

Poverty & Income Distribution

SOCIAL JUSTICE IRELAND

Policy Briefing

Poverty in Ireland is growing yet Government policy has been increasing the income of the richest ten per cent of households and widening the gap between these and the rest of society. Current Government policy looks set to produce a further increase in poverty and social exclusion.

Welfare rates are being reduced, essential services are being cut, charges are being increased. Resources are being taken from the poor to bailout gambling bankers and senior bondholders among others.

This process of dispossessing poor people by appropriating their resources to pay for activities they had no hand, act or part in may be legal but it is deeply unjust and unfair.

The Government's approach to fiscal adjustment (i.e. emphasising cuts rather than broadening the tax base) is both unjust and unnecessary in a country with one of the lowest total tax-takes in the developed world.

The current strategy being pursued by Government is not working. A

series of decisions have been made that have seriously damaged Ireland's most vulnerable people, that place a disproportionate burden on their shoulders and seriously damage the social infrastructure on which they depend.

- Economic growth is sluggish at best with projections for the coming years consistently being revised downwards;
- Unemployment is rising;
- 187,400 people are long-term unemployed;
- Employment fell in the first quarter of 2012;
- Even though the poverty line fell by over 10% from €12,064 to €10,831 the numbers in poverty increased;
- Over 200,000 children in Ireland are living in poverty - up 35,000 in three years;
- Almost 120,000 people with a job in Ireland are at risk of poverty;
- Income inequality has increased with the income of those in the top 20 per cent being 5.5 times higher than that of the bottom 20 per cent.

The scale of these poverty statistics is alarming, especially as poverty has started to increase again.

Given that children are our future, the fact that 200,000 children in Ireland are living below the poverty line is simply unacceptable. This figure has obvious implications for the education system, for the success of these children in it, for their job prospects in the future and for Ireland's economic potential in the long-run.

It is clear that a new approach is needed to address poverty.

Social Justice Ireland fully acknowledges the gravity of the present situation and that very difficult decisions must be made if Ireland is to move away from the present decline and move to a more sustainable future.

It is in the interest of all Irish people that the decisions taken now must not benefit the better off at the expense of those who are the poorest, the weakest and the most vulnerable. The human rights of poor people must be protected particularly in times of economic uncertainty.

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Policy Briefing is a regular publication issued by Social Justice Ireland. It addresses a wide range of current policy issues from the perspective of those who are poor and/or socially excluded. Comments, observations and suggestions on this briefing are welcome.

Poverty and how it is measured

The National Anti-Poverty Strategy (NAPS) published by government in 1997 adopted the following definition of poverty:

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 that 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 that are considered the

norm for other people in society.

This definition, was once again endorsed in the 2007 *NAP Inclusion* document.

In trying to measure the extent of poverty, the most common approach has been to identify a poverty line (or lines) based on people's incomes.

Where that line should be drawn is sometimes a contentious matter, but many European studies [including those carried out by the Central Statistics Office (CSO) in Ireland] now suggest a line, which is at 60% of median

income, adjusted to take account of family size and composition.

The median income is the income of the middle person in society's income distribution, in other words it is the middle income in society.

Irish data on poverty looks at those living below this 60% line and is published annually by the CSO using results from a comprehensive national survey called *SILC (Survey on Income and Living Conditions)*. This data is used throughout this *Policy Briefing*.

Where is the poverty line?

The most up-to-date data available on poverty in Ireland comes from the 2010 *SILC* survey, conducted by the CSO. In that year the CSO gathered data from a statistically representative sample of more than 5,000 households containing 11,587 individuals.

The data gathered by the CSO is very detailed. It incorporates income from work, welfare, pensions, rental income, dividends, capital gains and other regular transfers. This data was subsequently verified anonymously using PPS numbers.

According to the CSO the median disposable income per adult in Ireland during 2010 was €18,502 per annum or €346.22 per week. Consequently, the 60% of median income poverty line for a single adult derived from this value was €207.73 a week.

Updating this figure to 2012 levels, using the ESRI's predicted changes in wage levels for 2011(+0.1%) and 2012 (0%), produces a relative income poverty line of €207.94 for a single person. In 2012, any adult below this weekly income level will be counted as being at risk of poverty.

It is noteworthy that the value of the 2012 poverty line is not much different to the 2010 figure and is in fact lower than the poverty line value for 2009 (€231.37).

