

Mind the Gap between Rich and Poor

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Introduction

In tackling the issue of the gap between those who are rich and those who are poor there are two key contexts that should be considered:

- the national and
- the wider world i.e. north/south

In both situations there are key problems that must be overcome if the gap between rich and poor is to be reduced in the years ahead.

At the national level: at present the emphasis of policy-makers is on generating increased economic growth. This, in turn, is meant to produce the resources that can lead to a reduction in the rich/poor gap. There is a huge problem with this approach, however. Economic growth can, in fact, have the opposite effect i.e. it can produce a widening of the rich/poor gap as has happened in the Republic of Ireland in the course of its 'Celtic Tiger' boom.

At the wider world level: the development model being offered to the poor countries of the 'south' of the world envisages economic growth leading to growing numbers of jobs, eventually producing a situation where everyone in the labour force has access to a job which will pay an income sufficient to secure a decent standard of living and a reduction in the rich/poor gap. However those proposing this model fail to recognise the fact that there will be huge unemployment in the countries of the South for the foreseeable future. Everyone has a right to work and there is plenty of work of different types to be done. But an income distribution system that depends on people receiving their income as payment for doing a job is not going to address the rich/poor gap if a substantial proportion of people are not going to have a job in the first place.

So it is very important to mind the gap between rich and poor if we are ever to succeed in making poverty history. Poverty can become history but not if we continue to try to achieve this through conventional models and methods that have failed in the past and are not likely to succeed in the future

A Cautionary Tale

In this paper I will look at the experience of the Republic of Ireland to show how economic growth does not, of itself, reduce the rich/poor gap. I will then focus on one aspect of the wider world scenario, i.e. the focus on employment as the pathway to reducing the rich/poor gap and show how it will not deliver this desired outcome

within the lifetime of anyone here today. The paper goes on to identify possible pathways to resolving the dilemmas being faced by the current approaches.

Republic of Ireland - Changing Socio-Economic Context

The contrasts between the Ireland of 1987 and of 2005 are dramatic. In 1987 the national debt was above 115 per cent of Gross National Product (GNP). Today it is 30 per cent. Unemployment in 1987 was in excess of 15 per cent. Today it is just over 4 per cent. In 1987 the annual inflation rate was above 15 per cent. Today it is about 2 per cent. These are impressive changes. But they do not tell the whole story.

Between 1993 and 2001 the annual real growth rate of the Irish economy was twice the average recorded over the preceding three decades (8 per cent a year compared to 3.5 per cent a year in the past). At present it is averaging about 5 per cent a year. Over the past decade the Irish economy has significantly outperformed the EU average and continues to do so.

Side by side with the decline in unemployment there was a dramatic rise in the numbers employed. While the numbers employed remained more or less constant in the EU and grew by about one per cent in the USA, in Ireland they grew by 45 per cent since the end of the 1980s. Substantial net out-migration became substantial net in-migration as Irish agencies went to many countries across the world in search of a labour force to take up the positions becoming available in the Republic as part of the economic boom.

In the past decade Ireland's living standards rose dramatically. Per capita income rose from being two thirds of the EU average to being substantially in excess of the EU average. Budget deficits became budget surpluses. Recession became a thing of the past. Pessimism gave way to optimism.

The contrasts between 1987 and 2005 are dramatic. This is a good story in so many ways. But it is not the whole story. There is another side to Ireland. We have had the economic growth that has produced the financial resources but we haven't solved the problem of poverty. The promise that "the rising tide would lift all boats" has not delivered. In fact, relative income poverty has increased. How has this happened in the land of the Celtic Tiger? Where has the economic growth gone? How have the new resources been used?

Relative Income poverty has increased

For a single person the poverty line is €199.43 a week in 2005. While this amount is very basic, the lowest social welfare rate for a single person is only €148.80 in 2005 which is €50.63 a week short of the poverty line. Table 1 shows the changes in relative income poverty rates between 1998 and 2003. The table has three lines, all of which show that relative income poverty has risen during the period of major economic growth. The internationally accepted measure of relative income poverty is 60% of median income. This shows that 22.7% of our population live in relative poverty. This means that 903,188 of our people are in relative poverty. This is the highest risk of poverty in the European Union.

