

# **Ireland and the Europe 2020 Strategy**

## **Employment, Education and Poverty**

A review of the social inclusion aspects of Ireland's National Reform Programme in the context of the Europe 2020 Strategy

Social Justice Ireland

2014

## Overview

This report was compiled by *Social Justice Ireland* in light of the Europe 2020 Strategy and its high-level targets, and of Ireland's National Reform Programme and its Updates (from 2011 to 2013), which sets out Ireland's response to achieving those targets.

The report covers three of the five headline targets established in the Europe 2020 Strategy and addressed in the Irish National Reform Programme, namely, employment, education and 'poverty and social exclusion'. In each of these areas the report identifies the Europe 2020 target and Ireland's corresponding headline target, and then:

- Analyses the current context;
- Assesses progress (or otherwise) in achieving the Irish headline target;
- Reviews recent policy decisions and assesses their contribution (or otherwise) to Ireland achieving its targets;
- Identifies a number of issues relevant to the achievement of the targets; and
- Makes recommendations on adjusting the targets that Government has set in particular areas.

A partnership approach to the development of National Reform Programmes is envisaged in the Europe 2020 Strategy, involving a range of stakeholders, including those from civil society. The report, therefore, also addresses the issue of governance relating to the consultation process on the framing and development of the Irish National Reform Programme. Suggestions are made on how that process may be improved.

This report has been prepared by *Social Justice Ireland* drawing on data available from the EU and from Ireland's Central Statistics Office (CSO) as well as on on-going work *Social Justice Ireland* is doing on European and global issues. It also builds on our 2011 and 2012 reports on this same topic. Our findings include that the policies being pursued by government are resulting in the further exclusion of people who already find themselves on the margins of society and pushing Ireland further away from reaching many of its national targets under the Europe 2020 Strategy. This is of major concern to *Social Justice Ireland*. It also runs counter to the aim of inclusive growth which is central to the Europe 2020 Strategy.

Implicit in the approach taken in the Europe 2020 Strategy is that economic development, social development and environmental protection are complementary and interdependent – three sides of the same reality. Overall, current trends in Irish public policy are running counter to the promotion of 'inclusive growth,' which is one of the three key priorities which underlie the Europe 2020 Strategy. Inclusive growth is not just about fostering a high-employment economy, it also aims to deliver social cohesion – it is integral to the Europe 2020 strategy and needs to be integral to the response of the Irish Government.

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# 1. Introduction and Context

Adopted by the European Council in June 2010, the Europe 2020 Strategy set out to do develop a more balanced and sustainable approach for the future. While not without its critics, the Strategy is also seen as a significant development in social policy within the EU. In particular, its inclusion of targets aimed at increasing employment, improving education and reducing poverty and social exclusion are considered potentially significant because they highlight the importance of social policy goals to a vision for Europe's future well-being. In this report we look at key aspects of Ireland's performance in response to the Europe 2020 Strategy in the areas of employment, education and poverty.

## The Europe 2020 Strategy

The Europe 2020 strategy was designed to address the economic and financial crisis that had wiped out 'years of economic and social progress', while also exposing what were considered to be structural weaknesses in Europe's economy. The strategy aims to turn the EU into a 'smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion' (European Commission, 2010, p. 5).

It has been argued that the Strategy represents a major step forward in the development of EU policymaking, having increased the potential visibility and importance of social issues, and the possibility of 'a much more integrated and coordinated approach to economic, social, employment and also environmental governance' (Frazer et al, 2010, p.3). As these authors put it:

*'The Lisbon Treaty and the Europe 2020 Strategy provide a significant, if far from perfect, opportunity to move towards a better and more mutually reinforcing balance between economic, employment and social objectives – and thus towards a stronger Social EU' (Frazer et al, 2010, p 34).*

While there has been criticism of aspects of the Europe 2020 strategy<sup>1</sup>, the existence of targets aimed at reducing poverty and social exclusion will, it has been argued, create a new dynamic and impose pressure on politicians and policy-makers to deliver against those targets (Walker, 2011, p.1).

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<sup>1</sup> There has, for example, been criticism of the way indicators were combined to determine the target for 'poverty and social exclusion' (Nolan & Whelan, 2011). That has also been criticised by Social Justice Ireland. Another area sometimes considered problematic is the fit between the governance architecture of the Europe 2020 Strategy and EU social policy coordination as it had developed over a decade through the Social Open Method of Coordination (OMC) (Zeitlin, 2010).

## Priorities, Targets & 'Flagship Initiatives'

The Strategy articulates three priorities, five headline targets for 2020 intended to be representative of the three priorities, as well as a number of actions at national, EU and international levels to underpin them (European Commission, 2010).

The three **priorities** are:

- Smart growth: developing an economy based on knowledge and innovation,
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy,
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

The **headline targets** for 2020 are intended to steer progress toward achieving the priorities. They are:

- Employment – 75% of the 20-64 year-olds to be employed,
- R&D – 3% of the EU's GDP to be invested in R&D (includes public and private investment),
- Climate change/energy –
  - greenhouse gas emissions 20% lower than 1990 (or 30% if the conditions are right)
  - 20% of energy from renewables
  - 20% increase in energy efficiency
- Education –
  - Reducing school drop-out rates below 10%
  - at least 40% of 30-34 year-olds completing third level education
- Poverty /social exclusion –
  - The number of Europeans living in or at risk of poverty and social exclusion should be reduced by 20 million (this target is based on a combination of three indicators<sup>2</sup> - people are counted if they come under any of the three)

The targets are intended to be representative of the three priorities underlying the Strategy (rather than exhaustive of them), and to be interrelated. So, it is recognised, for example, that

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<sup>2</sup> This indicator corresponds to the sum of persons who are: at risk of poverty or severely materially deprived or living in households with very low work intensity. Persons are only counted once even if they are present in several sub-indicators. At risk-of-poverty are persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). Material deprivation covers indicators relating to economic strain and durables. Severely materially deprived persons have living conditions severely constrained by a lack of resources, they experience at least 4 out of 9 following deprivations items: cannot afford i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone. People living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work less than 20% of their total work potential during the past year. (Eurostat, 2014, t2020\_50)

better educational levels help employability, which in turn will help to reduce poverty. Targets were to be translated into national targets to reflect the current situation of each Member State (European Commission, 2010).

Seven **flagship initiatives** were proposed to underpin the priorities with actions at European and national levels. These are ‘Innovation Union’, ‘Youth on the Move,’ ‘A Digital Agenda for Europe’, ‘Resource Efficient Europe,’ ‘An Industrial Policy for the Globalisation era,’ ‘An Agenda for New Skills and Jobs,’ and ‘European Platform against Poverty’.

Amongst the flagship initiatives, the European Platform against Poverty (EPAP) is of particular importance in the context of this report, with its recognition that the vulnerable in our societies have borne much of the impact of the economic crisis, and

- that fighting poverty requires a response that cuts across all policy domains and that is mainstreamed into all policy development
- of the need for greater and more effective use of the EU Funds to support social inclusion (European Commission, 2010a, p. 5,6).

## Integrated Guidelines

Ten **integrated Guidelines** for implementing the Europe 2020 Strategy were adopted by the Council in October 2010. They include four guidelines relating to employment policies - although one focuses on social inclusion and poverty (Guideline 10). See **Table 1**.

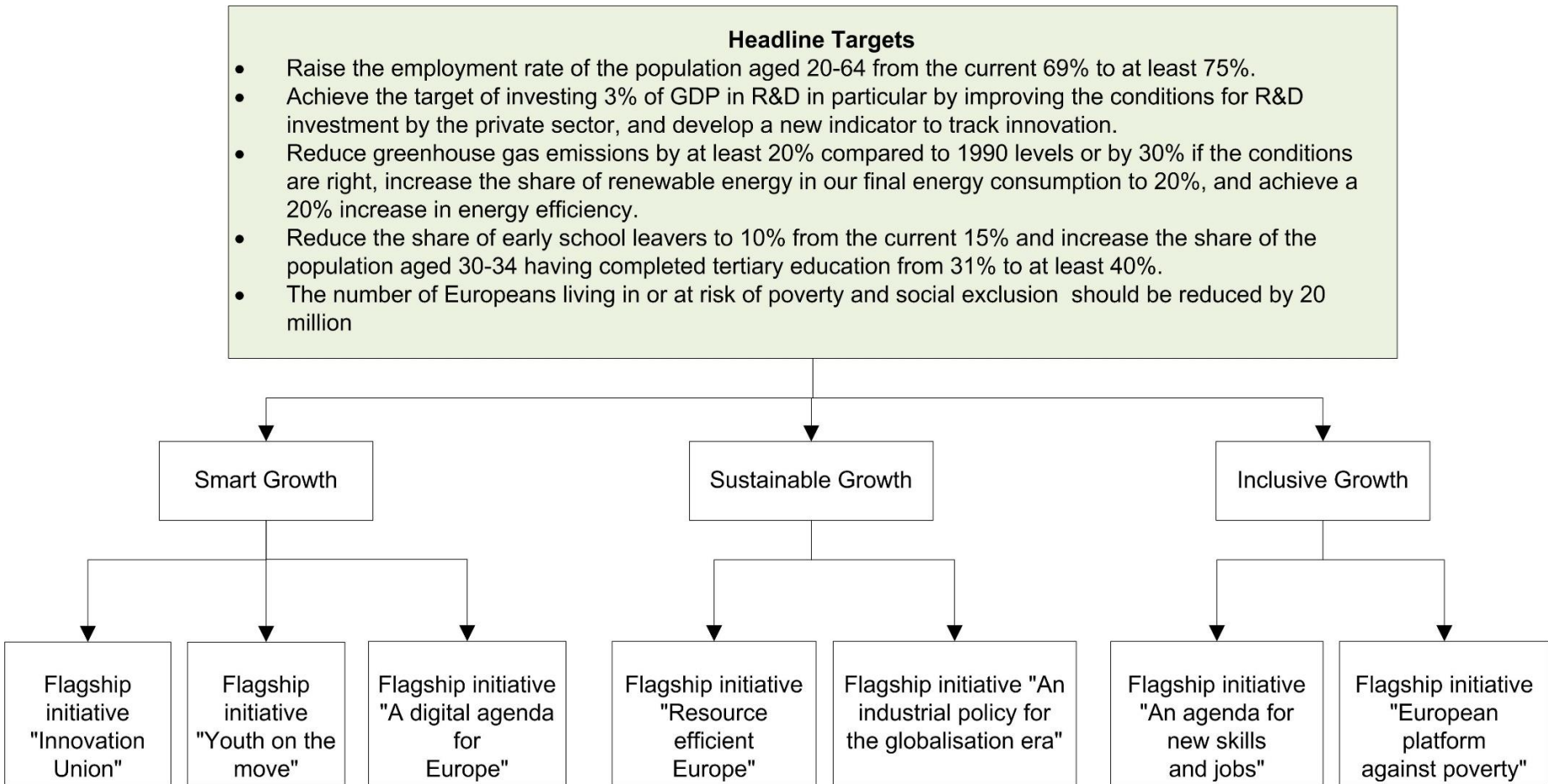
The Guidelines aim to provide guidance to Member States in defining their National Reform Programmes (see below) and in implementing reforms. Guideline 10 underlines the importance of labour market participation for those furthest away from the labour market and of preventing in-work poverty, as well as the role of pensions, healthcare, and public services in maintaining social cohesion.

**TABLE 1 INTEGRATED GUIDELINES: EMPLOYMENT (INCLUDING SOCIAL INCLUSION AND COMBATING POVERTY)**

Extract from Integrated Guidelines for Europe 2020	
<b>Guideline 7</b>	<b>Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality</b>
<b>Guideline 8</b>	<b>Developing a skilled workforce responding to labour market needs and promoting lifelong learning</b>
<b>Guideline 9</b>	<b>Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education</b>
<b>Guideline 10</b>	<b>Promoting social inclusion and combating poverty</b>

SOURCE: EU COUNCIL OF MINISTERS, 2010





**FIGURE 1 EUROPE 2020 STRATEGY FRAMEWORK**

## Monitoring and the European Semester

In order to monitor progress towards the achievement of its targets, the Europe 2020 Strategy envisaged country reporting in the form of National Reform Programmes. These are intended to help Member States to develop strategies for sustainable growth and sustainable public finances and to track progress toward targets. The Europe 2020 Strategy envisages a partnership approach to the elaboration of National Reform Programmes and to the implementation of the Strategy – one that includes EU Committees, national parliaments, regional and local authorities as well as social partners and stakeholders in civil society (European Commission, 2010).

In light of the Europe 2020 Strategy, the Social Protection Committee examined the pre-existing Social Open Method of Coordination (OMC)<sup>3</sup>, concluding that OMC (across its three strands of social inclusion, pensions, health care and long-term care) would be essential to assessing the social dimension of the 2020 Strategy.

It was recommended that, at the same time as reporting under their National Reform Programmes, Member States would annually be invited to report on progress in National Social Reports from 2012.

A key feature of governance relative to the Europe 2020 strategy was the introduction of a new annual reporting cycle, the ‘European semester,’ which commenced in January 2011. One of the aims of the new framework is to align the way the EU’s Stability and Growth Pact is implemented with coordination of the 2020 Strategy.

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<sup>3</sup> The ‘OMC’ or Open Method of Coordination was initiated by the 2000 Lisbon Strategy, and was succeeded by the development of social indicators agreed in Laeken in 2001 (and consequently often called the Laeken process) and subsequently developed and refined on an ongoing basis. It involves a peer review process developed to assist policy learning. The OMC process includes agreement on common objectives, commonly defined social indicators, development and peer reviewing of national strategic reports along with recommendations for policy change (Walker, 2011).

## The European Semester

The European Commission operates a yearly cycle of economic policy coordination called the European Semester. Each year the European Commission recommends for the next 12-18 months to member states. The European semester starts when the Commission adopts its Annual Growth Survey, usually towards the end of the year, stating priorities for the coming year

**March:** EU Heads of State and Government issue guidance for national policies on the basis of the Annual Growth Survey.

**April:** Member States submit their plans for public finances (Stability or Convergence Programmes) and their National Reform Programmes with reforms and measures to make progress towards smart, sustainable and inclusive growth, in areas such as employment, research, innovation, energy or social inclusion.

**May/June:** the Commission assesses these programmes and provides country-specific recommendations. The Council discusses and the European Council endorses the recommendations. However, there are no separate country-specific recommendations for countries implementing an Economic Adjustment Programme (as Ireland was until end 2013) beyond implementation of the Programmes.

**June/July:** the Council formally adopts the country-specific recommendations.

Euro area countries must also from 2013 on submit their draft national budgets to the Commission for its opinion on how they fit with the countries' commitments.