This is because wages have fallen since 2009 and are projected to remain almost static for 2012 while throughout that period taxes have increased

and most social welfare rates of payment have decreased. Taken together, these factors have had a negative impact on disposable income and, because the poverty line is a relative measure, it adjusts accordingly.

Table 1 applies this poverty line to a number of household types to show what income corresponds to each household's poverty line.

The figure of €207.94 is an income per adult equivalent figure. This means that it is the minimum weekly disposable income (after taxes and including all benefits) that one adult needs to receive to be outside of poverty.

For each additional adult in the household this minimum income figure is increased by €137.24 (66 per cent of the poverty line figure) and for each child in the household the minimum

income figure is increased by €68.62 (33 per cent of the poverty line). These adjustments are made in recognition of the fact that as households increase in size they require more income to keep themselves out of poverty.

In all cases a household below the corresponding weekly disposable income figure is classified as living at risk of poverty. For clarity, corresponding annual figures are also included in table 1.

One immediate implication of this analysis is that most weekly social assistance rates paid to single people are €19.94 below the poverty line.

Additional analysis on the poverty line and income distribution is available in our *Socio-Economic Review 2012: Shaping Ireland's Future*

Table 1:		The Minimum Weekly Disposable Income Required to Avoid Poverty in 2012, by Household Types	
Household containing:	Weekly poverty line	Annual poverty line	
1 adult	€207.94	€10,842	
1 adult + 1 child	€276.56	€14,420	
1 adult + 2 children	€345.18	€17,998	
1 adult + 3 children	€413.79	€21,576	
2 adults	€345.18	€17,998	
2 adults + 1 child	€413.79	€21,576	
2 adults + 2 children	€482.41	€25,154	
2 adults + 3 children	€551.03	€28,732	
3 adults	€482.41	€25,154	

How many are below the poverty line?

The most up-to-date data available on poverty in Ireland comes from the 2010 *EU-SILC* survey, conducted by the CSO (published in March 2012). Table 2 presents their key findings showing poverty levels among the Irish population.

Using the EU poverty line set at 60 per cent of median income, the findings reveal that in 2010 just under 16 out of every 100 people in Ireland were living in poverty.

Table 2 also shows that between 2001 and 2008 the rates of poverty fell and over the past decade more than 135,000 people have been lifted out of poverty.

These decreases in poverty levels must be welcomed. They are directly related to the increases in social welfare payments delivered over the Budgets spanning the years from 2004-2008. Despite this it is of concern that between 2009-2010 the numbers in poverty increased again by 77,000.

As it is sometimes easy to overlook the scale of poverty in Ireland, table 2 translates the poverty percentages into numbers of people. The results give a better insight into how large the phenomenon of poverty is and show that in 2010 over 700,000 people lived with incomes below the poverty line.

The fact that there are now more than 700,000 people in Ireland living life on a level of income that is this low must be a major concern. As shown in Table 1, these levels of income are low and those living below them clearly face difficulty in achieving what NAPs described as “*a standard of living that is acceptable to Irish society generally*”.

As we highlight later in the *Policy Briefing*, it is equally a concern that the key driver of the poverty decrease, the raising of welfare rates, has been reversed in recent Budgets.

Table 3 presents the results of a CSO analysis which shows that without the social welfare system Ireland’s poverty rate in 2010 would have been 51 per cent.

The actual poverty figure reflects the fact that social welfare payments reduced poverty by 35.2 percentage points.

Looking at the impact of welfare payments on poverty over time it is clear that the post-2004 increases in social welfare yielded noticeable reductions in poverty levels.

The small increases in social welfare payments in 2001 are reflected in the smaller effects achieved in that year. Conversely, the larger subsequent increases delivered greater reductions. This occurred even as poverty levels before social welfare have increased.

Finally, table 4 examines the number of adults in poverty in Ireland classi-

fied by their principle economic status - the main thing that they do. The calculations show that over one-fifth of Ireland’s adults who have an income below the poverty line are employed.

Overall, 37 per cent of adults who are at risk of poverty in Ireland are associated with the labour market (classified as in work or unemployed). They are known as the working poor.

The remaining adults who are poor are classified as being outside the labour market.