	1998	2000	2001	2003
50% median income line	9.9	12.0	12.9	11.1
60% median income line	19.8	20.9	21.9	22.7
70% median income line	26.9	28.1	29.3	29.4

Source: CSO (2005a:5), using national equivalence scale

The Rich/Poor Gap has widened

Of particular interest in this context is income distribution among households in Ireland since the late 1980's. The results of studies by Collins and Kavanagh (1998), Collins (2002) combined with the recent CSO (2005a) income figures provide a useful insight into the pattern of Ireland's income distribution over 16 years. Table 2 combines the results from these three studies and reflects the distribution of income in Ireland as tracked by four surveys in that period.

Over 16 years the share of the bottom 50 per cent of the income distribution has fallen from 25.25 per cent in 1987 to 23.62 per cent in 2003. Across all four surveys the share of the bottom two deciles (the bottom 20 per cent) has continually declined, such that those in this group now account for 4.85 per cent of the total income in society versus 6 per cent in 1987.

Decile	1987	1994/95	2000/01	2003
Bottom	2.28	2.23	1.93	1.74
2nd	3.74	3.49	3.16	3.11
3rd	5.11	4.75	4.52	4.75
4th	6.41	6.16	6.02	6.35
5th	7.71	7.63	7.67	7.66
6th	9.24	9.37	9.35	9.86
7th	11.16	11.41	11.20	11.82
8th	13.39	13.64	13.48	14.25
9th	16.48	16.67	16.78	16.91
Top	24.48	24.67	25.90	23.55
Total	100.00	100.00	100.00	100.00

Source: Collins and Kavanagh (1998:173), Collins (2002), CSO (2005a:6-7)

Notes: Data for 1987, 1994/95 and 2000/01 are from various Household Budget Surveys. 2003 data from EU-SILC.

The most recent data on income distribution, from the 2003 EU-SILC survey, indicates a further shift in the distribution of Ireland's income. In 2003, the top 10 per cent of the population received 23.55 per cent of the total income while the poorest 50 per cent received almost exactly the same share of total income at 23.62 per cent.

Anti Poverty Strategy

The old strategy is past its 'sell-by' date

The constantly repeated strategy of politicians that "a job is the best poverty fighter" doesn't seem to make much sense in a society where 60 per cent of those in poverty live in households headed by a person who is *not in the labour force*. These

households are headed by people who are ill, retired, 'on home duties' or have a disability. A further 25 per cent are in low-paid employment. Only 7 per cent of those at risk of poverty live are in households headed by a person who is unemployed. Table 3 shows the breakdown.

	1994	1997	1998	2000	2001
Employee	8.3	11.5	6.0	15.4	18.8
Self-employed	10.1	7.8	8.3	8.2	6.6
Farmer	10.6	8.0	10.4	8.9	7.6
Unemployed	41.1	29.6	22.9	12.2	7.3
Ill / Disabled	6.2	10.4	9.1	10.7	11.9
Retired	6.0	9.1	12.0	16.3	18.8
Home Duties	17.8	23.6	31.4	28.4	29.0
Total All	100.00	100.00	100.00	100.00	100.00

Source: Whelan et al (2003: 24), equivalence scale A.

An anti poverty strategy should be based on good causal analysis. Much current policy is not based on an accurate analysis of the causes of poverty. Unemployment doesn't cause relative income poverty - inadequate income does. In 1997 when the National Anti Poverty Strategy was launched by the Irish Government, unemployment was seen as the first cause of poverty. As we have seen unemployment has dropped to 4% but poverty has increased to 22.7%. We need to be more sophisticated in our analysis. Inadequate social welfare payments are a much more direct cause of poverty than unemployment is.

Why does poverty persist in a relatively rich country?

The Republic of Ireland has generated sufficient resources to take every man, woman and child out of poverty. But the resources were not focused on producing this outcome. This is clear when we look at the Government's expenditure on social protection and its taxation policy.

Social provision deficit persists because Ireland's expenditure on social protection is the lowest in the EU

An analysis of Ireland's spending on social protection against that of other EU countries is telling. Social protection expenditure is defined by Eurostat to include spending on: sickness/health care, disability, old age, survivors, family/children, unemployment, housing and social exclusion initiatives not elsewhere classified (2003: 7). Table 4 uses the most recent figures, published by the European Commission in early 2004, to show the size of this expenditure as a percentage of

GDP for 2000 (the latest year for which figures are available). A comparison is also made with Ireland's GNP.

