the strategy’s policies. Nine social inclusion units have also been established in local authorities.
The Combat Poverty Agency has been given the role of supporting the implementation of the NAPS, particularly in the areas of policy advice, data and research, consultation and participation, and public education and communication.

The revised strategy is supported by a Data and Research Strategy, which will seek to identify and address data and knowledge gaps. This was a particular weakness in the original strategy, where there was a dearth of information in some areas and limited indicators to monitor progress towards the targets.

National Action Plan against Poverty and Social Exclusion (NAPincl) 2003-2005

The following year, in July 2003, a National Action Plan against Poverty and Social Exclusion (NAPincl) for the period 2003-2005 was submitted to the European Commission, (National Ant-Poverty Strategy, 2003a), in line with the European Social Inclusion Programme requirements. The Irish Plan reinforced the revised National Anti-Poverty Strategy Building an Inclusive Society, and was supported by an extensive consultation process and submissions to the Plan. The report of the consultation process and the submissions were published in a separate complementary report, (National Anti-Poverty Strategy, 2003b).

The Office for Social Inclusion produced its first Annual Report in December 2004 (Office for Social Inclusion, 2004). This report provides a comprehensive overview of progress on the NAPIncl to date, based on progress reports from each of the relevant Government Departments. The report also discusses issues such as the measurement of poverty and social expenditure and provides an overview of the EU Social Exclusion context.

THE NORTHERN IRISH POLICY RESPONSE - TARGETING SOCIAL NEED (TSN)

The current policy response to tackling poverty in Northern Ireland is New Targeting Social Need (New TSN). New TSN is the development of a previous policy, Targeting Social Need (TSN) which was introduced in 1991 as a means of tackling the most acute and serious problems of social disadvantage in Northern Irish society. This was to be achieved by "skewing" ie. Concentrating effort and public expenditure on areas scoring highest on measures of multiple disadvantage (Office of the First Minister and Deputy First Minister, 2004: 13).

Following criticism of a lack of focus in this policy, a new TSN policy was launched in 1998 titled New TSN Agenda for Targeting Social Need and Promoting Social Inclusion for Northern Ireland. The new policy retained the earlier principles of Targeting Social Need but provided a new focus on employment and employability,
other areas of inequality such as health, education and housing, and introduced a new initiative Promoting Social Inclusion, designed to address social exclusion experienced by vulnerable groups through the co-ordinated work of different departments and agencies.

Following devolution, the Northern Ireland Executive adopted New TSN as its approach to tackling poverty and social exclusion and published the action plan Making it Work in March 2001. Last year (April, 2004), the Office of the First Minister and Deputy First Minister issued a consultation paper Towards an Anti-Poverty Strategy, which proposes a broadening of the scope of the TSN policy, with the clear strategic aim of improving the income and living conditions of the most disadvantaged. Submissions have been made and consultations held, with the outcome of this process awaited.

In comparison to the Irish Strategy, the Northern Ireland policy is a targeted approach built from the bottom up, whereas the Irish Strategy is a whole of Government approach delivered from the top down. Northern Ireland is a region of the UK, and therefore does not have responsibility for major expenditure decisions, or tax and welfare policy - its approach is therefore more limited. The conflict situation in Northern Ireland has also impacted on the analysis and policies, with community differentials being a strong component of the policy. Broader discussion of the links between poverty and conflict, however, are missing as are the broader solutions to address these issues.

**LESSONS TO DATE**

From the analysis of poverty trends and implementation of anti-poverty strategies in Ireland, north and south, a number of key lessons can be drawn. These mainly focus on the Republic of Ireland’s experience, but reference is made to Northern Ireland’s experience where appropriate.