Where recommendations are not acted on within the given time-frame, policy warnings can be issued. There is also an option for enforcement through incentives and sanctions in the case of excessive macroeconomic and budgetary imbalances

## Annual Growth Survey

The Annual Growth Survey for 2014 adopts the following five priority areas:

- Pursuing differentiated, growth-friendly fiscal consolidation involving a mix of expenditure and revenue measures
- Restoring lending to the economy
- Promoting growth and competitiveness for today and tomorrow
- Tackling unemployment and the social consequences of the crisis
- Modernising public administration.

The Annual Growth Survey also recognises that in many Member States, there is a need for greater involvement of national parliaments, social partners and civil society in the European Semester process and recommends that the National Reform Programmes (NRP) and Stability or

Convergence Programmes (SCP) be discussed with national parliaments and all relevant parties, notably social partners and sub-national actors (European Commission, 2013).

Where expenditure is concerned, the Annual Growth Survey recognises that Member States need to find ways to protect or promote longer term investment in education, research, innovation, energy and climate action and calls for particular attention to employment services and active labour market policies, such as training for the unemployed and Youth Guarantee schemes (European Commission, 2013, p 7).

The year 2014 will be the first year of implementation of a new round of structural funds (the European Structural and Investment Funds or ESIF) involving investment of €400billion (European Commission, 2013). The new ESIF is intended to support the goals of the Europe 2020 strategy and to support reforms identified in the EU country-specific recommendations.

## Irish National Reform Programme - Targets

The Irish Government submitted a National Reform Programme in 2011 and has submitted 'Updates' in 2012 and 2013. The Irish Government has not yet submitted a National Social Report. The following are the Europe 2020 Strategy targets for employment, education and poverty reduction as well as the Irish targets set out in the 2013 Update to the Irish National Reform Programme:

### Employment

**EU Headline Target:** To raise to 75% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants.

**Irish Target:** To raise to 69-71% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants, and to review the target level of ambition in 2014, in the context of a proposed mid-term review of the Europe 2020 Strategy.

### Education

**EU Headline Target:** Improving education levels, in particular by aiming to reduce school drop-out rates to less than 10% and by increasing the share of 30-34 years old having completed tertiary or equivalent education to at least 40%.

**Irish Target:** To reduce the percentage of 18-24 year olds with at most lower secondary education and not in further education and training to 8%; to increase the share of 30-34 year olds who have completed tertiary or equivalent education to at least 60%

### Poverty

**EU Headline Target:** To promote social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and exclusion

**Irish Target:** To reduce the number experiencing consistent poverty to 4% by 2016 (interim target) and to 2% less by 2020, from the 2010 baseline rate of 6.3%<sup>4</sup>. The Irish contribution to the Europe 2010 poverty target is to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at risk-of-poverty or basic deprivation) (Revised target<sup>5</sup>)

While recognising the interdependence of economic, environmental and social sustainability, it is not within the intended scope of this report to address all components of the Europe 2020 Strategy targets or the Irish National Reform Programme. Each of the above targets will be

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<sup>4</sup> This is based on a slightly revised figure released by the CSO in 2011

<sup>5</sup> In 2012, the target in respect of poverty contained in Ireland's National Reform Programme Update was revised. Previously it targeted a consistent poverty rate of between 2-4% by 2012, the elimination of consistent poverty by 2016, and at least 186,000 people lifted out of the risk of poverty and exclusion.

considered in the next three Chapters of this Report, which will focus on employment, education and poverty, respectively. The issue of governance will be considered in the fifth Chapter.

## 2. Employment

*EU Headline Target: The employment rate of the population aged 20-64 should increase from the current 69% to at least 75%, including through the greater involvement of women, older workers and the better integration of migrants in the work force (European Commission, 2010).*

*Ireland Headline Target: To raise to 69-71% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants, and to review the target level of ambition in 2014, in the context of a proposed mid-term review of the Europe 2020 Strategy (Government of Ireland, 2011).*

### European Context

Under its ‘inclusive growth’ priority, the Europe 2020 Strategy envisages a high-employment economy delivering economic, social and territorial cohesion. Challenges identified in this context include high unemployment, low skills, those working who do not earn enough to get out of poverty (that is, the ‘working poor’). The Strategy referenced the following facts about Europe (based on the data available when the Strategy was adopted in 2010):

- Only two-thirds of the working-age population were employed
- About 80 million people had low or basic skills
- 8% of those at work did not earn enough to reach the poverty threshold
- At 21%, the unemployment rate for young people was particularly high
- There was a strong risk that those away from the labour market or those poorly connected with it will lose ground (European Commission 2010, p.17-18)

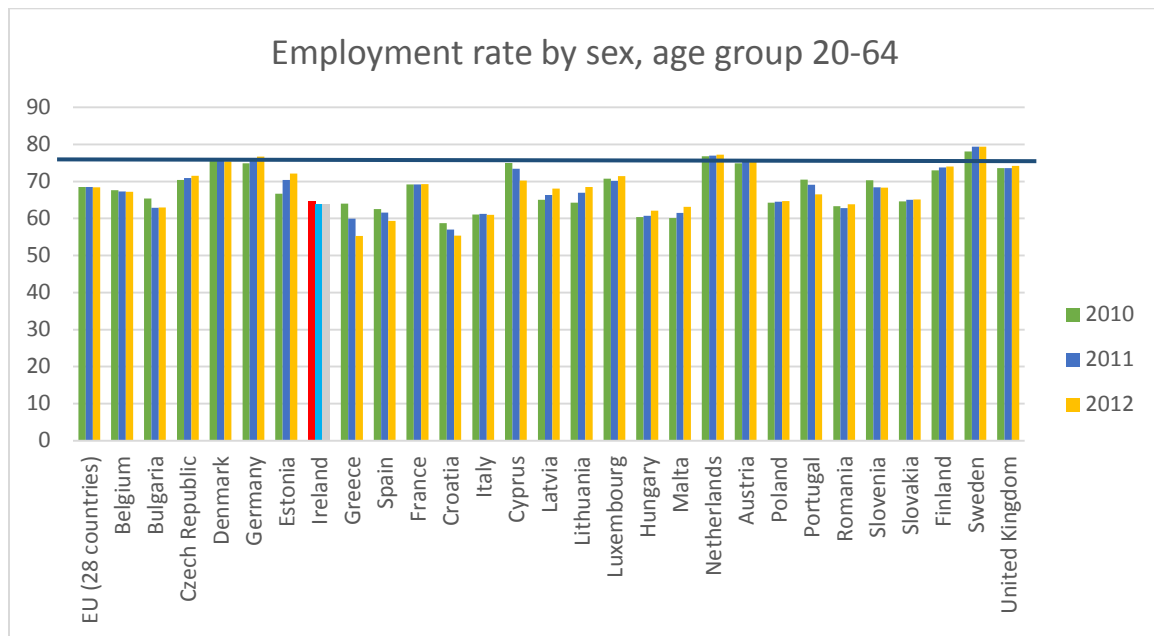
The need to integrate social and employment policy solutions is recognised especially in light of the fact that so many people with jobs are at risk of poverty (European Commission, 2011a, p. 13). As well as including a major focus on employment, the 2020 Strategy emphasises education, training and lifelong learning (European Commission, 2010).

In its Economic and Social Review for September 2013, the European Commission noted that overall the EU is struggling with high unemployment, low employment, rising poverty and social exclusion, and declining household incomes. Labour market performance has worsened since 2011: Unemployment has grown rather than fallen and employment rates have declined. Poverty since 2008 has also increased in the EU overall. (European Commission, 2013a).

Youth unemployment is recognised in the Europe 2020 strategy as a particular challenge. In January 2014, 5.556 million young persons (under 25) were unemployed in the EU28. Compared with January 2013, youth unemployment decreased by 171 000 people in the EU28. In January 2014, the youth unemployment rate<sup>6</sup> was 23.4% in the EU28 (24.0% in the euro area), compared with 23.7% (and 24.1% in the Euro area) in January 2013 (Eurostat, 2014a).

**Figure 2** below shows the position of EU States for 2010, 2011 and 2012 relative to the high-level employment target (75%) set out in the Europe 2020 Strategy for people aged 20-64<sup>7</sup>. Five countries now already exceed the 2020 target (Sweden, Netherlands, Germany, Denmark and Austria). However, the European average rate of employment is below the target set and stood at 68.4 per cent in 2013 (EU28). Ireland’s employment rate for this age group rate has been dropping since 2007 (when it had been 73.8 per cent) and it stood at 63.7 per cent in 2012. It is below the European average and is approximately 11 percentage points lower than the Europe 2020 Strategy target.

**FIGURE 2 EU 28: EMPLOYMENT RATE SHOWING EURO 2020 TARGETS**



Source: Eurostat, 2014 t2020\_10

<sup>6</sup> The youth unemployment rate is the number of people aged 15 to 24 unemployed as a percentage of the labour force of the same age. Therefore, the youth unemployment rate should not be interpreted as the share of jobless people in the overall youth population

<sup>7</sup> The employment rate is calculated by dividing the number of persons aged 20 to 64 in employment by the total population of the same age group. The indicator is based on the EU Labour Force Survey. The survey covers the entire population living in private households and excludes those in collective households such as boarding houses, halls of residence and hospitals. Employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent.

(Eurostat, 2014 t2020\_10).



As already stated, Ireland’s 2020 target for employment according to its National Reform Programme is 69-71% for those aged 20-64. As **Figure 2** shows, Ireland’s employment rate fell between 2010 and 2012. In 2012, only seven countries out of EU28 had lower employment rates –Malta, Bulgaria, Hungary, Italy, Spain, Croatia and Greece.

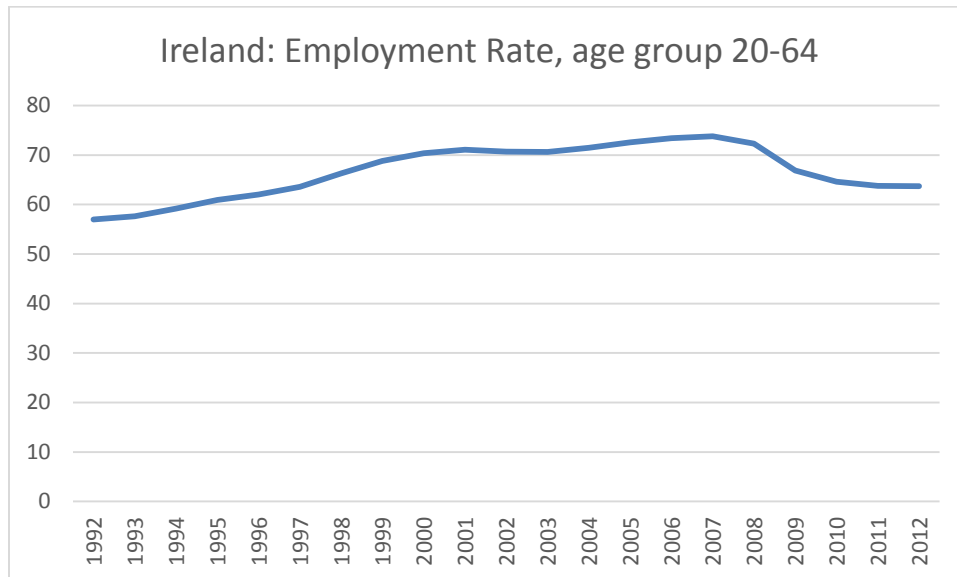
As regards unemployment (and based on statistics from Eurostat), the monthly average figure for Ireland for December 2013 was 12 per cent. The rate is 11.9 per cent in January 2014 (Eurostat, 2014, **teilm020**). In the final month of 2013, Ireland’s monthly average rate was exceeded only by eight countries – Italy, Bulgaria, Slovakia, Portugal, Cyprus, Croatia, Spain and Greece (of the 26 countries for which rates are currently available).

## Ireland: Employment and Unemployment

Since 2008 Ireland has seen a return to widespread unemployment with serious consequences not only for the exchequer but also for individuals, families and the social fabric. **Figure 3** below shows Ireland’s employment rate for those aged 20-64 from 1992 to 2012.

It illustrates that, after increasing for many years, there has been a steady drop in the employment rate from 2007 onwards to a rate of 63.7 per cent in 2012. Recently there has been a welcome levelling off of the rate. There was an annual increase in employment of 3.3 per cent or 61,000 in the year to the fourth quarter of 2013, bringing total employment to 1,909,800 (CSO, 2014b).

Figure 3 Ireland: Employment, 1992-2012, age 20-64



Source: Eurostat, 2014, t2020\_10

A consequence of job losses in recent years has been a sharp increase in unemployment and emigration. See **Table 2** for labour force data 2007, 2010 and 2013. The unemployment rate at end of 2013 was 7.2 per cent representing 253,200 people. Those long-term unemployed numbered 155,500 people. See **Table 2**.

Over the seven years from 2007-2013 the labour force decreased by just over 4 per cent, participation rates dropped, full-time employment fell by almost 18 per cent, representing some 312,000 jobs, while part-time employment increased by almost 17 per cent. By the end of 2013 the number of underemployed people, defined as those employed part-time but wishing to work additional hours, had increased to 143,300 people – almost 7 per cent of the labour force. Over this period unemployment increased by over 150,000 people, bringing the unemployment rate up from 4.6 per cent to 11.7 per cent. Overall, employment fell 11.4 per cent between 2007 and 2013.

**TABLE 2 IRELAND LABOUR FORCE DATA, 2007-2013**

<b>Labour Force Data, 2007 - 2013</b>				
	<b>2007</b>	<b>2010</b>	<b>2013</b>	<b>Change 07-13</b>
<b>Employment</b>				
Labour Force	2,260,600	2,168,200	2,163,100	-4.3%
LFPR %	63.8	60.2	60.1	-3.7%
Employment %	68.8	59.0	61.4	-7.4%
Employment (people)	2,156,000	1,857,300	1,909,800	-11.4%
Full-time	1,765,300	1,422,800	1,453,000	-17.7%
Part-time	390,700	434,400	456,800	+16.9%
Underemployed	n/a	116,800	143,300	-
<b>Unemployment</b>				
Unemployed %	4.6%	14.3%	11.7%	+7.1%
Unemployed (people)	104,600	310,900	253,200	+142.1%
LT Unemployed %	1.4%	7.9%	7.2%	+5.8%
LT Unemployed (people)	31,700	172,100	155,500	+390.5%

**Source:** Healy et al, 2014, CSO, 2014a, QNHS on-line database.

**Notes:** All data is for quarter 4 of the reference year.

LFPR = Labour force participation rate and measures the percentage of the adult population who are in the labour market.

Underemployment measures part-time workers who indicate that they wish to work additional hours but these are not currently available.

Comparable underemployment data is not available for 2007.

LT = Long Term (12 months or more).

The figures in **Table 2** above also highlight the growth of various forms of precarious work over recent years. Since 2007 employment has fallen by 11 per cent; but there has been an even bigger decline in full-time unemployment (-18 per cent) and at the same time a growth in part-

time employment (+17 per cent). Amongst those part-time employed, there has also been an increase in the numbers of people who are underemployed - that is, working part-time but at less hours than individuals are willing to work. By the end of 2013 the numbers underemployed stood at 143,300 people, about seven per cent of the total labour force and almost one-third of all part-time workers.