	% of persons in poverty	Population of Ireland	Numbers in poverty
1994	15.6	3,585,900	559,400
1998	19.8	3,703,000	733,194
2001	21.9	3,847,200	842,537
2003	19.7	3,978,900	783,843
2004	19.4	4,045,200	784,769
2005	18.5	4,133,800	764,753
2006	17.0	4,239,800	720,766
2007	15.8	4,339,000	685,562
2008	13.9	4,422,100	614,672
2009	14.1	4,459,300	628,761
2010	15.8	4,470,700	706,371

Source: Calculated using CSO (2011:11), Whelan et al (2003:12), using national equivalence scale and CSO SILC results for various years.

	2001	2005	2006	2007*	2009	2010
Poverty pre SW	35.6	40.1	40.3	41.0	46.2	51.0
Poverty post SW	21.9	18.5	17.0	16.5	14.1	15.8
The role of SW	-13.7	-20.4	-23.3	-24.5	-32.1	-32.1

Source: CSO SILC Reports (2006:7; 2007:13; 2011:10, using national equivalence scale.

Note: * Data for 2007 not excluding SSIA effect as not published by CSO.

	2003	2006	2010
At work	7.6	6.5	7.8
Unemployed	41.5	44.0	26.1
Students and school attendees	23.1	29.5	24.0
On home duties	31.8	23.8	20.3
Retired	27.7	14.8	9.0
Unable to work as ill/disabled	51.7	40.8	20.9
Total	19.7	17.0	15.8

Source: CSO SILC reports (2005:11, 2007:15, 2011:7), using national equivalence scale

Budget 2012—a failure to protect those on low incomes

Budget 2012 was the first budget of the new Government, and the seventh fiscal adjustment in Ireland since 2008. Out of all these adjustments Budget 2012 was the most unequal. The greatest reduction in income as a result of the expenditure cuts and taxation measures in Budget 2012 is being felt by those on lowest incomes.

The poorest 40 per cent of households will see a fall of between 2 and 2.5 per cent in their incomes, while the richest 30% of households lose only 0.7 per cent (ESRI, 2012). This reflects the fact that indirect taxes are regressive and that cuts in welfare have a greater impact on low income groups.

Budget 2012 increased the standard rate of Value Added Tax (VAT) from 21% to 23%. This increase will have a disproportionate effect on the lowest in-

come families; as evidenced in the report carried out by the ESRI, The Distributional Impact of Ireland's Taxation System.

This study found that lower income households paid more of their total disposable income in VAT at the higher rate than higher income households (11.5% for the poorest decile compared to 5.8% for the richest decile. This step is a regressive one which serves to undermine the living standards of low income households.

The government reduced the child benefit payment for third and subsequent children. This is the only universal payment in Ireland made to a parent to support them with the costs associated with bringing up a child.

This is the third consecutive budget in which child benefit payments have been reduced. This represents short sighted-

ness on the part of government and will have a negative impact on families and poverty.

The scale of Ireland's fuel poverty is unacceptably high. There are strong links between low income, unemployment and fuel poverty.

In Budget 2012 the fuel allowance was reduced by 6 weeks, from 32 to 26 weeks for new and existing recipients.

Coupled with this measure there was been an increase in the carbon levy which serves to compound the issue of fuel poverty and deprivation in Ireland.

Government failed to address the challenge of long-term unemployment in Budget 2012. *Social Justice Ireland* is disappointed that Government ignored our proposal to introduce a Part-Time Job Opportunities Programme to address this issue.

Revised Poverty Target for Europe 2020 Strategy

The Government has revised down its poverty target in its Europe 2020 Strategy commitments. The revised target was announced in the recently published National Reform Programme 2012 Update for Ireland.

The revised poverty target is to reduce the numbers experiencing consistent poverty to 4% by 2016 and to 2% or less by 2020 from a 2010 baseline rate of 6.2%. This is in contrast to the Government's previously stated commitment to reduce the number of people experiencing consistent poverty to between 2-4% by 2012, with the aim of eliminating consistent poverty by 2016.

The number of people in consistent poverty rose from 4.2% in 2008 to 6.2% in 2010, and is likely to continue to rise.

The revised target highlights the Government's lessening commitment to reducing poverty as well as their failure to protect those who are vulnerable in Irish society in these difficult times. It also calls into question the Government's commitment to reducing poverty and social exclusion.