Table 4: National Social Protection Expenditure as a % of GDP, for EU Countries

Country	% of GDP	Country	% of GDP
Sweden	32.3	Greece	26.4
France	29.7	Finland	25.2
Germany	29.5	Italy	25.2
Denmark	28.8	Portugal	22.7
Austria	28.7	Luxembourg	21.0
Netherlands	27.4	Spain	20.1
United Kingdom	26.8	IRELAND GNP	16.5
Belgium	26.7	IRELAND GDP	14.1

Source: EU Commission (2004:28)

Note: EU-15 average is 27.3% of GDP

Using GDP or GNP, Ireland's spending on social expenditure stands out as the lowest in Europe. There remains a considerable gap between Ireland and the next lowest country, Spain. In the context of these figures, it is no surprise that Ireland has high levels of poverty and social exclusion.

The economic growth has not been targeted primarily at reducing the rich/poor gap, or at bringing Ireland's social protection up to EU-average levels, or at reducing relative income poverty. This is not an accident. It is the result of decisions taken by policy makers concerning the allocation of resources that were available.

How were the resources used? An analysis of developments in taxation policy points to a key part of the answer to this question.

Taxation Policy has been focused on reducing the overall tax burden (which has benefited those with resources) not on maximising the benefits for ALL

The most recent data on the size of the Irish tax burden has been produced by the OECD (2004) and Eurostat (2004) and is detailed alongside that of the 24 other EU states in table 5. The definition of taxation employed by both organisations incorporates all compulsory payments to central government (direct and indirect) alongside social security contributions (employee and employer) and the tax receipts of local authorities.¹ The tax burden of each country is established by calculating the ratio of total taxation revenue to national income as measured by gross domestic product (GDP). Table 5 also compares the tax burdens of all EU member states against the average tax burden of 38.4 per cent.

Of the 25 member states, the highest tax ratios can be found in Sweden, Denmark, Belgium and Finland while the lowest appear in Lithuania, Ireland, Latvia and Malta.

¹ See Eurostat (2004: 32-34) for a more comprehensive explanation of this classification.

Overall, Ireland possesses the second lowest tax burden at 30 per cent, some 8.4 per cent below the EU average.

Country	% of GDP	+/- from average	Country	% of GDP	+/- from average
Sweden	50.8	+2.4	Portugal	36.3	-2.1
Denmark	49.0	+1.6	Greece	36.2	-2.2
Belgium	45.8	+7.4	Germany	36.2	-2.2
Finland	44.9	+6.5	Ireland GNP	36.2	-2.2
France	44.2	+5.8	Spain	35.8	-2.6
Italy	43.4	+5.0	United Kingdom	35.3	-3.1
Austria	43.0	+4.6	Estonia	35.2	-3.2
Luxembourg	41.6	+3.2	Slovakia	33.0	-5.4
Czech Rep	39.9	+1.5	Cyprus	32.5	-5.9
Slovenia	39.8	+1.4	Malta	31.3	-7.1
Poland	39.1	+0.7	Latvia	31.3	-7.1
Netherlands	38.8	+0.4	Ireland GDP	30.0	-8.4
Hungary	38.8	+0.4	Lithuania	28.8	-9.6

Source: OECD (2004:18), Eurostat (2004:239) and CSO National Income and Expenditure Accounts (2004:1)

Notes: Data for all non OECD countries from Eurostat (2004)
EU average (unweighted) is 38.4 per cent

GDP is the benchmark against which tax levels are measured by all international institutions such as Eurostat and the OECD. However, in Ireland some suggestions have been made to the effect that gross national product (GNP) should be the used. This argument is based on the fact that Ireland's large multinational sector is responsible for significant profit outflows which if counted (as they are in GDP but not in GNP) exaggerate the scale of Irish economic activity.² Commenting on this Collins stated that "while it is clear that multinational profit flows create a considerable gap between GNP and GDP, it remains questionable as to why a large chunk of economic activity occurring within the state should be overlooked when assessing its tax burden" and that "as GDP captures all of the economic activity happening domestically, it only seems logical, if not obvious, that a nations taxation should be based on that activity" (2004:6).³ He also noted that using GNP will overstate the scale of the tax base in Ireland, thereby suggesting to international observers and internal policy makers that the Irish economy is not as tax-competitive as it truly is. While CORI Justice Commission believes that GNP is not the ideal benchmark against which to measure taxation levels we have calculated this figure and presented it in table 5. At 32.6 per cent the Irish figure remains well below the EU average.