While an element of these figures can be explained by the recession, they strongly suggest the emergence of a greater number of workers in precarious employment situations. This impacts on the well-being of individuals and their families, and on their financial situation. There are also impacts on the state given that Family Income Supplement (FIS) and the structure of jobseeker payments tends to lead to Government subsidising these family incomes; and indirectly subsidising some employers who create persistent precarious work patterns for their workers.

**TABLE 3 UNEMPLOYMENT - HEADLINE STATISTICS 2014**

Unemployment : Headline Figures Q4, 2013			
Unemployment rate		11.7%	253,200 people
Long-term rate	Unemployment	7.2%	155,500 people
		Accounting for 61.4% of all unemployed people	
Unemployment, Young People (15-24)		24.2%	49,000 people

**Source:** Healy *et al*, 2014: CSO, 2014a, QNHS on-line database (Q4, 2013)

The unemployment position in Ireland has to be interpreted in the context of emigration - net outward migration has returned since 2010-2011 (that is, more people are leaving than arriving). The Irish unemployment rate in the absence of emigration was estimated at around 20 per cent in 2013, not 13.5 per cent as it then stood (Healy, 2013). Some of Ireland's migration involves non-Irish nationals returning to their home countries, but emigration by Irish nationals (particularly young Irish people) has been significant enough to impact on the size of the population of young nationals (aged 15-24). According to the European Commission, their numbers have declined noticeably (-9 per cent) between 2007 and 2012 (2013d).

When we look at people with disabilities, data from Census 2011 revealed that there were 162,681 persons with a disability in the labour force representing a participation rate of 30 per cent, less than half that for the population in general. This low rate of employment among people with a disability is of concern. Apart from restricting their participation in society it also ties them into state dependent low-income situations. Therefore, it is not surprising that Ireland's poverty figures reveal that people who are ill or have a disability are part of a group at high risk of poverty (CSO, 2013).

As the labour market improves, Social Justice Ireland believes that now is the time to adopt measures to address and eliminate these problems.

## Long-Term Unemployment

The Europe 2020 Strategy recognises that those with least connection to the labour market are especially at risk. In Ireland long-term unemployment is a particular problem. This is at a time when (since 2009) there is an overall decline in the labour force due principally to net migration, which is most heavily concentrated in the age groups 20-24 and 25-34 (CSO, 2014b). The long-term unemployment rate decreased from 8.2% to 7.2% over the year to Q4 2013. Long-term unemployment accounted for 61.4% of total unemployment in Q4 2013 compared with 59.9% a year earlier and 62.5% in the fourth quarter of 2011 (CSO, 2014b).

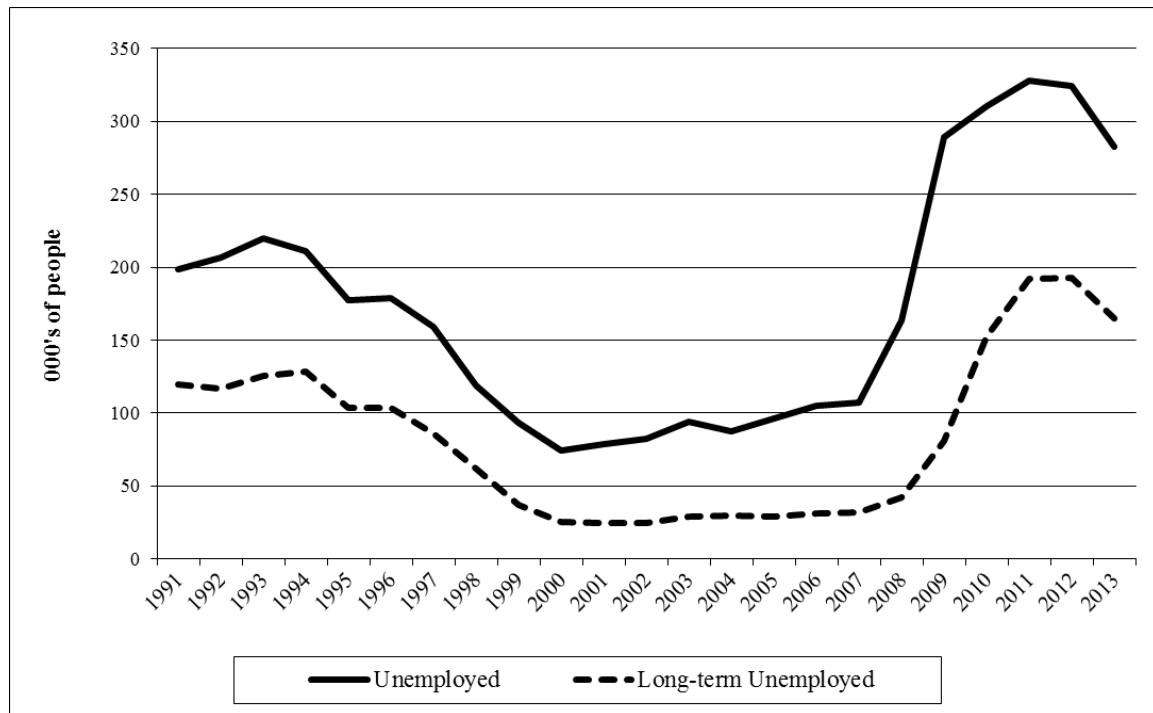
The rapid growth in the number and rates of long-term unemployment are highlighted in **Table 2**, above and in **Figure 4**, below. The number of long-term unemployed was less than 32,000 in 2007 and has increased since, reaching 155,500 at the end of 2013. For the first time on record, the QNHS data for late 2010 indicated that long-term unemployment accounted for more than 50 per cent of the unemployed and by the end of 2013 the long-term unemployed represented just over 60 per cent of the unemployed. The transition to these high levels has been rapid since 2007. The experience of the 1980s showed the dangers and long-lasting implications of an unemployment crisis characterised by high long-term unemployment rates.

It is clear that reskilling many of the unemployed, in particular those with low education levels, will be a key component of the response. Using the latest data, for 2011, almost 60 per cent of the unemployed had no more than second level education with 30 per cent not having completed more than lower secondary (equivalent to the junior certificate). At the other extreme, the scale and severity of the recession has resulted in high levels of third-level graduates becoming unemployed.<sup>8</sup>

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<sup>8</sup> The CSO have not updated their profile of unemployment by completed education level since this data.

**FIGURE 4 UNEMPLOYMENT AND LONG-TERM UNEMPLOYMENT, 1991-2013**



**Source:** Healy *et al*, 2014, CSO, Labour Force Survey and QNHS various editions

The live register data offers a useful insight into the skills and experience of those signing on<sup>9</sup> as it shows the number of people signing on by their last occupation. As of January 2014, the largest categories of occupation represented are categorised as ‘Craft and related’ and ‘Plant and Machine Operatives’ (CSO Live Register on-line database). The figures highlight the need for targeted reskilling of people who hold skills in sectors of the economy that are unlikely to ever return to the employment levels of the early part of the last decade.

In its economic review of Ireland in Autumn 2013, the EU Commission noted that Ireland’s capacity to deliver activation services and re-skilling opportunities needs to be improved, and that most long-term unemployed remain ‘outside the scope of the core activation services’ and that skills mismatches are sizable (European Commission, 2013b, p.31).

The longer people spend unemployed is directly related to their likelihood of re-entering paid employment. For example, it has been noted that recipients of benefits for less than a year have a 60% higher chance of leaving unemployment than those recipients of between one and two years (European Commission, 2012, p. 41).

*Social Justice Ireland* believes that it remains a major policy failure that Ireland’s level of long-term unemployment has been allowed to increase so rapidly in recent years. Furthermore, it is of serious concern that to date Government policy has given limited attention to the issue.

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<sup>9</sup> While the live register is not an accurate measure of unemployment, it is a useful barometer of the nature and pace of change in employment and unemployment.

While Government should not ignore any group in its attempts to address the unemployment crisis, major emphasis should be placed on those who are most likely to become trapped in long term unemployment – in particular those with the lowest education levels.

Previous experience, in Ireland and elsewhere, has shown that many of those under 25 and many of those over 55 find it challenging to return to employment after a period of unemployment. This highlights the danger of the large increases in long-term unemployment and suggests a major commitment to retraining and re-skilling will be required. In the long-run Irish society cannot afford a return to the long-term unemployment problems of the 1980s.

*Social Justice Ireland* believes that this issue requires immediate and appropriate action. A specific sub-target on reducing long-term unemployment should be included in the National Reform Programme to ensure this issue receives the priority it demands.

### **The Working Poor**

The Europe 2020 Strategy recognises that large numbers of people who work nonetheless do not earn enough to get out of poverty and they represent over 9% of Europeans (EU28) who worked in 2012 (Eurostat, 2014, **tesov110**). The EU Social Protection committee has referenced the need to address this by ensuring living wages for those at work, and, amongst other things, by addressing low pay and under-employment (The Social Protection Committee, 2011b, p.25).

- In Ireland data for 2011 reports an in-work risk of poverty of 5.6 per cent, ranked 12th highest among EU28 countries (Eurostat, 2014, **tesov110**).
- In numerical terms, the working poor amounted to 103,942 people in 2011 up from 90,390 people in 2010) (Healy *et al*, 2014, calculated from CSO SILC Reports) – thus they represent a very large cohort of people.

It is important that policy begin to address this problem particularly given the large numbers of people affected. 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, something on which *Social Justice Ireland* has published research. 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 feasible at relatively small cost. Such a move would have a very positive impact on those who are the working poor. We include a brief outline of the proposal in **Chapter 4**.

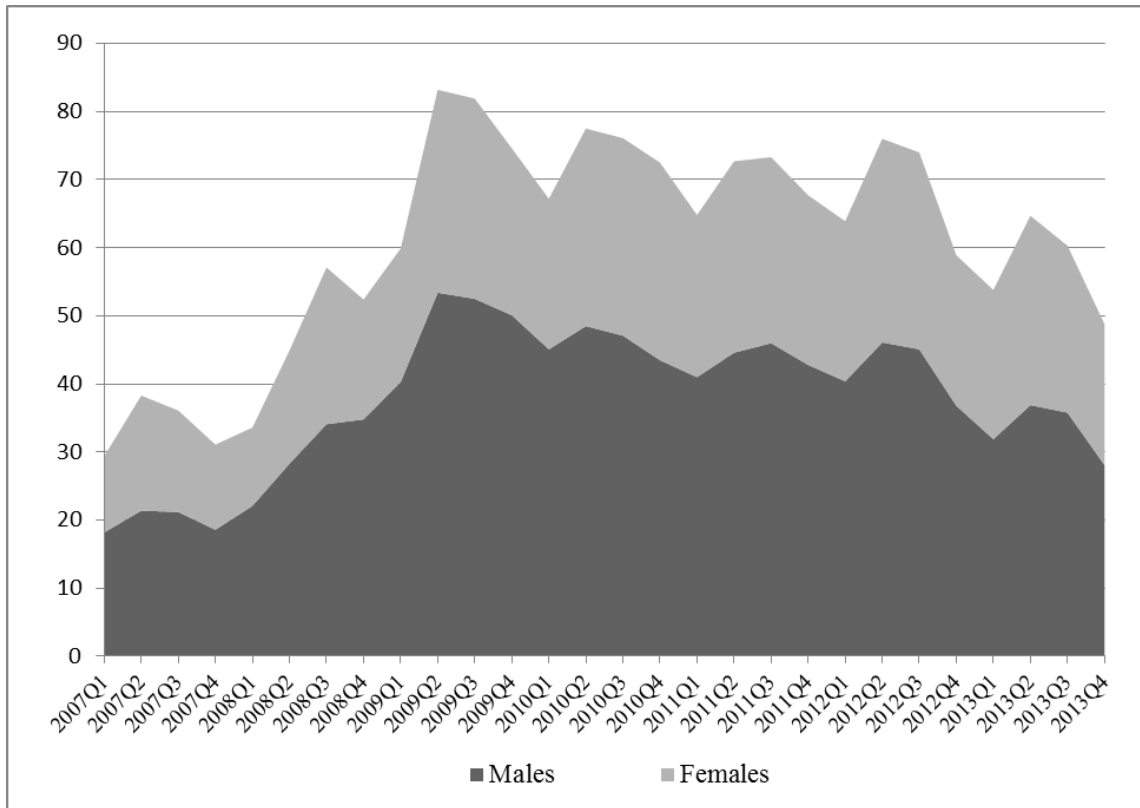
We strongly urge that a specific sub-target should be developed to address the issue of the working poor and incorporated in Ireland's National Reform Programme.

### **Youth Unemployment**

The unemployment rate for 15-24 year olds (youth unemployment rate) decreased from 27.7% to 24.2% over the year to Q4 2013 (CSO, 2014b). In Q4 2013 outward migration contributed 12,200 to the overall change in the labour force and this exclusively affects the 20-24 and 25-34 age groups (CSO 2014b).

While the increase in unemployment has been spread across people of all ages and sectors **Figure 5** highlights the very rapid increase in the numbers of unemployed people aged less than 25 years. The numbers in this group more than doubled between 2007 and 2009 peaking at 83,100 in quarter 2 2009. Since then decreases have occurred, reaching 50,000 in late 2013 (QNHS online database). A large part of the decrease is probably due to emigration.

**FIGURE 5 YOUTH UNEMPLOYMENT IN IRELAND BY GENDER, 2007-2013**



**Source:** Healy *et al*, 2014. CSO 2014a, QNHS on-line database.

Although youth unemployment represents about one-fifth of the total population that are unemployed, it merits particular attention. Experiences of unemployment, and in particular long-term unemployment, alongside an inability to access any work, training or education, tends to leave ‘a scarring effect’ on young people. It increases the challenges associated with getting them active in the labour market at any stage in the future and may have long-term effects on their lives. The Government’s National Reform Programme Update for 2013 noted a continued increase in the share of youth unemployed who are out for work for more than one year – accounting (at the time of the Update) for two out of five of all youth unemployed.

The latest data on the number of young people aged 18-24 years in Ireland who are not in education, employment or training (NEETs) is 23.8 per cent in 2012 (Eurostat, 2014 **edat\_ifse\_20**). This compares with an EU28 average of 17.1 per cent and Ireland’s rate is one of the highest in the EU – exceeded in 2012 only by Greece, Italy, Bulgaria and Spain.

At a European level, this issue has been receiving welcome attention over the past year focusing

on the 'Youth Guarantee'. The aim of the EU-wide Guarantee is to provide young people (under 25) with a good quality offer of employment, continued education, an apprenticeship /traineeship within a short time of becoming unemployed. A Youth Guarantee scheme was launched in Ireland at the end of January 2014, and 28,350 places in schemes are to be targeted at under 25s with a high risk of being long-term unemployed in 2014 (Department of Education & Skills, 2014). (See Irish Government Initiatives, below).