Social Justice Ireland proposed that the following be adopted as Ireland's Headline Target on Poverty:

SJI Proposed Target:	Overall target	Children	Lone parents	Jobless households	Social rented housing
Consistent poverty	2%	3-4%	4-6%	4-6%	4-6%
At-risk-of-poverty only	7%	8-10%	10-12%	10-12%	10-12%

Ireland is currently moving further away from the revised Europe 2020 poverty target:

- Unemployment is rising, and long-term unemployment is now a structural problem in Irish society;
- Over 700,000 people in Ireland are living in poverty;
- Of this number over 200,000 are children;
- Of this number 120,000 have a job and are among the working poor.

These figures show that the current approach is not working.

If government continues to pursue policies which reduce the income and living standards of the groups most at risk in Irish society, there is no doubt that poverty, social exclusion and inequality will continue to grow. This is in direct contradiction to the promotion of inclusive growth as laid down in the Europe 2020 Strategy. Inclusive growth is not only about fostering a high-employment economy; it also aims to deliver social and territorial cohesion.

Social Justice Ireland urges Government to publish Ireland's National Social Report. This report is an important means for Government to outline and communicate its commitments, strategies and progress on the specific areas outlined by the Social Protection Committee of the European Commission for the Europe 2020 Strategy. It provides the government with the opportunity to outline in detail their policy priorities in the following areas:

- Reducing poverty and social inclusion;
- Adequate and sustainable pensions;
- Accessible, high-quality and sustainable healthcare and long-term care.

The publication of this report and subsequent discussion would provide Government with the opportunity to promote good governance, transparency and the involvement of all stakeholders in the design, implementation and monitoring of policy. It would also enable Government to reiterate its commitment to developing policies to eradicate poverty and social exclusion.

A Return to High Long-Term Unemployment

The ramifications for Ireland's people of the economic turmoil of recent years have been severe. Concurrent with the cuts and policies that are likely to increase poverty in the coming years, we have also seen some of the great achievements of recent years being reversed with unemployment and emigration returning as widespread phenomena. In mid 2006, unemployment reached 100,000 people as measured by the CSO's quarterly national household survey (QNHS), a figure which represented 4.7% of the labour force. Six years later, the number of people unemployed tripled to reach 309,000 (14.8% of the labour force). Suddenly, Ireland has returned to unemployment levels equivalent to those experienced in the mid to late 1980s. Long-term unemployment has also significantly increased - there are now more than 187,400 people unemployed for more than 1 year (the definition of long-term unemployed) representing the highest figure since 1988. Such a situation poses a major challenge for Ireland. *Social Justice Ireland* has proposed that Government introduce a Part-Time Job Opportunities Programme to deal with the issue of long term unemployment. To read more about this proposal visit our website www.socialjustice.ie.

Table 5: Unemployment & LT Unemployment, 1988-2012

Year	Unemp %	LT Unemp %	No. LT Unemp
1988	16.3	10.4	137,800
1996	11.9	6.9	103,300
2000	4.5	1.5	27,100
2001	3.8	1.1	20,300
2002	4.4	1.2	20,800
2003	4.6	1.4	26,200
2004	4.5	1.4	26,700
2005	4.7	1.4	29,200
2006	4.6	1.4	29,200
2007	4.7	1.3	28,800
2008	5.7	1.5	33,200
2009	12.0	2.6	57,300
2010	13.9	6.5	140,400
2011	14.8	8.4	177,200
2012 (Q1)	14.8	8.9	187,400

Working Poor

Given that households are taken to be the 'income receiving units' (income flows into households who then collectively live off that income) there is an attraction in assessing poverty by household type. Table 6 examines the composition of poverty by household type.

Table 6: Households below the poverty line classified by principal economic status of head of household, 2010

At work	29.1
Unemployed	21.2
Students/school attendees	3.0
On home duties	27.1
Retired	6.0
Ill/disabled	9.5
Other	4.1
Total	100.0

Social Justice Ireland welcome the fact that the CSO have, at our suggestion, begun to publish the *SILC* poverty data broken down by household category. From a policy formation perspective, having this information is crucial as anti-poverty policy is generally focused on households (households with children, pensioner households, single person households etc). This data shows that in 2010 29.1 per cent of households who were at risk of poverty were headed by somebody who was employed. Over 40 per cent of households at risk of poverty were found to be headed by a person outside the labour force.

Refundable Tax Credits

In Ireland in 2010, 7.8% of people who were employed were living at risk of poverty. Translating this into numbers of people suggests that among Ireland's workers in 2010 almost 120,000 were 'at risk of poverty'. This is a remarkable statistic and it is important that policy makers recognise and address this problem.