The Celtic Tiger years were marked by a rush to reduce tax rates. Corporation tax rates came down from 36 per cent to 12.5 per cent. Personal tax rates tumbled as well. The main beneficiaries of these reductions were those who already had major

² Collins (2004:6) notes that this is a uniquely Irish debate and not one that features in other OECD states such as New Zealand where noticeable differences between GDP and GNP also occur.

³ See also Bristow (2004:2) who makes a similar argument.

resources. Instead of using the resources to reduce infrastructure and social provision deficits, Ireland chose to give these resources to those who already were better off. This, by definition widens the rich/poor gap.

In the context of these figures, the question needs to be asked: if we expect our economic and social infrastructure to catch up to that in the rest of Europe, how can we do this while simultaneously gathering less taxation income than it takes to run the infrastructure already in place in most of those other European countries? Simply, we will never bridge the social and economic infrastructure gaps unless we gather a larger share of our national income and invest it in building a fairer and more successful Ireland.

Small increases in taxation are certainly feasible and are unlikely to have any significant negative impact on the economy. An increase of just one per cent in the GDP to tax ratio (from 30 to 31) would produce an extra €1.3bn each year in taxation income for the government. Were Ireland to increase its total taxation levels to that of the UK (from 30 to 35.3), a country hardly regarded as being high tax, the exchequer would have an additional income each year of €7.14bn.

How could relative income poverty be eradicated in the Republic of Ireland?

If relative income poverty is to be dramatically reduced or eliminated in the Republic of Ireland two initiatives are required:

- a. Social welfare rates must be sufficient to ensure all those OUTSIDE the labour force, who make up almost 60 per cent of those in relative income poverty, receive a poverty-line level of payment.
- b. Those who are employed but living in relative income poverty need to see initiatives that enable them to exit poverty. Taking the minimum wage out of the tax net was a very good step in Budget 2005. The final requirement is to make tax credits refundable.

The resources are available to implement both of these initiatives. It is simply a question of political will.

a. On social welfare rates ...

In 2002 the NAPS review set the following key targets:

To achieve a rate of €150 per week in 2002 terms for the lowest rates of social welfare to be met by 2007 and the appropriate equivalence level of basic child income support (i.e. child Benefit and Child Dependent Allowances combined) to be set at 33 per cent - 35 per cent of the minimum adult social welfare payment rate.

CORI Justice Commission welcomed this target. It is a major breakthrough in social, economic and philosophical terms. We also welcomed the reaffirmation of this target in *Sustaining Progress* (The National Agreement 2003-5). The target of €150 a week is equivalent to 30 per cent of Gross Average Industrial Earnings (GAIE) in 2002. This means that social welfare rates will be benchmarked to increases in line with average industrial wages from now on. If this commitment is delivered upon it will mean that the gap between the present level of the lowest social welfare payments and 30 per cent of GAIE will be bridged between now and 2007.

It is important that this commitment is monitored on a continuous basis. As an illustration of what this monitoring means I include CORI Justice Commission's calculation of the projected growth in €150 between 2002 and 2007, when it is indexed to the estimated increase in GAIE. Table 6 presents the expected growth rates and calculates that the lowest social welfare rates for single people should reach €185.80 by 2007.

Table 6: Estimating growth in €150 a week (30% GAIE) for 2002-2007

	2002	2003	2004	2005	2006	2007
% Growth of GAIE	-	+6.00	+3.00	+4.50	+3.60	+4.80
30% GAIE	150	159.00	163.77	171.14	177.30	185.80

Source: GAIE growth rates from CSO Industrial Earnings and Hours Worked (September 2004:2) and ESRI Medium Term Review (Bergin et al, 2003:49).