The Irish Government's National Reform Programme, 2020 target for employment is projected to be achieved through the greater participation in the labour market of young people (and some other groups). The large numbers affected by youth unemployment deserves specific action, and *Social Justice Ireland* has for some time recommended a specific policy response, which will need to have a number of different elements in it. In particular, these should include education and literacy initiatives as well as retraining schemes.

The launch of the Youth Guarantee scheme in early 2014 is Government's first targeted response to this situation since the crisis started in 2008 and as such it is to be welcomed. However, *Social Justice Ireland* wishes to see greater clarity as to how much of the package comes from existing provision and how much represents new places and resources.

## Irish Government Initiatives

In its National Reform Programme, the Irish Government states that the main focus of Government policy is 'employment creation through export growth and improved competitiveness' (Government of Ireland, 2011, p.9). Certain groups are identified as priorities because of their risk of a drift to long-term unemployment. These are people with low skills or education levels (i.e. unemployed people who do not have a Leaving Certificate qualification or equivalent), people who are on the Live Register for long periods (over one year), people aged under 35, and people who were previously employed in sectors most affected by restructuring (Government of Ireland, 2011). However, the National Reform Programme includes no detailed measures of any scale in respect of the groups identified as at particular risk of long-term unemployment and no targets are set for them.

*Action Plan for Jobs* is a multi-annual process. The first *Action Plan for Jobs* (2012) set out a range of initiatives (270) to be delivered by Government Departments and State agencies. It aims to have 100,000<sup>10</sup> more people at work by 2016, and 2 million people in work by 2020, which it is intended will result in an employment rate of 67.6% by 2015, and 70.1% by 2020, which is intended to come within Ireland's individual Headline Target (69%-71%) under the Europe 2020 Strategy (Government of Ireland, 2012; 2012a). The 2013 *Action Plan for Jobs* places an emphasis on encouraging entrepreneurship and supporting start-up activity. This emphasis was also reflected in Budget 2014 measures which included a *Start Your Own Business* initiative providing a two-year tax exemption for people unemployed for at least 15 months who establish a qualifying business.

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<sup>10</sup> To be made up of 20,000 jobs in manufacturing, 30,000 in internationally traded services and 50,000 in spin offs (Government of Ireland, 2012a, p.14)



*Pathways to Work* focuses on activation measures such as the *JobBridge* scheme and including, since 2012, establishment of a new integrated employment service called *Intreo* which is intended to integrate welfare services and employment services. Only 15 *Intreo* offices were operating by end-September 2013 (European Commission, 2013b). A measure aimed at long-term unemployed people, the *JobsPlus* Initiative, was introduced in 2013. Schemes aimed at offering opportunities for upskilling and reskilling have also been introduced including *Springboard*.

The Irish Government National Reform Update for 2013 acknowledges the fact of long-term unemployment amongst under 25s as of particular concern and the only specific initiative to address the problem is a commitment to review existing policies in relation to youth unemployment in the light of the European-wide 'Youth Guarantee.' In early 2014 Government launched a Youth Guarantee Scheme with a target of 28,350 places for under 25s in activation schemes in 2014 (with additional places on post-leaving certificate courses). Places are initially to be targeted at under 25s with a high risk of being long-term unemployed in 2014 (Department of Education & Skills, 2014). The places offered are mainly from existing schemes. Amongst them are 450 places in a controversial scheme which is part of a national scheme to get 3,000 unemployed people working by the end of 2014 and which involves long-term unemployed people working in outdoor and indoor part-time positions for their social welfare payment plus €20 a week. Those refusing to work risk having their benefit cut. The initiative, called *Gateways*, is similar to the *JobBridge* internship programme where people get an extra €50 on top of their dole when they take up a full-time placement.

The Irish Government has also toughened sanctions for refusal or failure to engage with activation measures (*Social Welfare and Pensions (Miscellaneous Provisions) Act 2013*).

According to the CSO there were 85,028 people engaged in activation schemes in January 2014, an increase of only 1,696 over the number in January 2013 (CSO 2014c).

The European Commission concluded in its final review of Ireland's performance under the Economic Adjustment Programme that capacity to deliver activation measures remains 'short of requirements' with the critical issue being how to implement the mechanisms in place and deliver services universally including to the long-term unemployed (2013b). They conclude that more work is still needed to improve delivery and relevance of programmes, address the needs of the long-term unemployed and tackle skills mismatches. The European Commission has noted that the impact of the *Action Plan for Jobs* is unknown (2013c). The OECD has noted that although multiple steps are being taken to address unemployment, current plans leave the long-term unemployed without appropriate activation and support (OECD, 2013a).

## ***Social Justice Ireland – Response***

As just described, Government has introduced a number of measures to address the issue of unemployment. *Social Justice Ireland* believes that the policy response to this crisis has been limited, comprising announcements of apprenticeship schemes, 'Job Initiative' (2011) reforms, annual Action Plans and the *Pathways to Work* programme. Each of these has targeted small

reforms and had limited success given the scale of the unemployment crisis – for the most part the long-term unemployment, skill deficits, under-employment and precarious work issues have been given limited attention. The number of people availing of Activation Programmes - 85,028 people, January 2014 – is still low relative to the numbers unemployed (253,200 people, Q4, 2013).

*Social Justice Ireland* also believes that it is highly unlikely that sufficient market-based jobs will adequately address unemployment in Ireland. The reality is that unemployment is at a very high level with long-term unemployment accounting for over 60% of people experiencing unemployment, which, *Social Justice Ireland* believes, requires radical action based on a strategic analysis of labour-market needs and skills supply. Even the most optimistic economic and labour market projections for the years to come suggest that unemployment will remain a major factor. The Department of Finance's estimates in Budget 2014 point towards a rate 11.7 per cent in 2016; *Social Justice Ireland* anticipates that this figure will be revised during 2014 to a figure of approximately 10 per cent in 2016. As recovery emerges, it is important that policy focuses on those furthest from being able to re-join the numbers employed and assist those within employment but struggling - the working poor.

A number of measures are needed, and some groups and issues, such as young people and those long-term unemployed as well as people with disabilities and asylum seekers, need a particular approach. As far as people with disabilities are concerned, *Social Justice Ireland* believes that further efforts should be made to reduce the impediments they face in obtaining employment. In particular, consideration should be given to reforming the current situation in which many such people face losing their benefits, in particular their medical card, when they take up employment. This situation ignores the additional costs faced by people with a disability in pursuing their day-to-day lives. For many people with disabilities, the opportunity to take up employment is denied to them and they are trapped in unemployment, poverty or both.

*Social Justice Ireland* believes that it is important to focus on job creation and on preparing people to be in a position to avail of an economic upturn. The Government's Medium-Term Economic Strategy fails to provide an acceptable guiding vision or a sustainable policy framework for the years ahead. The Government's guiding vision focuses almost exclusively on business and business interests (Government of Ireland, 2013a, p44). *Social Justice Ireland* believes the guiding vision should also envisage an Ireland where everyone would have what they require to live life with dignity and to fulfil their full potential. This would include sufficient income, access to services they need and active inclusion in a genuinely participatory, democratic and sustainable society. At its core the Strategy fails to recognise the essentially complementary nature of economic and social development - two sides of the one reality. The Strategy foresees more than 190,000 people unemployed in 2020 compared to 101,000 in 2007. The Live Register numbers will be substantially higher than that. Full employment is defined as 'approximately 5 to 6 per cent'. This is a very worrying re-definition of full employment.

In September 2013, *Social Justice Ireland* has published a proposal for a significant investment programme for Ireland called *Investment for Growth, Jobs and Recovery*. Ireland's current level of investment is the lowest of any EU country. All other countries experiencing crisis in recent years have substantially higher levels of investment. The scale of investment must increase to

play a key role in generating much needed growth and employment. It proposes a three-year €7bn investment programme with the following features:

- funded from off-balance sheet sources including the Irish Strategic Investment Fund, commercial semi-state borrowings, domestic pension fund investment and funds from the European Investment Bank, and
- focused on areas including renewable energy; new social housing units; primary care facilities; energy efficiency; school facilities; early childhood care and education; public healthcare facilities; non-national road improvements; and water services and facilities.

The proposal aims to generate between 56,000 and 84,000 additional jobs as the programme is being implemented. It would also provide new and sustainable employment in the longer-term because of the availability of these new services and state assets, provide up to €2.9bn in additional tax revenues, generate savings in other areas of state expenditure including rent supplement, healthcare spending and bank recapitalisations, and provide new lines of government revenue from water services and green energy sources.

Government needs to adopt a strategy of making large scale job-creation interventions in the labour market. We propose that in addition to its current measures, Government make an intervention that will significantly address the scale of the unemployment problem through a part-time jobs programme. In a series of documents and briefings to Government, political parties and the Oireachtas over recent years, Social Justice Ireland has outlined a proposal for a *Part Time Job Opportunities Programme*. *Social Justice Ireland* estimates that 100,000 positions can be created using this approach – 10,000 places in the Community and Voluntary sector and 90,000 in the public sector. The total net additional cost of 100,000 places would be €150 million: €90,000m for the places in the public sector, and €60m for the places in the community and voluntary sector. Funding currently being spent on social welfare payments on this programme would be paid to their new employers. We include further details of the programme at the end of this Chapter.

## **Social Justice Ireland Recommendations for the National Reform Programme**

The current National Reform Programme target is to raise the employment rate to 69-71 per cent by 2020. In the opinion of *Social Justice Ireland*, greater efforts are necessary to achieve the national target, and the resources allocated are not sufficient to address the current unemployment problem in Ireland. This risks, in particular, leaving large numbers of long-term unemployed people, and people with low levels of skills and literacy, behind as the economy starts to recover.

*Social Justice Ireland* has argued in this chapter for a number of actions by Government to address the issue of unemployment. These include a recommendation that Government make substantial investments aimed at creating jobs and improving social infrastructure. This should be accompanied by quantified measures of sufficient scale to deal with unemployment, long-term unemployment and youth unemployment. These initiatives should be incorporated into the National Reform Programme with measurable targets for the short-term, medium-term and long-term. These measures should include investment measures and programmes to reduce long-term unemployment, in particular.

We have discussed a series of measures that might be adopted to specifically address certain sub-groups within those unemployed such as young people, the long-term unemployed disabled people and the working poor.

In addition, we make the following recommendations for changes to the targets set in Ireland's National Reform Programme:

*We recommend a more ambitious national target relative to employment as well as a range of more ambitious measures aimed at reaching that target.*

*Long-term unemployment: We recommend that a sub-target be added to the current National Reform Programme headline target:*

*To reduce the level of long-term unemployment to 1.3% of the labour force.*

*Working poor: We strongly urge that a specific sub-target should be developed to address the issue of the working poor. We propose the following sub-target be added to the current headline target:*

*To reduce in-work poverty by making tax credits refundable. (For more details, see Chapter 4).*

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## ***Social Justice Ireland's Part Time Jobs Proposal***

Proposal to reduce the numbers on the live register by 100,000 through creating real part-time jobs.

### **Background**

This proposal is based on a programme piloted by the current Directors of *Social Justice Ireland*, Seán Healy and Brigid Reynolds, from 1994-1998. That programme created 1,000 part-time jobs paying the 'going hourly rate' for the job. The jobs were open to a number of categories of people who were unemployed. They worked the number of hours necessary to earn their social welfare payment. After that they were free to seek further employment and, of course, pay tax on the money they earned in the normal way. The programme was taken on by 162 organisations and was extremely successful. 500 of the original 1,000 employees left during the course of the programme – almost all of these took up full-time employment. These were all replaced by others who fitted the criteria for participants. The programme was piloted in six very different pilot areas (i.e. County Laois, Waterford city, Finglas, North Kerry, four towns in South Tipperary and the islands off the coast). There was huge demand for the programme and there was always a waiting list of eligible candidates.

### **Proposal**

*Social Justice Ireland* proposes that Government create 100,000 part-time jobs in the public sector and in the community and voluntary sector following the model piloted in the 1994-98 period.

### **Outline of the programme**

This programme would enable unemployed people to be employed on a part time basis:

- In the public sector (e.g. local authorities, Government departments, the healthcare and educational authorities) and the community and voluntary sector
- Voluntarily
- Doing work of public or social value which is not being done or is only partly being done at present
- At the hourly 'going rate for the job'
- For as many hours as would give them a net income equivalent to what they were receiving from jobseekers allowance plus an additional €20 a week. (They would work for a minimum of 8 hours and a maximum of 19.5 hours.)
- The person taking up the new position would lose none of his/her other social welfare entitlements
- Once the required number of hours had been worked, the person would be free to

do whatever she/he wished for the remainder of the week

- The money paid to the person filling the new position would be reallocated to the employing organisation by the Department for Social Protection
- The employer would be encouraged to give extra hours to the worker who would be taxed accordingly
- If the person received further income from another job, this income would be assessed for tax purposes in the normal way
- To protect against a 'deadweight effect' no position could be created if a person had been employed to do this particular work at any point during the previous two years

## **Eligibility**

The Programme would be available to:

- All recipients of jobseekers allowance
- All recipients of jobseekers benefit after 6 months

## **Voluntary nature of the programme**

The voluntary nature of the programme is considered very important from the point of view of the worker and the employer. It must not have any of the characteristics of 'workfare'.

- From the viewpoint of the worker, he/she must freely choose to come on the programme, and must be free to leave if he/she chooses, subject only to normal requirements with regard to notice to the employer
- From the point of view of the employer, there must be free choice in selecting workers from among those eligible for the programme. The employer should also be free to select the number of workers required. This ensures that the work offered is real. The pilot programme showed that there would be more demand for these jobs than there were positions to accommodate them

To protect the voluntary nature of the programme and to ensure that the work is real the following would be expected:

- Positions should be advertised publicly by the employing body, through local media, or any other method used in the local area.
- A job description would be provided.
- Workers should be interviewed for the positions.
- Written job contracts should be provided.
- Employers would not be pressurised to take more workers than they need.
- Leaving a particular job would not prejudice a worker seeking to participate in

another project or training programme.

- Employers could replace workers immediately they left the programme.

### **‘Going rate for the job’**

The ‘going rate for the job’ is an important concept in valuing the work done. It is the value which is placed on work in the market economy.

In the pilot programme the programme’s manager liaised with trade unions, professional organisations, employment agencies and personnel departments in an effort to arrive at a reasonable hourly rate for the various jobs created. In order to reflect incremental scales in many areas of employment, most rates were set at two levels, a lower and a higher level, within which employers were free to negotiate the actual rate.