One of the most effective mechanisms available within the present system to address the problem of the working poor would be to make tax credits refundable. *Social Justice Ireland* has published research on these issues. Its 2010 study, entitled '*Building a Fairer Taxation System: The Working Poor and the Cost of Refundable Tax Credits*', showed that making tax credits refundable is fiscally do-able for relatively small cost. Such a move would have a very positive impact on those who are the working poor.

The study identified that the proposed system would benefit 113,000 low income individuals in an efficient and cost effective manner. These individuals would receive a refund of their unused tax credits, the majority of which are valued at under €2,400 per annum or €46 per week.

When children and other adults in the household are taken into account the total number of beneficiaries would be 240,000.

Many working families on low earnings struggle to achieve a basic standard of living. By making tax credits refundable, the government would begin to address the problem of the working poor and would improve the living standards of a substantial number of people. The cost of making this change would be €140m.

Our proposal to make tax credits refundable would make Ireland's tax system fairer, ensure that in future all changes in tax credits are experienced equally by all employees, address part of the working poor problem and improve the living standards of a substantial number of people. It would mark a significant step in building a fairer way for Irish society to allocate it's resources.

Ireland's Income Distribution

The 2010 SILC survey shows that Ireland's income inequality has grown. The poorest decile (10%) of households had a disposable income of €174.24 a week (€8,928 a year) while the richest decile had €2,369.53 a week (€123,547 a year).

Between 2009 and 2010 the bottom nine deciles saw their household disposable income fall while the top decile rose.

The income of the poorest decile of households fell by 18.6% in that single year while the income of the richest decile rose by 4.1%. There is something profoundly wrong with the policies that produce such outcomes.

Charts 1 and 2 show that Ireland's income distribution is largely unchanged over thirty years. Inequality grew over that period.

Each of the top three deciles now receive a larger proportion of Ireland's disposable income than they did thirty years ago.

On the other hand each of the bottom six deciles receive a lower proportion than they did three decades ago.

Today the top 10 per cent of the population receives almost 14 times more disposable income than the poorest 10 per cent receive (28.5% compared to 2.06%). It was 8 times more in 1980.

In fact the top 10% of the population now receives more disposable income than the bottom 60% of the population.

These charts and table highlight the lack of progress on some key policy areas that *Social Justice Ireland* has been calling for over the past twenty years.

The poorest and most vulnerable in society clearly saw inequality grow despite the 'boom' years

The areas that Government policy should address in order to amend the growing inequality in Ireland's income distribution system are spelt out on page 7 of this Briefing.

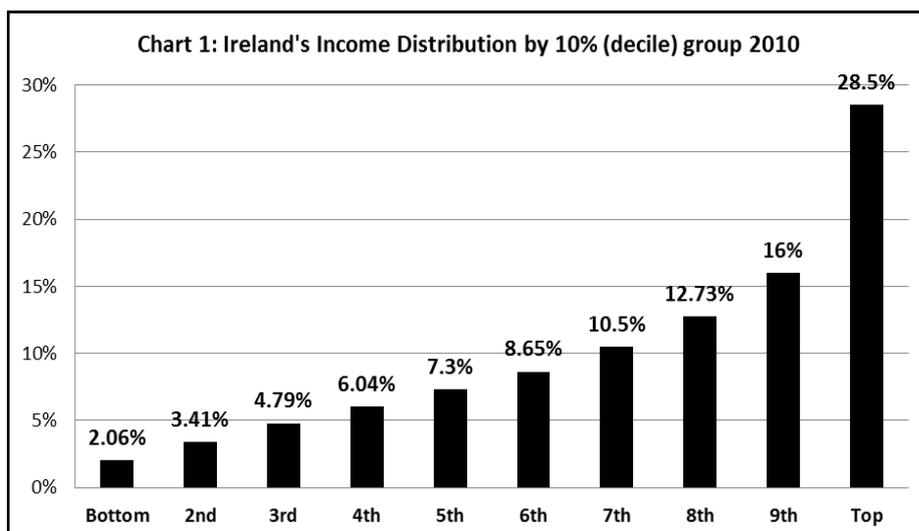
In difficult times it is imperative that the policy decisions taken are fair and just. This has obviously not been the case in recent years.

The decisions in Budget 2012 are likely to have increased inequality.