Following Budget 2005 the current minimum level of social welfare is €148.80 a week. Consequently, the gap to be bridged in the next two budgets (2006 & 2007) is €37. To fulfil the NAPS commitment the average increase in the minimum level of unemployment assistance across the next two budgets must be €18.50 a year. We go on in Table 7 to propose the updated scale of increase for social welfare for 2005 to 2007.

Table 7: Proposed approach to addressing the gap, 2005-2007

	2005	2006	2007
Min. SW. payment in €s	148.80	165.80	185.80
€amount increase each year	-	17.00	20.00

b. On low-paid employees...

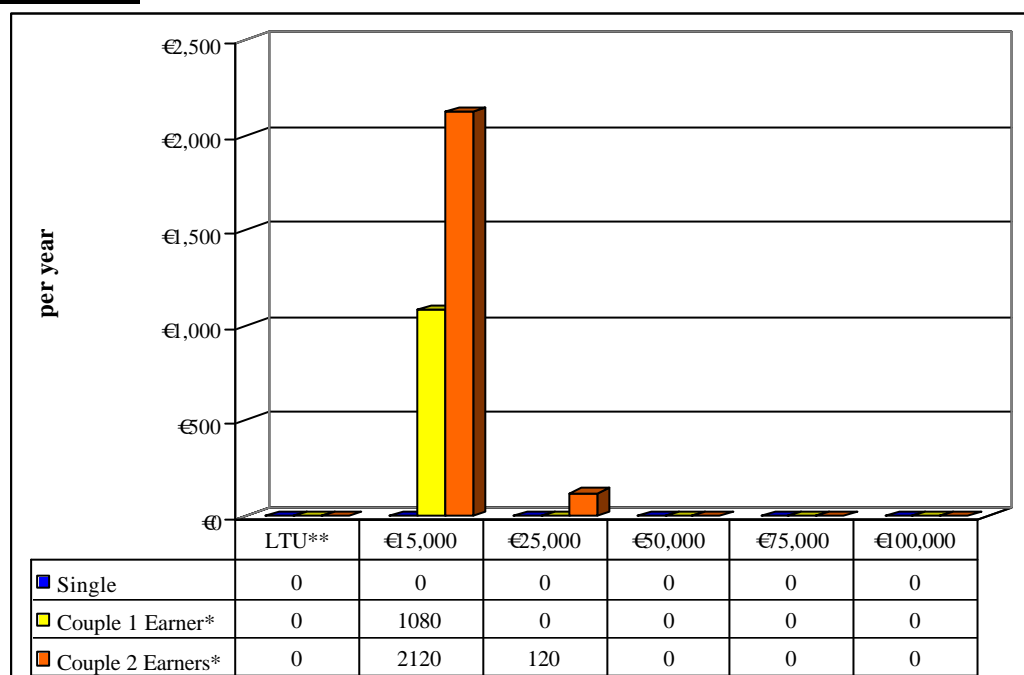
Mechanisms are required to ensure that people on low pay have adequate incomes. The most recent figures show that in Ireland almost 19% of those in relative income poverty are employed and over 6% are self-employed - a total of 25% of those living in relative income poverty are already employed. Their income is inadequate and appropriate supports are needed. There is a Family Income Supplement which has a very low take up rate. Clearly creative alternatives are required. One such alternative would be the introduction of refundable tax credits.

In Ireland the move from tax allowances to tax credits was completed in Budget 2001. This was a very welcome change because it put in place a system that had been advocated for a long time by a range of groups including the CORI Justice Commission. One problem persists however, a problem that the old system of tax allowances also had. If a person does not earn enough to use up his or her full tax credit then he or she will not benefit from any increased tax credits introduced by government in its annual budget. In effect this means that, under the present system, those with the lowest pay will not benefit in any way at budget time.

A simple solution exists to rectify this problem: make tax credits refundable. This would mean that the part of the tax credit that an employee did not benefit from would be “refunded” to him/her by the state. A Government Working Group has examined the feasibility of making this happen but has not completed its report.

We have done some work on the outcome of such a policy. Chart 1 shows the beneficiaries.

Chart 1: How much better off would people be if tax credits were made refundable?