1. **Political Acceptance and Commitment**

First, political acceptance and commitment are required to make a decisive impact on poverty. While the Irish strategy has been endorsed at a political level, has relatively strong targets and is overseen by a Cabinet Sub-Committee, the aspirations of the strategy are not always evident in government actions. For example, successive annual budgets during the life of the strategy and the celtic tiger years, prioritised giving resources to the well-off rather than to those on low incomes - hence the widening gap between rich and poor. Nevertheless, the stated
commitment to substantially reduce poverty does mean that the Government has to respond to it. The challenge remains to ensure that the strategy and subsequent plans are implemented.

2. Vision

Secondly, it is important to set out and agree a vision of the type of society we want to live in. A core objective of the Irish Strategy is "to build a fair and inclusive society and ensure that people have the resources and opportunities to live life with dignity and have access to the quality public services that underpin life chances and experiences" (National Anti-Poverty Strategy, 2003a: 22). The strategy also sets out an agreed definition of poverty and has acknowledged that equality is a key goal which must underpin activity in all areas to ensure a fair and inclusive society with equal opportunity. The Northern Ireland TSN Initiative has been criticised for not being strategic and the need has been identified for an overall clear strategic aim.

3. Agreement on the Levels, Causes and Consequences of Poverty

Thirdly, it is important to have agreed measures of poverty and to underpin the strategy with sound analyses of the extent, causes and consequences of poverty, social exclusion and inequality. Key debates in relation to the Irish strategy hinge on the measure of consistent poverty and the need to revise the deprivation measures. There are also various views on the importance of income alone as a poverty measure, although this is an agreed indicator at European level. The Northern Ireland strategy is well informed by data and information on income, deprivation and broader social inclusion measures.

4. Economic, Social and Cultural Rights

Fourthly, one of the most controversial issues in relation to the National Anti-Poverty Strategy has been the reluctance to build a strong economic, social and cultural rights dimension into the strategy or to underpin it on a legal basis. The focus is on setting standards in relation to access to services and monitoring adherence to these standards, based on this approach to the provision of quality services. Many, including the UN, have criticised this approach as a weak underpinning of the strategy. The debate in Ireland is now about considering how stronger institutional and policy commitments can be delivered without recourse to the law.

5. Mainstreaming Social Inclusion

Fifthly, there remains a challenge about how social inclusion can be better mainstreamed across government. Combat Poverty is currently working on this issue along with other European partners, including Northern Ireland. Mainstreaming social inclusion is the integration of poverty and
social inclusion issues, including an equality perspective, into all areas of public policy which is promoted through the participation of public bodies, social partners, NGOs and other parties involved (Mainstreaming Social Inclusion, 2004).

6. From National to Local

Sixthly, as well as co-ordinating social inclusion policies across government, sometimes referred to as "joined up government", it is important that the national and local are also "joined up". Ireland has a very centrally driven government system, yet many people interact with government at a local level. It is therefore important that the national strategy is also delivered at local level. This is now beginning to happen in Ireland. Social inclusion measures groups have been set up at local government level and a number of local authorities have established social inclusion units. Combat Poverty has led the establishment of a Local Government Anti-Poverty Learning Network which supports learning and exchange between local authorities, particularly on developing local anti-poverty strategies and on involving the community and voluntary sector in the work. This Learning Network and approach is currently being mainstreamed within government.

7. Universal versus targeting approaches

Seventh, a key issue in poverty alleviation policy is the extent to which universal and/or targeted approaches should be employed. Universal approaches have the advantage that, in providing access to all, they remove the stigmatising and residual effects of some targeted approaches and are straightforward to administer but they are expensive and may not be completely effective in alleviating poverty among people in particularly vulnerable situations. Targeted approaches, on the other hand, have the advantage that they are more cost effective and can be tailored to meet specific needs but they can be stigmatising and residual, create poverty traps and be administratively very complex.

The traditional social structures within countries determine the approach to some extent eg. the Nordic universal approach versus the US free market targeted approach. Evidence indicates that a universal approach is more effective in underpinning the prevention and alleviation of poverty. In Ireland, the way forward would seem to be to work towards a more universal approach, but complement this with targeted initiatives. The challenge is in finding the optimal balance.