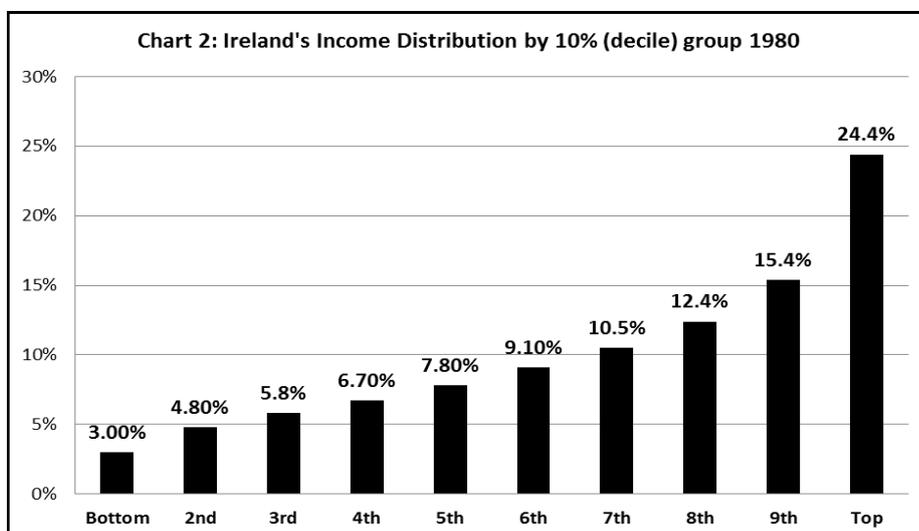
Decile	Weekly disposable income 2009	Annual disposable income 2009	Weekly disposable income 2010	Annual disposable income 2010
Bottom	€210.45	€10,973	€171.24	€8,928
2 nd	€320.37	€16,705	€283.39	€14,776
3 rd	€443.07	€23,103	€398.63	€20,784
4 th	€555.88	€28,985	€502.65	€26,208
5 th	€675.19	€35,206	€607.02	€31,650
6 th	€802.53	€41,846	€719.56	€37,518
7 th	€965.83	€50,361	€872.53	€45,494
8 th	€1,140.49	€59,468	€1,058.10	€55,169
9 th	€1,422.84	€74,191	€1,329.25	€69,307
Top	€2,276.00	€118,677	€2,369.53	€123,547

Source: Calculated from CSO (2012:14-15, 2010:24-25)

Note: Annual figures are rounded to the nearest Euro to ease interpretation.



Source: Calculated from (CSO 2012:14-15)



Source: Calculated from CSO Household Budget Surveys

Key Priorities: Poverty

CORE POLICY OBJECTIVE

To provide all with sufficient income to live life with dignity. This would involve enough income to provide a minimum floor of social and economic resources in such a way as to ensure that no person in Ireland falls below the threshold of social provision necessary to enable him or her to participate in activities that are considered the norm for society generally.

If poverty rates are to fall in the years ahead, *Social Justice Ireland* believes that the following are required:

- ⇒ benchmarking of social welfare payments,
- ⇒ equity of social welfare rates,
- ⇒ adequate payments for children,
- ⇒ refundable tax credits,
- ⇒ a universal state pension and
- ⇒ a cost of disability payment.

The Government should adopt these policy reforms to ensure the risk of poverty in Ireland falls.

Social Justice Ireland believes that in the period ahead Government and policy-makers generally should:

- Acknowledge that Ireland has an ongoing poverty problem.
- Assess the impact on society's most vulnerable people of any proposed policy initiatives aimed at achieving the required fiscal adjustments required by the EU/IMF bailout and the Government's multi-year budgetary plan.
- Change the ratio of expenditure cuts to tax increases in forthcoming budgets. Tax increases should account for two thirds of the required fiscal adjustment.
- Examine and support viable, alternative policy options aimed at giving priority to protecting vulnerable sectors of society.
- Provide substantial new measures to address long-term unemployment. This should include programmes aimed at re-training and re-skilling those at highest risk.
- Recognise the problem of the 'working poor'. Make tax credits refundable so as to address the situa-

tion of the 29.1% of all households in poverty which are headed by a person with a job.

- Introduce a cost of disability allowance to address poverty and social exclusion of people with a disability.
- Poverty-proof all public policy initiatives and provision.
- Recognise the problems of poverty among migrants and adopt policies to assist this group. In addressing this issue also reform and increase the 'direct provision' allowances paid to asylum seekers.
- Accept that persistent poverty should be used as the primary indicator of poverty measurement once this data becomes available.
- Move towards introducing a basic income system. No other approach has the capacity to ensure all members of society have sufficient income to live life with dignity.