### **Scale**

*Social Justice Ireland* estimates 100,000 positions can be created using this approach – 10,000 places in the Community and Voluntary sector and 90,000 in the public sector

**Cost:** The total net additional cost of 100,000 places would be €150m: €90m for the 90,000 places in the public sector and €60m for the 10,000 places in the CV sector

### 3. Education

**EU Headline Target: A target on educational attainment which tackles the problem of early school leavers by reducing the dropout rate to 10% from the current 15%, whilst increasing the share of the population aged 30-34 having completed tertiary education from 31% to at least 40% in 2020.**

**Ireland Headline Target: To reduce the percentage of 18-24 year olds with at most lower secondary education and not in further education and training to 8%; to increase the share of 30-34 year olds who have completed tertiary or equivalent education to at least 60%.**

The Irish National Reform Programme links this headline target to three pre-existing targets in the National Skills Strategy:

- the proportion of 20-24 year olds with at least upper secondary education (Levels 4/5 in the National Framework of Qualifications (NFQ)) to increase from 86% in 2005 to 94% by 2020;
- the progression rate to tertiary education (Levels 6-10 in the NFQ) to increase from approximately 55% in 2005 to 72% by 2020;
- 48% of the labour force (i.e. those in the population in the age range 25-64 inclusive) to have tertiary attainment (i.e. qualifications at NFQ Levels 6-10) by 2020 (Government of Ireland, 2011).

#### European Context

The headline target in the Europe 2020 Strategy, stated above, focuses both on early leavers from education and training<sup>11</sup> and on tertiary (or third level) education.

The following issues concerning education in Europe were referenced in the Strategy:

- One in seven young people leaves education and training too early
- Less than one person in three aged 25-34 has a university degree
- Eighty Million People have low or basic skills, but lifelong learning benefits mostly the more educated
- By 2020, the demand for low skills will drop by 12 million jobs

(European Commission, 2010)

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<sup>11</sup> Early leavers from education and training refers to persons aged 18 to 24 fulfilling the following two conditions: first, the highest level of education or training attained is ISCED 0, 1, 2 or 3c short, second, respondents declared not having received any education or training in the four weeks preceding the survey (numerator). The denominator consists of the total population of the same age group, excluding no answers to the questions "highest level of education or training attained" and "participation to education and training". Both the numerators and the denominators come from the EU Labour Force Survey (Eurostat, 2013, t2020\_40)



The Europe 2020 Strategy recognises how all its targets are linked (European Commission, 2010). As regards improved educational achievement of young people, the Commission recognises this as a cross-cutting measure that addresses two priority areas of the Europe 2020 Strategy - that for 'smart growth' by improving skills levels, and 'inclusive growth' by tackling one of the major risk factors for unemployment and poverty. It sees reducing early school-leaving as a 'gateway' to achieving other Europe 2020 Strategy targets (European Commission, 2011a, p.2).

The Flagship Initiative 'Youth on the Move' aims to raise the quality of all levels of education and training in the EU. It envisages that the Commission will promote recognition of both formal and informal learning, and that the Member States will improve educational outcomes across all segments, instancing pre-school, primary, secondary, vocational and tertiary encompassing key competencies and aiming to reduce early school-leaving (European Commission, 2010, p. 13). Under another Flagship Initiative, 'An Agenda for New Skills and Jobs', the implementation of life-long learning principles is envisaged (European Commission, 2010, p. 18). The European Platform against Poverty proposes development of innovative education for deprived communities so that those experiencing poverty and social inclusion can live in dignity and take an active part in society (Council of the European Union, 2011, p 2).

As well as the headline targets of the EU 2020 Strategy, the EU also has a strategic framework for cooperation in education and training under which targets have also been set for 2020 - The Strategic Framework for European Union cooperation in Education and Training (known as 'ET 2020'). In it four strategic objectives are identified:

1. Making lifelong learning and mobility a reality;
2. Improving the quality and efficiency of education and training;
3. Promoting equity, social cohesion and active citizenship;
4. Enhancing creativity and innovation, including entrepreneurship, at all levels of education and training (Council of the European Union, 2009).

The 'ET 2020' framework is considered to be consistent with the 2020 Strategy, capable of making a significant contribution towards achieving its objectives. The four objectives (above) are considered applicable for adult education.

Amongst the targets which the ET 2020 framework has set for 2020 are:

- at least 95% of children between the age of four and the age for starting compulsory primary education should participate in early childhood education;
- the share of 15-years olds with insufficient abilities in reading, mathematics and science should be less than 15%;
- an average of at least 15 % of adults (age group 25-64) should participate in lifelong learning.

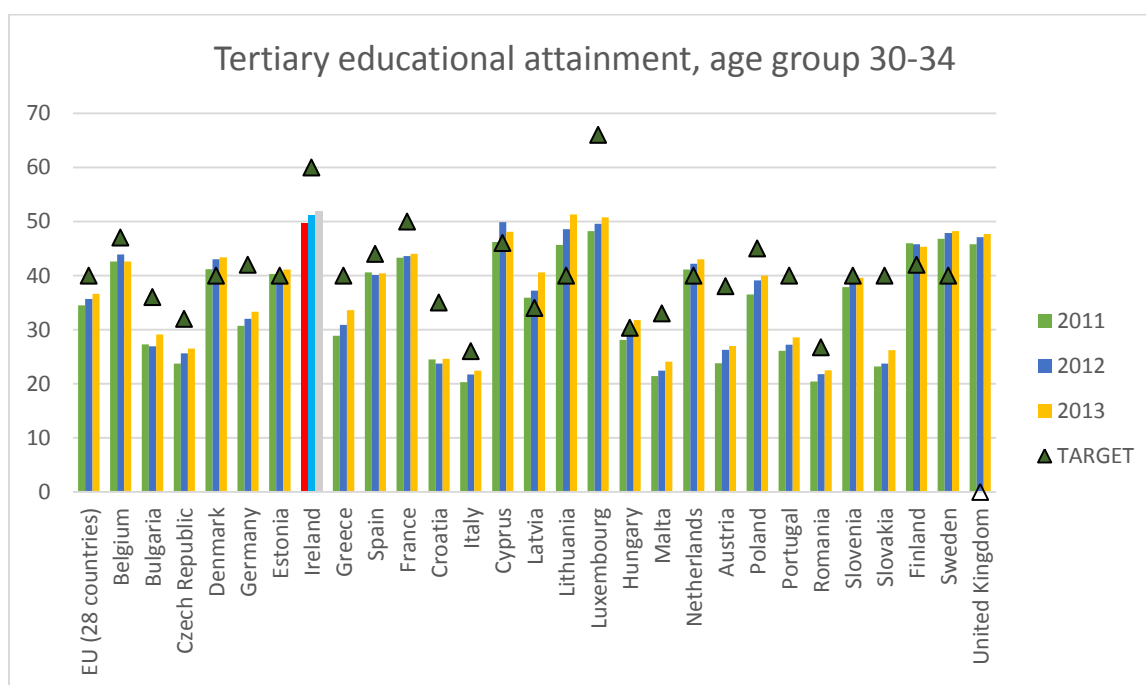
The OECD argues that the highest performing education systems internationally are those that combine quality with equity – by equity they meant that personal or social circumstances like gender, family or ethnic origin are not obstacles to achieving educational potential and that all individuals reach at least a basic minimum (OECD, 2012).

## Ireland: Education

Overall, Ireland compares well relative to many European countries in terms of the two targets relating to education established under the Europe 2020 Strategy.

In particular, at 51.9 per cent, Ireland’s share of 30-34 year olds who have completed tertiary or equivalent education is the highest in Europe (Eurostat, 2014, t2020\_41). The EU average for 2011 is 36.6 per cent (EU-28). The Irish Government has established an ambitious target of 60% in regard to this in the National Reform Programme (Government of Ireland, 2011). See **Figure 6**.

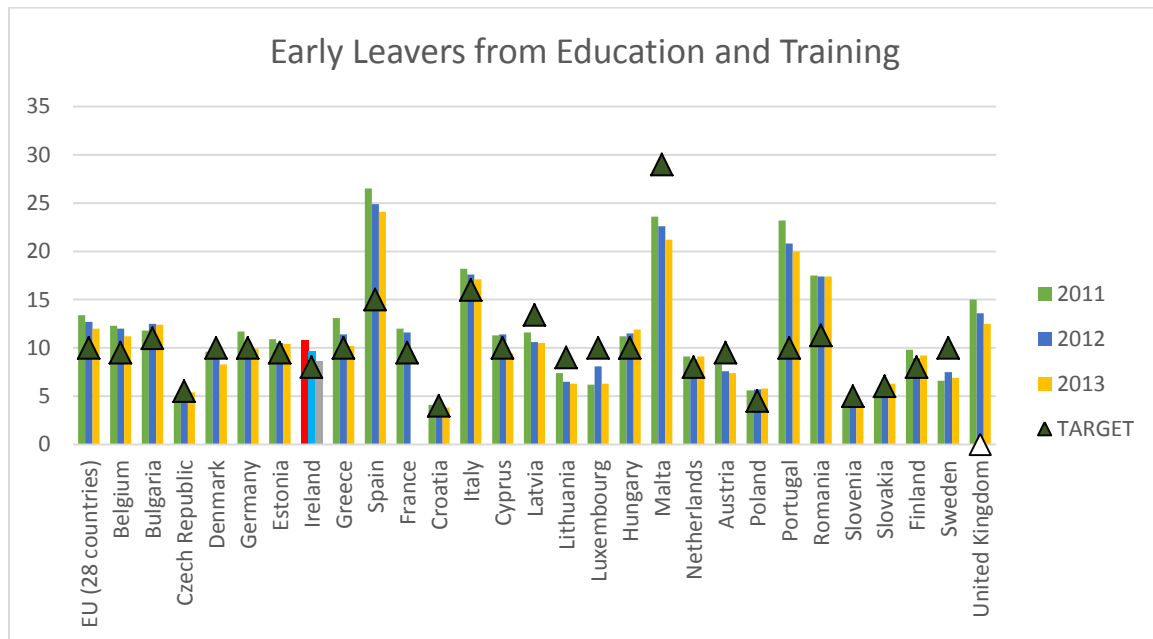
**FIGURE 6 TERTIARY EDUCATION ATTAINMENT, AGES 30-34, WITH NATIONAL TARGETS**



**Source:** Eurostat, 2014 t2020\_41. Note: No target supplied for United Kingdom

The European average for 18-24 year olds classified as early school-leavers was 12 percent in 2013 (EU28) (Eurostat, 2014, t2020\_40). The corresponding figure for Ireland was 8.6% (down from 9.7 per cent in 2012), meaning that, based on the latest available figures across Europe, our ranking is 11th (EU28) (Eurostat, 2014, t2020\_40). It also means that Ireland is now close to reaching the target set in the National Reform Programme (of 8 per cent). See **Figure 7** for European rankings and national targets. However, given that Ireland’s percentage of early school-leavers was 11.5 per cent in 2010, when the European 2020 Strategy was adopted, the 8 per cent target adopted by the Irish Government was not at all ambitious.

**FIGURE 7 EARLY SCHOOL LEAVING: EU28 WITH EUROPE 2020 STRATEGY TARGETS**



**Source:** Eurostat, 2014. t2020\_40. Relates to the percentage of the population aged 18-24 with at most lower secondary education and not in further education or training. **Note:** 2013 rates not available for France; No target stipulated for United Kingdom.

Ireland’s expenditure on education equalled 6.5 per cent of GDP in both 2009 and 2010 (CSO, 2014) and this percentage had increased since 2008, something which is attributed mainly to the decrease in the country’s GDP over this period (CSO, 2014). This rate compares to an EU-27 average of 5.4% of GDP in 2009 (CSO, 2011a, p.48). However, given Ireland’s relatively young population by European standards, a higher than average spend might be expected.

However, education accounts for only 9.7 per cent of total public expenditure in Ireland compared with an OECD average of 13 per cent. Over much of the last decade, as national income has increased the share allocated to education has slowly increased; a development that *Social Justice Ireland* strongly welcomes.

There are also a number of areas of education where Ireland does not do well in international comparisons. These include:

- Ireland traditionally did not invest public funds in early childhood education on any wide-scale basis (showing no public investment in an OECD study from 2008, where the OECD average is 0.5% of GDP (OECD, 2011), although this is an area where an initiative has since been introduced (the Early Childhood Care and Education Scheme, ECCE);

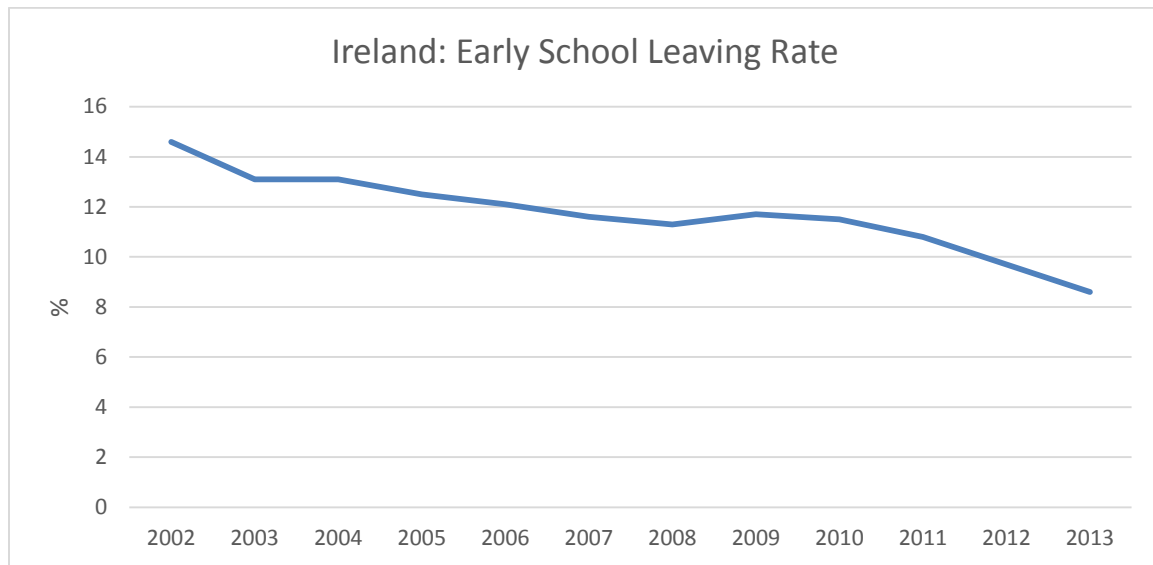
- Ireland has a significant problem with literacy, both for adults and for 15-year olds. The OECD PIAAC study 2013, which provides the most up to date data on adult literacy in Ireland, shows that a very significant proportion of the adult population still does not possess the most basic literacy, numeracy and information processing skills considered necessary to participate in today's world. Results from the OECD's PISA study found that Ireland's 15-year olds rank 17th for reading levels amongst 34 OECD countries (OECD, 2010);
- Ireland's participation rates in lifelong-learning do not compare well with other European countries, being well below the average, something that the Expert Group on Future Skills Needs has identified as a concern (2007, p. 6). Ireland's performance in lifelong learning has been declining since 2005 and those with the highest levels of formal education are more likely to participate (Forfás & National Competitiveness Council, 2012);
- Despite an expenditure of 3.0% of GDP on primary and lower secondary education (OECD, 2011) Ireland's Competitiveness Scorecard, 2012, shows that Ireland does not perform well in terms of hours of tuition for 9-11 year olds and 12-14 year olds in maths and science (Forfás & National Competitiveness Council, 2012, pp. 118-121). In terms of tuition time, and despite requiring more compulsory time in the classroom than any other country, out of 20 countries, Ireland performed 16<sup>th</sup> in maths, and 19<sup>th</sup> in science for 9 – 11 year olds. For 12-14 year-olds the ranking (again for tuition time) was 11<sup>th</sup> in maths and 19<sup>th</sup> in science

In this chapter, as well as considering early school leaving in Ireland in the context of the Europe 2020 Strategy targets, we will also consider the position of Ireland in the areas covered by three of the targets set by the ET 2020 strategy – namely, that for early childhood or pre-school education, people with literacy difficulties, and lifelong learning.