Notes: * Except in LTU case where there is no earner
 ** LTU: Long Term Unemployed

The main beneficiaries of refundable tax credits would be low-paid employees (full-time and part-time). Chart 1 displays the impacts of the introduction of this policy across the various gross income levels. It clearly shows that all of the benefits from introducing this policy would go directly to those on the lowest incomes. Following the introduction of refundable tax credits, all subsequent increases in the level of the tax credit would be of equal value to all employees.

Income is not enough ...

Having an income at or above the relative income poverty line is not sufficient if poverty is to be eliminated. It is also important to ensure there is an adequate level of social provision in areas such as housing, education, healthcare, public transport. As we have seen already, Ireland's expenditure on social provision is the lowest in the EU. This situation has to change if these issues are to be addressed. I cannot go into detail here. However details of what changes are required will be published next month in CORI Justice Commission's annual socio-economic review.

This is not meant to be a comprehensive overview. However, it is broad enough to illustrate the fact that in economic and social terms the past eighteen years in Ireland

have seen much progress, quite a few deepening problems and some major outstanding questions concerning the development model being followed and whether or not it can deliver fairness, real and lasting progress, social equity and sustainability as well as substantial economic growth. It is crucial to realise that if poverty is to become history then priority must be given to realistic and targeted initiatives. Otherwise the impact of economic growth in better-off countries is likely to be a deepening of the rich/poor gap and an increase in the poverty rate.

The wider world - North/South: making poverty history introduces questions concerning the development model being offered

There is a major problem concerning the development model being offered to poorer countries as a means of making poverty history. I will outline it here in a very summary form. It is an issue that must be addressed effectively if poverty really is to become history.

The dominant paradigm sees work (understood as a paid job) being available to everyone with the income from the job providing the means of eliminating relative income poverty and of reducing the rich/poor gap

There is one dominant framework or paradigm concerning work that is accepted in most of the western world. This paradigm is now being offered to the poor countries of the world as the only and obvious way to development. This paradigm equates meaningful work with paid employment. It asserts that full time jobs are available for everyone seeking them, that these jobs will provide adequate income for people holding them and their 'dependants' and that good social insurance will be available for people who are sick or unemployed. In this way everyone will have meaningful work, adequate income, participate in the life of the society, poverty would be eliminated and the rich/poor gap would be reduced. This is the paradigm that underpins most public policy initiatives seeking development.

There have been serious critiques of this paradigm in recent years. These have come from a wide range of perspectives. For example Rifkin (1995:3) stated:

'From the beginning, civilisation has been structured, in large part, around the concept of work. From the Paleolithic hunter/gatherer and Neolithic farmer to the medieval craftsman and assembly line worker of the current century, work has been an integral part of daily existence. Now, for the first time, human labour is being systematically eliminated from the production process. Within less than a century, "mass" work in the market sector is likely to be phased out in virtually all of the industrialised nations of the world. A new generation of sophisticated information and communication technologies is being hurried into a wide variety of work situations. Intelligent machines are replacing human beings in countless tasks, forcing millions of blue and white collar workers into unemployment lines, or worse still breadlines.'

Rifkin (1995:6) went on to say

"Caught in the throes of increasing global competition and rising costs of labour, multinational corporations seem determined to hasten the transition from human workers to machine surrogates. Their revolutionary ardour has

been fanned, of late by compelling bottom line considerations. In Europe, where rising labour costs are blamed for a stagnating economy and a loss of competitiveness in world markets, companies are hurrying to replace their workforce with the new information and telecommunications technologies.'

This is one analysis of what is happening to human work. It challenges the dominant paradigm at a most profound level. But it is not the only analysis that presents such a challenge. Guy Standing, (1999:3) senior economist at the Geneva office of the International Labour Organisation (ILO) has also presented a telling critique. He argues that:

We have made a mess of 'work' since we made an ideal of labour. So much has this been the case in the twentieth century that work that is not labour is not counted. Distinctions should be made between work, labour and employment.⁴

Standing has distinguished between the three as follows:

... Work is defined as rounded activity combining creative, conceptual and analytical thinking and use of manual aptitudes - the vita activa of human existence... The notion of labour is quite different... We may define labour as activity done under some duress, and some sense of control by others or by institutions or by technology, or more likely by a combination of all three... Employment is used with several meanings. For many analysts, it only covers activity entailing the expectation of a wage for tasks performed... In the end, statistical practices have been based largely on convention and concern over 'unemployment'... A peculiarity of employment is that it covers all forms of labour but not all forms of work. Indeed, it strangely excludes certain types of work that contribute to human welfare and development, whereas it includes activities that are unproductive that do not contribute significantly to either. Most analysts would recognise this and then continue with their analyses as if it did not matter.