8. Participation

Eighth, a key challenge is involving people experiencing poverty and the organisations which represent them as well as wider society in the development,
implementation and evaluation of anti-poverty strategies. There is clear evidence to demonstrate that policy and programmes are much more effective when the people at whom they are directed are involved in their design and implementation. Ireland supports an extensive infrastructure of involvement through support for community development throughout the country. The EU-funded Peace programme makes an important contribution too through supporting social inclusion and reconciliation work.

9. Monitoring Progress

Ninth, in order to assess the extent to which progress is being made it is important to have in place indicators of progress, monitoring and evaluation systems and a strong research base. This remains a challenge in Ireland, particularly in relation to the need to better utilise existing data sources and to supplement these where data gaps exist. We cannot make effective policy in an information vacuum. The Irish strategy does make a commitment to a data and research strategy and a technical advisory group has been established. 18 poverty indicators have been agreed at European level and there is an obligation on member states to monitor progress against these indicators. Northern Ireland has a much stronger track record in this regard.

10. The European Dimension

Tenth, the European agenda to make a decisive impact on poverty by 2010 and the subsequent requirement for each member state to prepare and submit a National Action Plan against Poverty and Social Exclusion on a regular basis has provided an impetus for a greater focus on anti-poverty policy. As well as being a requirement there is much learning to be gained through trans-national work with other countries.

CHALLENGES

While a number of lessons have been learnt there still remain a number of challenges.

1. Economic and Social Model

A key challenge is the model of development being pursued. The dominant model of development during the Celtic Tiger era has been focused on economic growth to the exclusion of redistribution and stronger social support systems. This has led to job creation and reductions in unemployment, but has created a widening gap between those with jobs and those without and has put increasing strains on our
social infrastructure. Unless, this imbalance is addressed it is difficult to see how we can substantially reduce poverty in Ireland.

2. Turn Plans into Reality

A key challenge in both Ireland and Northern Ireland is to implement the anti-poverty plans and deliver on the objectives. This requires commitment, resources and co-operation across government departments and at national, regional and local level. It will require changing the way we do things. It will require focusing on outcomes as well as on delivery.

3. Active Citizenship

The involvement of people experiencing poverty, and the organisations which represent them, in the design, implementation and evaluation of policies to tackle poverty is essential to their success. Wider societal support for the prevention and elimination of poverty is also required to strengthen a commitment to tackle poverty. The acceptance of the need to work harder towards achieving a poverty-free society and support for active citizenship remain ongoing challenges.

4. Recognition of the Impact of the Northern Ireland Conflict

There is a correlation between poverty and conflict. Anti-poverty policies, both north and south, need to recognise this correlation and ensure that the effects of the conflict are acknowledged and measures to address the legacy of the conflict are included in anti-poverty policies. This should involve social reconstruction and active citizenship as well as economic and physical reconstruction.

CONCLUSION

In conclusion, the phenomenal economic growth in Ireland has had a considerable impact. It has created jobs, providing a route out of poverty for many people. It has also produced the resources to fund increases in social welfare rates for those not in the workforce. This has been most noticeable in the area of child income support. It has enabled some improvement of Ireland's underdeveloped physical and social infrastructure.

But the economic growth has also led to an increase in income inequality and a widening gap between those on low incomes and those on high incomes. It is relevant to refer back to Stiglitz's analysis here and ask are there pro-poor growth strategies that could do more to reduce poverty as they promote growth?
Such policies would redistribute some of the wealth to put in place stronger support systems for all of the population, and for those on low incomes in particular. Countries with lower levels of poverty tend to have a greater proportion of their social spending on services. Good service provision can lead to a successful society and also to a more productive economy.

Having in place Anti-Poverty Initiatives has kept the need to address poverty on the agenda. It has required a response from Government, right across Government Departments and, more recently, at European level. Without anti-poverty strategies in place there would have been less progress made on promoting social inclusion.

REFERENCES