### Early School Leaving

Ireland's National Reform Programme target is to reduce the percentage of 18-24 year olds with at most lower secondary education and not in further education and training to 8%. As **Figure 8** shows, a decrease in this rate has been evident since 2002, which is a very positive trend. The target of 8 per cent has almost been reached in 2013.

**FIGURE 8 EARLY SCHOOL LEAVING RATE AMONGST 18-42 YEAR OLDS**



**Source:** Eurostat, 2014, t2020\_40

However early school leaving still remains a serious issue. It not only presents problems for the people involved but it also has economic and social consequences for society. Education is the most efficient means by which to safeguard against unemployment. The risk of unemployment increases considerably the lower the level of education. Participation in high quality education has benefits not only for young people themselves but also for taxpayers and society. These benefits typically last over the course of individual's lifetime. A review of the economic costs of early school leaving across Europe confirms that there are major costs to individuals, families states and societies (European Commission, n.d). That study showed that inadequate education can lead to

- large public and social costs in the form of lower income and economic growth,
- reduced tax
- revenues and
- higher costs of public services related, for example, to healthcare, criminal
- justice and social benefit payments.

Furthermore, there is a recognised cyclical effect associated with early school leaving, resulting in the children of early school leavers experiencing reduced success in education (European Commission, 2011b).

Educational qualifications are still considered the best insurance against unemployment, which clearly increases the lower the level of education attained. This characteristic was noted in all EU Member States in 2012, as the average unemployment rate in the EU-27 for those aged between 25 and 64 having attained at most a lower secondary education was 16.8 %, much higher than the rate of unemployment for those that had obtained a tertiary education

qualification (5.6 %) (Eurostat, 2012). Ireland's figures (for Q2, 2011) show a similar pattern. A very high proportion (78%) of early school leavers aged 18-24 were unemployed or not economically active (CSO, 2011). Compared with people of a similar age (18-24) early school leavers had

- over twice the rate of unemployment (37% compared to 15%), and
- a much lower rate of employment (21% compared to 42%) (CSO, 2011).

Ireland's National Reform Programme for 2011 and the 2013 Update both refer to the DEIS<sup>12</sup> scheme (Delivering Equality of Opportunities in Schools) as a key measure in supporting the achievement of the national target in regard to early school leaving. Evaluation suggests that the DEIS programme is having a positive effect on educational disadvantage – with the retention rate in DEIS schools having increased by 7 percentage points (amongst students who entered first year from 2005-2006) a rate that higher by 1 percentage point than the overall rate of increase in all schools during the same period (Government of Ireland, 2013).

*Social Justice Ireland* has said in the past and continues to say that the Irish National Reform Programme target of 8% is very unambitious in this context given the very high unemployment rates faced by early school leavers as well as the long-term impacts on their life-chances.

The Irish Government has invested heavily in trying to secure a school-based solution to this problem through, for example, the work of the National Educational Welfare Board (NEWB). However, unfortunately the DEIS scheme suffered cut-backs in Budget 2012, which were subsequently only partially rolled-back. Cuts made within education in a number of areas are affecting the provision of education and may impact on the positive trend in reducing early school-leaving over the last decade. These include

- To date 79 schools have lost a classroom post and 42 schools have not gained a classroom post as a result of a decision to increase the number of pupils required to gain and retain a classroom teaching post in small primary schools. A further 75 posts are to be removed from rural schools in 2014 (announced in Budget 2014). This policy, which has had a significant impact on rural schools and education in rural areas seems to be based on a philosophy that rural schools should be forced to amalgamate. Such a philosophy ignores the economic and social impact of the closure of a school on rural communities.
- A further reduction in the capitation grants for primary and second level schools in 2014 and reduced capitation grants to VTOS, Youthreach and PLC Colleges
- Reduction of 80 language support posts (included in Budget 2014 and related to previously announced Budget adjustments)

*Social Justice Ireland* welcomed certain measures included in Budget 2014 such as the allocation of 1,395 new teaching posts and an extension of the book rental scheme to primary schools.

Overall, we believe that the situation calls for a long-term policy response, which would encompass alternative approaches aimed at ensuring that people who leave school early have

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<sup>12</sup> DEIS focuses on the needs of 3 -18 year olds from disadvantaged communities. A review published in Jan 2012 showed positive impacts at school and individual level and this evaluation is continuing (Government of Ireland, 2012)

alternative means to acquire the skills required to progress in employment and to participate in society. Approaches in the area of adult literacy and lifelong learning are important in this context, something that we will come to below.

### **Early-Childhood Education**

The European Commission sees early-childhood education as contributing to the objectives of the Europe 2020 strategy – being the foundation for successful lifelong learning, social integration, personal development and later employability, and thus making a strong contribution to achieving two of the Europe 2020 headline targets – particularly that on early school-leaving and on poverty and social exclusion (European Commission, 2011d). The Commission recognises that early childhood education and care has a profound and long-lasting impact which measures taken at a later stage cannot achieve – as it means that later learning is more effective and more likely to continue throughout life, lessening the risk of early school-leaving, increasing the equity of educational outcomes and reducing costs for society in terms of lost talent and of public spending on social, health and even justice systems.

Ireland now has a universal provision of early childhood care and education for one year (the Early Childhood Care and Education Scheme), introduced in 2010, enabling 63,000 or 95% of the eligible child cohort to participate (Government of Ireland, 2011, p. 21).

Notwithstanding this, the most striking feature of investment in education in Ireland relative to other OECD countries is our under-investment in early childhood education when compared with international norms. Ireland spends 0.1 per cent of GDP on pre-primary education compared with the OECD average of 0.5 per cent (OECD 2012, p 339).

Although a high proportion of eligible children now participate in Ireland’s ECCE scheme, recent study from the World Health Organization has shown how poor Ireland’s approach to providing a comprehensive system of pre-schooling is in comparison with many other countries. The study included 53 European countries and examined attendance at pre-primary school intended to provide a bridge between home and a school-based environment (WHO, 2013). When they examined provision of pre-schooling for *more than a year* they found that provision in Ireland is relatively extremely low. Amongst the 38 European countries taking part in PISA (Programme for International Student Assessment) 2009, Ireland had one of the lowest rates of attendance for more than one year – in fact Ireland ranked 33rd out of 38 countries exceeded only by five countries – Serbia, Kazakhstan, Azerbaijan, Kyrgyzstan, and Turkey. As the WHO report notes, there is strong evidence that provision of highly-trained personnel in pre-school is associated with better child development, particularly in children from more deprived families.

In the opinion of *Social Justice Ireland*, Ireland’s introduction of a free pre-school year in 2010 was a step in the right direction. Unfortunately, in Budget 2012 the capitation rate for this year was reduced by 3%, and the staff to child ratio was increased. Ireland’s poor performance on early childhood education represents a fundamental problem for Irish society and a failure of policy to address social exclusion. Early childhood is the stage where education can most effectively influence the development of children and help reverse disadvantage (European Commission, 2011b). It has the potential to both reduce the incidence of early school leaving and to increase the equity of educational outcomes. Early childhood education is associated with better performance later on in school. A recent OECD study found that 15 year old pupils

who attended pre-primary education perform better on PISA testing (Programme for International Student Assessment) than those who did not, even allowing for differences in their socio-economic backgrounds (OECD, 2012, p338). This is mirrored in the PISA 2012 results for Ireland which show that Irish students who attended pre-school scored significantly better than those who did not (Department of Education and Skills, 2013). It is also well recognized that that the highest return from investment in education is between the ages of 0 to 5 (Carneiro and Heckman, 2003).

*Social Justice Ireland* believes that adequate resources must be invested in early childhood education, which has the potential to both reduce the incidence of early school-leaving and to increase the equity of educational outcomes. Government should develop the early childhood education infrastructure (involving investment at all stages from 0-3) and invest an extra €100m in this area annually

### **Literacy –Adults and Children**

The Irish Government’s National Reform Programme Update for 2013 does not refer to the issue of adult literacy, although adult literacy is a significant barrier to achieving the aims of the 2020 Strategy for inclusive growth, given that those with low literacy skills are almost twice as likely to be unemployed than others (OECD, 2013) and are more likely to report poor health outcomes and are less likely to participate in social and civic life. Society is ever more dependent on literacy skills as a result of several issues such as ‘low-skilled’ work now requiring higher performance due to automation, information on state services being most readily available online, schooling requiring parental involvement, goods/services being available for purchase online (Dorgan, 2009). The evidence suggests that people with literacy/numeracy difficulties are

- more likely to be long-term unemployed (O’Connell *et al* 2009, p. xii),
- to have lower earnings and career aspirations (Dorgan, 2009a),
- less likely to take part in education and training<sup>13</sup> (Expert Group on Future Skills Needs, 2007).

The issue of adult literacy has been controversial in public discourse since 1997, when an OECD survey (the IALS) found that a quarter of Ireland’s adult population (aged 15-64) performed at the very lowest level of literacy. The OECD PIAAC study 2013, which provides the most up to date data on adult literacy in Ireland, shows that a very significant proportion of the adult population still does not possess the most basic literacy, numeracy and information processing skills considered necessary to participate in today’s world. On literacy, Ireland is placed 17<sup>th</sup> out of 24 countries with 18 per cent of Irish adults having a literacy level at or below level 1. People at this level of literacy can understand and follow only basic written instructions and read only very short texts (OECD, 2013). On numeracy Ireland is placed 19<sup>th</sup> out of 24 countries with 26 per cent of Irish adults scoring at or below level 1. In the final category, problem solving in technology rich environments, 42 per cent of Irish adults scored at or below level 1. The report also found that there is no statistical difference between average literacy scores of adults in Ireland from IALS (data gathered in 1994) and PIAAC in 2012. In other words, the adult literacy

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<sup>13</sup> Without policy change, those without skills will in the future have difficulty getting jobs and will be competing with a large pool of other unskilled or low skilled persons



strategy implemented by successive governments in the intervening years has not succeeded in terms of dealing with Ireland's adult literacy problem. The lack of focus on this issue has been further underscored by successive budget cuts to funding for adult literacy programmes. By 2015 funding for adult literacy will have been reduced by 11 per cent since 2010.<sup>14</sup>

The National Action Plan for Social Inclusion (NAP Inclusion) 2007-2016 sets a 2016 target for the proportion of the population (aged 16-64) with restricted literacy (Level 1) of between 10% - 15%. However, it also seems that the targets in the NAP Inclusion were destined for attainment without any policy action on adult literacy (because of the trend for younger people to have overall better literacy levels) (Dorgan, 2009). A new strategy and targets for adult literacy has yet to be outlined, although the Department of Education and Skills commenced a review of adult literacy provision from late 2012 and responsibility for implementation of the adult literacy strategy (including the incorporation of the outstanding review group recommendations) has been transferred to SOLAS, the new Further Education and Training Authority.

While the Europe 2020 Strategy does not set a headline target for literacy levels, the ET 2020 framework does in the case of younger people. The target is for less than 15% of 15-years olds with 'insufficient abilities in reading, mathematics and science'.

*Social Justice Ireland* believes that public policy aimed at tackling literacy problems among adults has to date simply been inadequate and unacceptable and has left too many people with serious literacy problems unable to function effectively or to obtain meaningful jobs. Furthermore, there were wholly inadequate targets set for adult literacy by the *NAP Inclusion* strategy and successive cuts in the budget for adult literacy underscore a lack of serious engagement by government. The recent OECD research (referenced above) confirms that the policies pursued have failed. *Social Justice Ireland* recommends that the new targets to be set out in the forthcoming adult literacy strategy be ambitious and realistic in the context of the future social and economic development of Ireland, and that the necessary funding is provided to ensure that this target is met. We also urge that a specific target on adult literacy be included as a sub-target in the National Reform Programme to ensure this issue receives the priority it urgently requires.

Where children of school-going age are concerned, results from the OECD's PISA study found that Ireland's fifteen-year olds rank at average reading levels among OECD countries. They also highlighted that average reading levels have been decreasing across all ability levels over time in Ireland and that 17% of students in Ireland are low-achieving in reading, which means that they are 'below the basic level needed to participate effectively in society and in future learning' (OECD, 2010). Numeracy levels also displayed a similar pattern.

The OECD's findings suggest that while reading levels among the school-going population are better than the population generally, this difference is smaller than might be expected. Also, there is something fundamentally wrong with an education system where 1 in 6 students (that is, 17%) are unable to read at the most basic level. Irish students from low socio-economic

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<sup>14</sup> Department of Public Expenditure and Reform 2011 (Budget 2011 reduced capitation grants for adult and further education courses by 5%, a 2% reduction in Budget 2012, 2% in 2013 and 1% in 2014 and 2015).

backgrounds are 2.4 times more likely to be low performers than their peers with high socio-economic status (OECD, 2010).

As the Irish Government's National Reform Programme 2013 Update states, a strategy to improve literacy and numeracy in schools has been introduced, *Better Literacy and Numeracy for Children and Young People (2011-2020)*. It includes a range of potentially significant measures to improve literacy and numeracy in early childhood education and in primary and post-primary schools and introduces tangible national targets. A range of targets are included for 2020.<sup>15</sup> The strategy's funding was maintained in Budget 2013. Funding has also been continued for the Strategy in Budget 2014.

The introduction of a strategy for schools and young people was overdue, is very necessary and potentially very positive. *Social Justice Ireland* welcomes the continued funding for the strategy maintained in Budget 2014.

### Lifelong Learning

The importance of life-long learning is recognised in both Irish public policy (Higher Education Authority, 2008) and at European level (Council of the European Union, 2011). According to a Council Resolution, adult learning can make a significant contribution to meeting the Europe 2020 goals. The Council calls for particular attention to improving provision for low-skilled Europeans targeted in Europe 2020 starting with literacy, numeracy and second-chance measures as a precursor to up-skilling for work and life in general (Council of the European Union, 2011).

As already mentioned, ET 2020, the strategic framework for European cooperation in education and training, sets a benchmark to be achieved by 2020 for lifelong learning, namely that an average of at least 15 % of adults aged 25 to 64 should participate in lifelong learning (Council of the European Union, 2009).