Guy Standing also provides a range of other questions that he believes needs to be addressed. Many other thinkers and analysts raise similar questions. In a paper of this length it is not possible to treat these in any comprehensive way. Suffice it to say here that they present a very fundamental challenge to the dominant paradigm on work that underpins policy analysis and development at this time. We believe the dominant paradigm is fundamentally flawed and should be challenged. We are concerned in particular with its failure to provide a socially just structure or framework within which people can work and access income in a meaningful way.

The unfaced challenge is that full employment will not be reached in the poorer countries of the world during the lifetime of anyone present here today

Looking at the global figures for unemployment serious questions arise. While the number of jobs has grown in many areas there are very high unemployment levels in many nation states in the 'developed' world. High levels of unemployment persist despite the best efforts of policy makers to address the issue. The level of unemployment now deemed to be 'acceptable' has risen dramatically. So too has the level of unemployment that constitutes the so-called 'full employment' scenario. Only a few countries are anywhere close to full employment. (Ireland is among this small

group of countries. It is clear that the situation that has produced full employment in Ireland is not repeatable in every country of the world and may not be sustained in Ireland itself in the longer term.)

In the economically poorer countries of the 'third' world unemployment is substantially higher than it is in the wealthier 'developed' countries. Much of the employment available to many people in these 'third world' countries is extremely low-paid and does not meet the requirement of adequacy to ensure people can access what is required to live life with dignity.

If the number of people unemployed in the world was not to be reduced but simply to be maintained at its present level what is the extent of the challenge?

- All jobs lost would have to be replaced, and
- A net gain in the number of available jobs would have to equal the world's increasing population.

The world's population is rising at the rate of a quarter of a million every DAY and is set to continue rising at this rate at least until 2040. If the numbers unemployed are not to rise in that period the *net gain* in jobs would have to be 1,750,000 a week for every week of every year for the next thirty five years. Do you think this is likely to happen? I don't. Consequently, I believe we need to face up to some realities if poverty is to become history.

It is obvious that the dominant paradigm outlined above serves only a small group relative to the world's population. It fails to recognise a wide range of meaningful work. It does not provide sufficient jobs to eliminate unemployment. Neither does it provide sufficient income to ensure people can live life with dignity. In this context there is a major challenge facing politicians, policy-makers, social philosophers and, in particular, Churches who claim to play a key role in the area of values in the wider society. The current situation could be summarised as follows:

- Everyone has a right and a responsibility to work.
- Work is defined as 'having a job' or 'being in paid employment'. The only work that is valued is work that fits into this category.
- The challenge arises when one has to face the question: how can this right/responsibility be exercised in a world without full employment and without the prospect of full employment in the foreseeable future?
- This provides a special challenge to those who are campaigning to make poverty history.

An alternative paradigm might provide a viable answer

In a range of publications over the past two decades Sean Healy and I have argued for an alternative paradigm to the one which dominates thinking and policy making at present. We suggest that an alternative paradigm must focus on two deeply inter-related issues i.e. work and income.

Work would be understood, as any activity that contributes to the development of one's self, family, community or the wider society. This much broader understanding of work cannot be operative, however, unless the issue of income is also addressed in

a coherent way. At present, the dominant paradigm sees income being provided as payment for a job done. Additional income is (or should be, according to the dominant paradigm) provided through social security systems that ensure the ill, the elderly and other categories of people such as the unemployed are not left to starve. In the new paradigm we are proposing, income would be seen as a birthright. Every person would have a right to sufficient income to live life with basic dignity. Systems (or a system) to ensure that everyone had such an income would be developed and put in place.

We believe that everyone has a right to work. We believe that there should and could be work for all. We believe everyone can have sufficient income to live life with dignity. We believe that poverty can become history. But it requires a revision of the dominant development model/framework/paradigm being offered to the poorer countries of the world. That is the scale of the challenge facing this effort to make poverty history. It is a challenge we should welcome.

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