The most important requirement in tackling poverty is the provision of sufficient income to enable people to live life with dignity. No anti-poverty strategy can be effective without a policy addressing low incomes.

Minimum Income Standard for Ireland

A recently published research report from the Vincentian Partnership for Social Justice (VPSJ) and Trinity College Dublin casts new light on the challenges faced by people living on low incomes in Ireland (Collins et al, 2012). Entitled '*A Minimum Income Standard for Ireland*', the research establishes the cost of a minimum essential standard of living for individuals and households across the entire lifecycle; from children to pensioners. Subsequently the study calculates the minimum income households require to be able to afford this standard of living. Overall this study finds that most social welfare rates fall significantly below the amount required for a minimum essential standard of living. The study is available on www.budgeting.ie and a minimum income calculator is available on www.misc.ie

Memorandum of Understanding Protecting the vulnerable

The Irish Government continues to ignore the 'troika' position that the vulnerable must be protected in the decisions Government takes particularly in a budgetary context. Despite meeting the terms of the bailout programme the promised outcomes are not materialising. Growth is very sluggish, unemployment is not falling, and essential public services are being reduced. Government plans a further €8.6 billion of 'consolidation' in the next three budgets. The proposed spilt between expenditure cuts and tax increases is €2 in expenditure cuts to €1 in tax increases. Government should heed the 'troika' position that the vulnerable must be protected. In order to do this the ratio should be reversed with €2 in tax increases for every €1 in expenditure cuts. Otherwise Government policy will simply continue worsening the situation of those who are vulnerable.

Child Poverty

Children are one of the most vulnerable groups in any society. Child poverty is measured as the proportion of all children aged 17 years or younger living in households with an income below 60 per cent of the median income poverty line. The latest data show that 19.5 per cent of children in Ireland (200,000+) are living in households experiencing poverty. This is an increase of 35,000 over three years. The scale of this statistic is alarming and it has obvious implications for the education system, for the success of these children within it, for their job prospects in the future and for Ireland's economic potential in the long-term. Child benefit remains a key route to tackling child poverty and is of particular value to those families on the lowest incomes. It is of concern that child payments were cut in recent budgets and that this universal payment is again under threat.

Basic Income

Social Justice Ireland has argued for a long time that the present tax and social welfare systems should be integrated and reformed to make them more appropriate to the changing world of the 21st century. To this end we have argued for the introduction of a basic income system. This proposal is especially relevant at the present moment of economic upheaval.

A basic income is an income that is unconditionally granted to every person on an individual basis, without any means test or work requirement.

In a basic-income system every person receives a weekly tax-free payment from the Exchequer while all other personal income is taxed, usually at a single rate. For a person who is unemployed, the basic-income payment would replace income from social welfare. For a person who is employed, the basic-income payment would replace tax credits in the income-tax system.

Basic income is a form of minimum income guarantee that avoids many of

the negative side effects inherent in social welfare payments.

A basic income differs from other forms of income support in that:

- it is paid to individuals rather than households;
- it is paid irrespective of any income from other sources;
- it is paid without conditions; and
- it is always tax free.

The Basic Income system ensures that looking for a paid job and earning an income, or increasing one's income while in employment, is always worth pursuing, because for every euro earned the person will retain a large part.

It thus removes the poverty traps and unemployment traps in the present system.

Twenty-first-century society needs a radical approach to ensure the inclusion of all people in the benefits of sustainable economic development. Basic Income is such an approach.

Ten reasons to introduce a Basic Income system

- It is work and employment friendly.
 - It eliminates poverty traps and unemployment traps.
 - It promotes equity and ensures that everyone receives at least the poverty level of income.
 - It spreads the burden of taxation more equitably.
 - It treats men and women equally.
 - It is simple and transparent.
 - It is efficient in labour-market terms.
 - It rewards types of work in the social economy that the market economy often ignores, e.g. home duties, caring, etc.
 - It facilitates further education and training in the labour force.
 - It faces up to the changes in the global economy.
- More information on basic income is available on our website www.socialjustice.ie

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Social Justice Ireland is a research and advocacy organisation of individuals and groups, throughout Ireland who are committed to working to build a just society where human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected.

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