**Figure 9**, below, shows European participation rates in lifelong learning<sup>16</sup> for 2011 to 2013 relative to the target of 15 per cent (EU 28). It can be seen how, with a proportion of 7.3 per cent, Ireland is below the European average of 10.7 per cent and far below the target of 15 per cent set in ET 2020. Furthermore, the increase in Ireland's rate since 2001 has been very slight.

However, lifelong learning does not feature in the Irish National Reform Programme from 2011 nor in its 2012 and 2013 Updates under the Education Target, where the focus is on third level education (and also on early school-leaving). Further Education and training for adults is

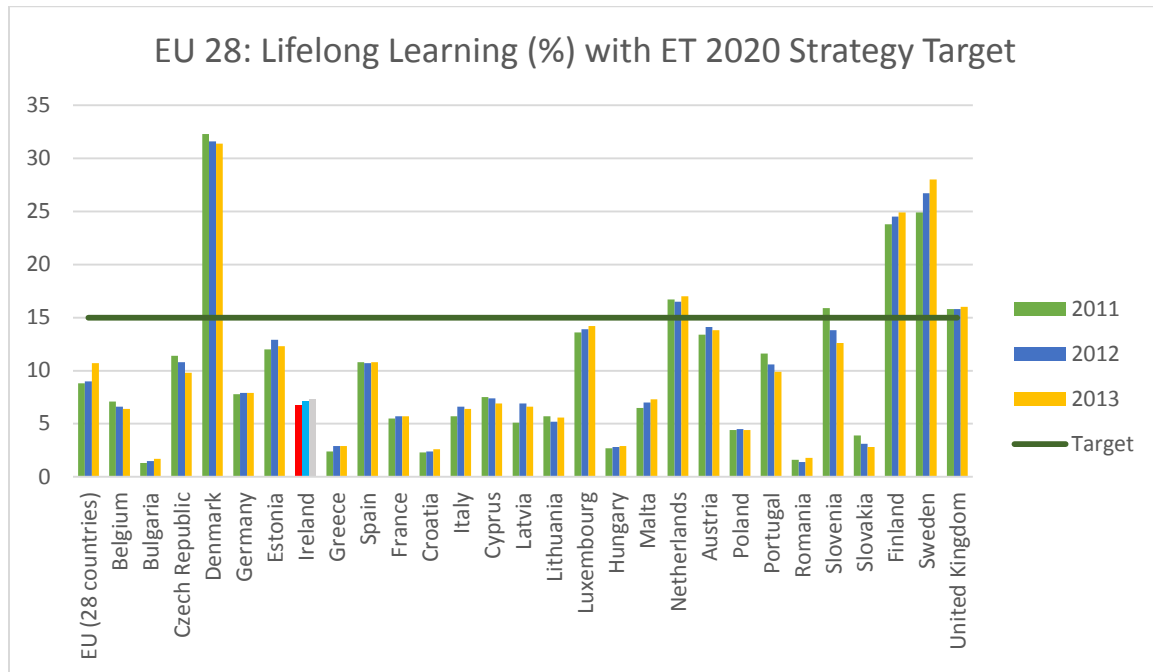
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<sup>15</sup> Targets included: to increase the percentage of primary children performing at the highest level (Levels 3 and 4) in the National Assessment of Mathematics and English reading by at least 5 percentage points at both second and sixth class, and to increase the percentage of 15-year old students performing at or above the highest levels (Levels 4 and 5) in PISA reading, literacy and numeracy tests by at least 5 percentage points (Department of Education, pgs. 5,6).

<sup>16</sup> Lifelong learning refers to persons aged 25 to 64 who stated that they received education or training in the four weeks preceding the survey (numerator). The denominator consists of the total population of the same age group, excluding those who did not answer to the question 'participation in education and training'. Both the numerator and the denominator come from the EU Labour Force Survey. The information collected relates to all education or training whether or not relevant to the respondent's current or possible future job (Eurostat, 2014 **tsdsc440**).

referenced under the Employment target of the 2013 Update – situating it within an ‘activation’ context rather than embedding it as an important programme in its own right within the context of the National Reform Programme targets on education.

**FIGURE 9 LIFELONG LEARNING EU28: 2011-2013**



Source: Eurostat, 2014, tsdsc440

The National plan for access to higher education (*National Plan for Equity of Access to Higher Education 2008-2013*) recognises that participation rates in continuing education are linked with initial levels of education in every OECD country, and that promoting lifelong learning amongst those who need it most is a challenge for all countries (Higher Education Authority, 2008). A target was set to reach EU average levels for lifelong learning by 2010 and to move ahead of the European average by 2013. The mid-term review of this plan, while outlining some areas of improvement in Ireland’s performance on aspects of lifelong learning, acknowledges that no improvement has been recorded on participation in lifelong learning among 25-64 year-olds, and that the target set for 2010 had not been reached (Higher Education Authority, 2010, p. 19). In fact the rate declined between 2007 and 2010 as can be seen from **Table 4**, which also shows a slight increase in 2011.

**TABLE 4 IRISH PARTICIPATION RATES IN LIFELONG LEARNING, AGES 25-64 WITH HEA TARGETS**

Lifelong Learning: Adults								
Year	2006	2007	2008	2009	2010	2011	2012	2013
<b>Irish Participation Rates, lifelong</b>	7.3%	7.6%	7.1%	6.3%	6.7%	6.8%	7.1%	7.3%

learning				
<b>Higher Education Authority Strategy, Target</b>	<b>7.3%</b>		<b>12.5%</b>	<b>17%</b>

Source: Eurostat, 2014 tscdsc440; Higher Education Authority, 2008.

Table 5 highlights the link between educational attainment and employment. Those aged 25-64 with only primary level qualifications are three times more likely to be unemployed than those with a third level qualification (24% as opposed to 7%). This gap has increased between 2009 and 2011 (the year to which latest available data relate) (CSO, 2011), evidence of the challenges faced by Government in trying to help those with low levels of educational attainment to up-skill in such a way as to obtain employment.

TABLE 5 SUMMARY, EDUCATIONAL ATTAINMENT AND LABOUR FORCE PARTICIPATION, AGES 25-64, APRIL-JUNE 2011

Educational Attainment and Labour Force Participation, age group 25-64				
Highest education level attained	%	Labour Force Participation rate	Employment rate	Unemployment rate
Primary or below	10	46	35	24
Lower Secondary	15	67	54	21
Higher Secondary	24	76	65	14
Post Leaving-Cert	13	78	64	18
Third Level	38	87	81	7
<b>Total persons aged 25-64</b>	<b>100</b>	<b>76</b>	<b>66</b>	<b>13</b>

Source: CSO, 2011, Table A

In Ireland it is clear that the lifelong learning opportunities of those who are socially excluded and educationally disadvantaged contrast sharply with the opportunities of those who have completed second level and third level education. Therefore, lifelong education is a basic need, and second chance education and continuing education are vital, particularly for those who experienced educational disadvantage at an early stage in an education system that failed them. For *Social Justice Ireland*, this is an issue of rights, of equality, of social inclusion and of citizenship. It is also a necessary response of the Irish Government to be consistent with the headline target they adopted in the National Reform Programme on employment – where the

target is to be reached through ‘greater participation of young people, older workers and low-skilled workers and the better integration of migrants’ (Government of Ireland, 2011).

*Social Justice Ireland* believes that the National Reform Updates should address the issue of lifelong learning, treating it as a cornerstone of education policy under the Education Target, rather than as a component of activation measures in the context of employment. Labour market activation cannot be the sole factor defining the education and training agenda for adults.

*Social Justice Ireland* recognises that the establishment of the new state-agency SOLAS is an important development, and that it is vitally important that the approach that SOLAS takes is one that supports lifelong learning in a realistic and holistic manner that addresses, in particular, the real needs of people with backgrounds of disadvantage and their communities. Some important points relative to SOLAS:

- SOLAS should collect accurate information to ensure that it is funding courses that are increasingly relevant, effective and that meet individual needs and national targets. This would involve coordinating existing research information and sharing it with the providers it funds. Building on the work of the CSO, the Expert Group on Future Skills Needs, and FÁS Skills and Labour Market Research Unit, it should ensure there is commonly understood and easily accessed and regularly updated information comparing future needs with current and planned provision to identify new course requirements to providers.
- In order to achieve this it needs to build on the report by the Council of Europe and the European Parliament (2006) entitled “*Key Competences for Lifelong Learning*”. The key competences listed in that report are:
  1. Communication in the mother tongue (reading, writing, etc.);
  2. Communication in foreign languages;
  3. Mathematical and basic competences in science and technology;
  4. Digital competence;
  5. Learning to learn;
  6. Social and civic competences;
  7. Sense of initiative and entrepreneurship;
  8. Cultural awareness and expression.
- These key competences are all interdependent, and the emphasis in each case is on critical thinking, creativity, initiative, problem solving, risk assessment and decision taking. They also provide the framework for community education and training programmes within the Education and Training 2010 work programme (the overall framework for cooperation in education and training) and ET 2020.
- The recommendations of a Forfás Report entitled “*Sharing our future: Ireland 2025*” (2009) should also be acted on. These highlighted the increasing range of generic skills that individuals require to operate within society and the economy. They included basic skills such as literacy, numeracy, use of technology, language skills, people related and conceptual skills. The report of the Expert Group on Future Skills Needs “*Tomorrow’s Skills – Towards a National Skills Strategy*” (2007) indicates that there is substantial evidence to show that employers regard generic skills as equal to, if not more important than, technical or job specific skills.

Much more needs to be done at government level to ensure that the further adult and community education sector achieves parity of esteem with other sectors within the formal system since it is expected to respond to the needs of large sections of the population who have either been failed by that system or for whom it is unsuitable as a way of learning. As already mentioned, this is particularly important when one considers that the employment target set in the National Reform Programme is to be reached through the greater participation of low skilled and older workers. Implicit in this is the need for continuing educational opportunities if these identified groups are to be in a position to remain in and take up employment.

## ***Social Justice Ireland Recommendations***

Education is widely recognised as crucial to the achievement of both national objectives and those of the Europe 2020 strategy such as ‘smart growth’ and ‘inclusive growth.’ However, the overall levels of public funding for education in Ireland are out of step with these aspirations, particularly as regards under-funding of early childhood education and care, and in the areas of lifelong learning and second-chance education – the very areas that are most vital in promoting greater equity and fairness. Specific recommendations include:

*Set a more ambitious national target of 5% in the National Reform Programme for reduction of early school leaving.*

*Provide sufficient resources to the DEIS programme and the national strategy ‘Literacy and Numeracy for learning and life’ referenced in the National Reform Programme as measures undertaken to reach the national early school-leaving target.*

*Invest in universal, quality early childhood education and care that addresses all stages of early childhood (that is, in addition to the year allowed under the Early Childhood Care and Education Scheme) making an additional investment of €100million annually.*

*Adopt in the National Reform Programme a new more ambitious adult literacy target to reduce the proportion of the population aged 16-64 with restricted literacy to 5% 2016; and to 3% by 2020*

*Adopt in the National Reform Programme an ambitious target for participation in lifelong learning.*

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## 4. Poverty

**EU Headline Target: To promote social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and exclusion<sup>17</sup>**

**Ireland, Headline Target, 2011: To reduce the number experiencing consistent poverty to between 2-4% by 2012, with the aim of eliminating consistent poverty by 2016, which will lift at least 186,000 people out of the risk of poverty and exclusion (Government of Ireland, 2011).**

**Ireland, Revised Headline Target, 2012: To reduce the number experiencing consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.2%, which will lift at least 200,000 people out of the risk of poverty and exclusion between 2012 and 2020 (Government of Ireland, 2012).**

**Ireland, Revised Headline Target, 2013: To reduce consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.3<sup>18</sup>%.**

**The Irish contribution to the Europe 2020 poverty target is to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation) (Government of Ireland, 2013).**

The National Reform Update for 2013 refers to two new sub-targets (which are not yet defined) but which were announced in autumn 2012:

- a new national sub-target for the reduction of child poverty, to reduce the differential in the rate of consistent poverty between children and adults<sup>19</sup>;
- a new national sub-target for the reduction of poverty in jobless households<sup>20</sup>, to reduce the concentration of the population in consistent poverty in these households (Department of Social Protection, 2012).

The sub-targets are to be linked to the overall target and the specifics are to be agreed after consultation with stakeholders. There are to be two additional indicators to monitor progress towards the target:

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<sup>17</sup> This target has been revised and was originally framed as follows: The number of Europeans living below the national poverty lines should be reduced by 25%, lifting over 20 million people out of poverty (European Commission, 2010, p.11).

<sup>18</sup> This reflects a revised figure released by the CSO in 2011

<sup>19</sup> The differential in the consistent poverty risk based on the then available statistics (2010) was 50 per cent for children as compared to adults: 8.2 per cent for children and 5.5 per cent for (Department of Social Protection, 2012)

<sup>20</sup> The work intensity of the household refers to the ratio between the number of months that all working age (18-59 excluding students aged 18-24) household members worked during the previous year and the total number of months that could theoretically have been worked by the household members. Work intensity is broken into five categories: very low work intensity (< 20 per cent of total time is worked), low work intensity (20 to 45 per cent), medium work intensity (45 to 55 per cent), high work intensity (55 to 85 per cent) and very high work intensity (> 85 per cent) (Department of Social Protection, 2012)

- ‘vulnerable to consistent poverty’ (the population experiencing basic deprivation and having an income between 60 and 70 per cent of the median)
- ‘absolute poverty’ (individuals falling below the 60 per cent median at-risk-of-poverty threshold anchored at 2010 values).

The implementation of these targets is to be strengthened by:

- incorporating poverty impact assessment as part of an integrated social impact assessment
- producing an annual monitoring report on progress towards the target with input from stakeholders.

Before considering the position of Europe and Ireland relative to the Europe 2020 Strategy targets, we need to address briefly the choice of measures and metrics - something of critical importance in setting targets and in measuring performance. In trying to measure the extent of poverty, the most common approach across Europe in recent years is the ‘at risk of poverty’ indicator. This is a measure of income poverty, which involves identifying a poverty line (or lines) based on people’s disposable income (after taxes but including all benefits). The European Commission and the UN in recent years adopted a poverty line located at 60% of median income<sup>21</sup> and this is reflected in one of the indicators (described below) used in the EU 2020 Strategy. The ‘at risk of poverty’ indicator has also been used since 2003 by the Irish Central Statistics Office (CSO) in its SILC surveys, the latest available one relating to 2011.

The EU 2020 Strategy uses a target based on being ‘at risk of poverty or exclusion’. This is a combined indicator to which there are three aspects as included in the EU headline target. It includes people either

- below a country-specific relative income poverty threshold (the at-risk-of-poverty rate),
- above a material deprivation measure, or
- in a ‘jobless’ household (European Commission, 2010a, p. 3).

The Europe 2020 Strategy for the first time combines the three to identify an overall target group ‘at risk of poverty and exclusion’<sup>22</sup>. Meeting *any* of the criteria will suffice to be counted within the target population. This shift represents a significant dilution of the target that had

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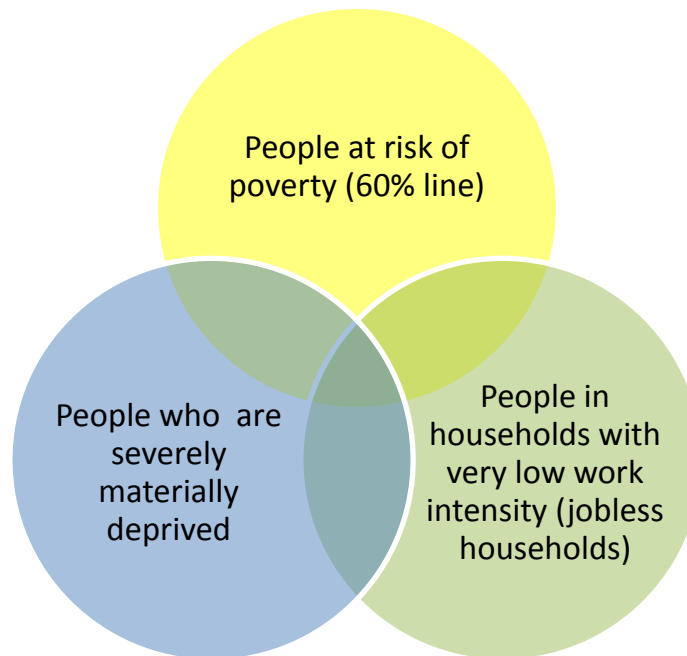
<sup>21</sup> ‘People at risk of poverty’ are persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers)

<sup>22</sup> This indicator corresponds to the sum of persons who are: at risk of poverty or severely materially deprived or living in households with very low work intensity. Persons are only counted once even if they are present in several sub-indicators. At risk-of-poverty are persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). Material deprivation covers indicators relating to economic strain and durables. Severely materially deprived persons have living conditions severely constrained by a lack of resources, they experience at least 4 out of 9 following deprivations items: cannot afford i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone. People living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work less than 20% of their total work potential during the past year. (Eurostat, 2014, t2020\_50)



originally been mooted – which related to only the first of the three indicators, those ‘at risk of poverty’, which had previously been the most prominent indicator at EU level (Nolan & Whelan, 2011).

**FIGURE 10 DIAGRAM: EUROPE 2020 STRATEGY: AT RISK OF POVERTY OR SOCIAL EXCLUSION INDICATOR**



Member States can set national targets based on what they consider to be the most appropriate indicator or combination of indicators.

The Irish targets relate to ‘consistent poverty,’ which is the poverty target used in the National Action Plan for Social Inclusion, 2007-2016, and reflects Ireland’s use of two indicators to measure poverty and exclusion: at risk of poverty (below the 60% median income threshold) and material deprivation (lacking two or more basic necessities). These are similar to the first two of the EU indicators that make up the EU target of ‘poverty and social exclusion’<sup>23</sup>. The ‘consistent poverty’ indicator combines deprivation and poverty into a single indicator by calculating the overlap between the two – that is, people simultaneously experiencing poverty and registering as deprived. As such it captures a sub-group of the poor.

The revised target contained in the Government’s National Reform Programme Update, 2012, represented a change in both the baseline rate (from a 2008 rate of 4.2% in consistent poverty to a 2010 rate of 6.2%) and in the timetable for achieving it. The aim was to lift 200,000 people

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<sup>23</sup> The definitions differ somewhat: The Irish deprivation indicator is defined as enforced lack of two items from a set of 11 basic necessities; the EU deprivation indicator is defined as enforced lack of four items from a set of nine. There is also a difference in how the income concept is defined for the at risk of poverty indicator (Government of Ireland, 2011, p. 23).

out of the risk of poverty or exclusion between 2012 and 2020 (Government of Ireland, 2012, p. 16). For the 2013 Update the terminology related to the target has been changed as regards how those who are to be lifted out of poverty are defined: *'poverty target is to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation)'*. The effect of this is to exclude the third EU indicator - people in households with very low work intensity – and this is consistent with the ongoing approach of the Irish authorities to the measurement of poverty as the added value of using the third - low work intensity or 'joblessness' - as a poverty measurement in an Irish context is not accepted by the Irish Government (2011), and, indeed is also questionable in the opinion of commentators.<sup>24</sup>

## European Context

The Europe 2020 Strategy envisaged that a major effort would be needed to combat poverty and social exclusion, to reduce health inequalities and to ensure that everyone could benefit from growth. Headline facts on poverty in Europe were described in the Strategy, which (based on figures available at that time) included:

- 80 million people at risk of poverty, which is more than the population of the largest Member State, or 16.5% of the total population (figures from prior to the crisis),
- 19 million children at risk of poverty,
- 8% of people who work are still below the poverty line
- With the economic crisis, the situation has worsened
- Young people, migrants and the low skilled have experienced the greatest increases in unemployment.

(European Commission, 2010, p.18; 2010b, p. 3-5)

One of the aims of the flagship initiative 'European Platform against Poverty' is to raise awareness of the fundamental rights of people experiencing poverty and social exclusion, enabling them to 'live in dignity and take an active part in society' (European Commission, 2010, p. 19). Action is envisaged from Member States to

- implement measures for people at particular risk such as one-parent families, older women, minorities, disabled people and homeless people,
- deploy social security and pension systems to ensure adequate income support and access to healthcare.

The European Economic and Social Committee has highlighted the need for policy coherence between economic, financial, employment and social measures in the Europe 2020 strategy with all contributing to social cohesion. In particular, the Committee has argued that austerity measures should not increase the risk of poverty and that there must be a stronger emphasis on reducing inequalities and enforcing fundamental human rights, including through fairer income distribution (European Economic and Social Committee, 2011).

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<sup>24</sup> For example, Walker argues that 'Joblessness' arguably reduces the conceptual and policy coherence of the EU Target measure; it is more a cause of poverty than a characteristic, it is restricted to the working age population and, has even less overlap with low income and material deprivation than elsewhere. (Walker, 2011, p.16).

Latest available figures (which are for 2012) suggest a large increase in the population experiencing poverty since the Europe 2020 Strategy was adopted. The number of people at risk of poverty has increased to 84million (in 2012). Those experiencing poverty or social exclusion, the combined indicator used in the Europe 2020 Strategy, numbered 124 million in 2012 (EU28) or 24.8 per cent of the population, representing an increase of approximately 6.1million people since 2010 (Eurostat, 2014,t2020\_50; t2020\_52).

## Ireland: Poverty

During the first decade of this century Ireland saw progress on the issue of poverty driven by increases in social welfare payments, particularly payments to unemployed people, older people and people with disabilities. So the rate of poverty significantly declined between 2001 and 2009. However, the most recent data, which will be discussed below in more detail, indicates that poverty has once again begun to increase. It climbed from a record low level in 2009 to a higher level in 2010 and 2011, driven by recent budgetary policy which has reversed earlier social welfare increases.

In this section, we will first look at how Ireland is performing when analysed under the ‘poverty and exclusion’ indicator, and under the three constituent parts of this measure that make-up the poverty reduction target set under the Europe 2020 Strategy. We will then consider poverty in Ireland looking in more detail at some indicators commonly used in this country, including ‘consistent poverty’, the indicator used to frame Ireland’s national target under the Europe 2020 Strategy, before considering the situation of some groups (children and the working poor) whose positions are highlighted in the Europe 2020 Strategy. Linked to the issue of poverty is Ireland’s approach to income distribution, which we will look at next before finishing the Chapter with some recommendations.

Note that we use the latest figures available from Eurostat and the Central Statistics Office, which for Ireland are for 2011. It may be worth noting here that there are differences between the way some indicators are measured/calculated by Eurostat and by the Irish Central Statistics Office, something that we will refer to again below.

### Ireland and the EU Poverty or Exclusion Indicators

As we prepare this report, Ireland is the only country in EU28 whose figures on poverty for 2012 are not available through Eurostat. Therefore, the statistics given for Ireland relate to 2011, and the data would have been collected prior to that. Thus, a considerable a time lag relative to the statistics quoted must be acknowledged.

When we look at Ireland’s figures for those at risk of poverty and exclusion (that is, the combined indicator used in the Europe 2020 Strategy), it has gone from 23.1% in 2007 to 29.4% in 2011, representing 1.3 million people by 2011. This is an increase of 314,000 people between 2007 and 2011 and 99,000 people in one year, 2010 to 2011. See **Table 6**. It means that close to a third of the population is experiencing poverty or social exclusion, a proportion that has been increasing not decreasing since the adoption of the Europe 2010 Strategy.

**TABLE 6 IRELAND: POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION, 2005-2011**

<b>Ireland: People at risk of poverty and social exclusion - %</b>							
	2005	2006	2007	2008	2009	2010	<b>2011</b>
<b>%</b>	25	23.3	23.1	23.7	25.7	27.3	<b>29.4</b>
<b>Number of people</b>	1,038,000	991,000	1,005,000	1,050,000	1,150,000	1,220,000	<b>1,319,000</b>

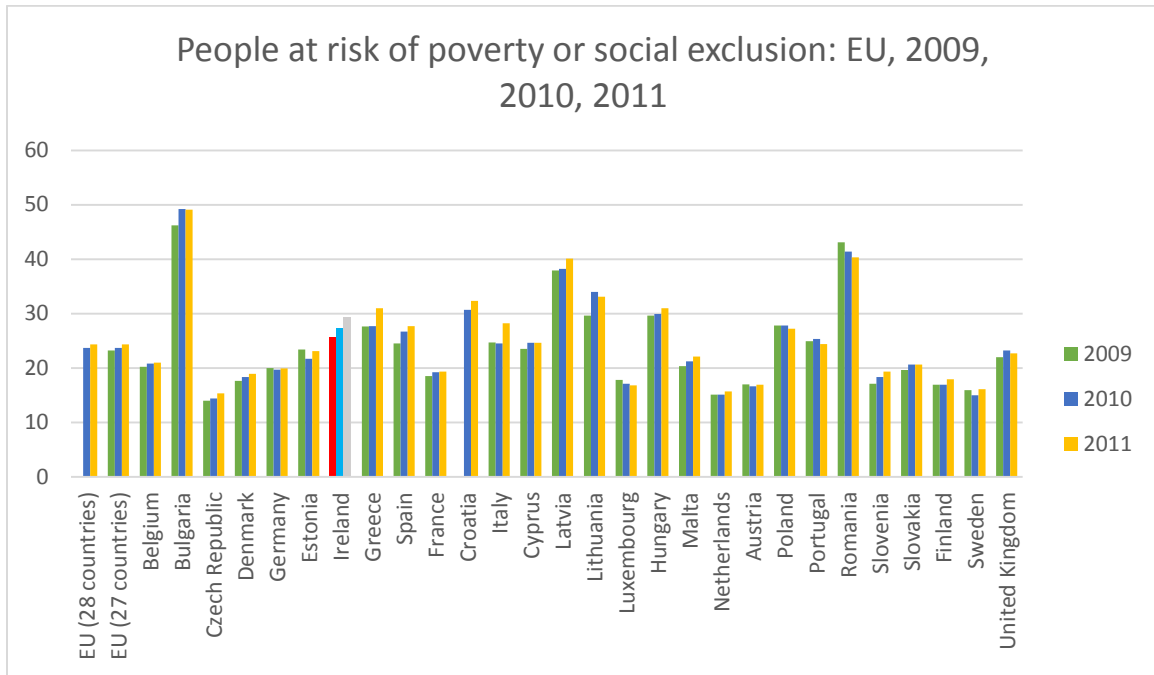
**SOURCE: EUROSTAT, 2014, T2020\_50.**

**Figure 11** shows that by 2011 Ireland had one of the highest rates of poverty or social exclusion in Europe, higher than the European average (of 23.4%). In 2011 Ireland's rate was exceeded only by Greece, Hungary, Croatia, Lithuania, Latvia, and Romania and Bulgaria. Adding the populations affected by the three indicators puts Ireland's rate at this very high level, particularly due to the high numbers captured by the low work intensity indicator compared to the European average (Department of Social Protection, 2011, p. 263)<sup>25</sup>.

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<sup>25</sup> The set of three indicators used for the EU 2020 Strategy correspond, with some compositional differences, with indicators used within Ireland (a relative income poverty line: 'at risk of poverty'; material deprivation indicator based on inability to afford items from a list; and the consistent poverty measure, based on the overlap between the two), but the EU 2020 Strategy includes 'low work intensity households' as its third indicator. However, the Department of Social Protection has shown that essentially the same proportion of the population is covered – 26% in 2009 (Department of Social Protection, 2011, p. 263). It is not the practice in Ireland to combine the indicators to arrive at an overall figure for 'poverty and exclusion' a practice that has questionable outcomes (Walker, 2011) as already referenced.

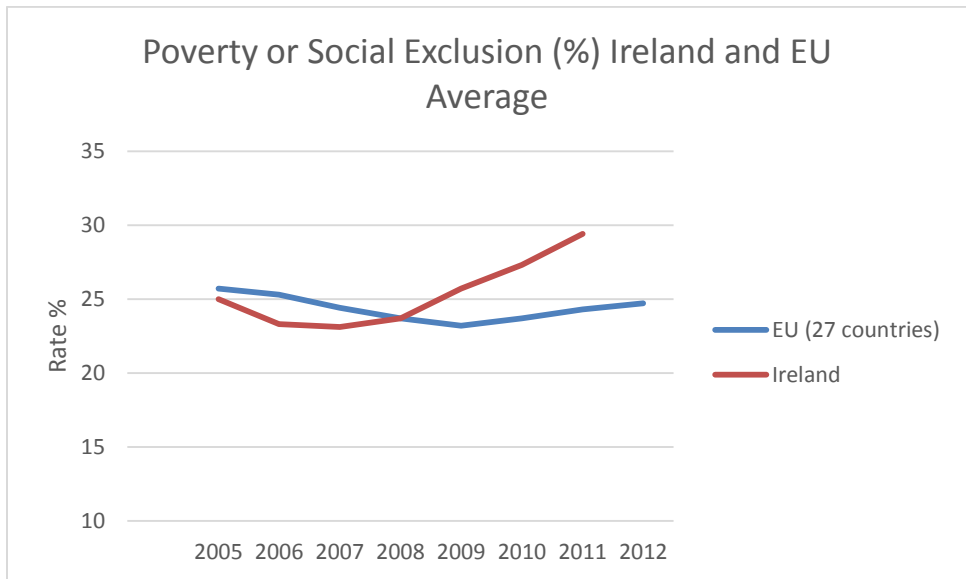
**FIGURE 11 EUROPE: PEOPLE AT RISK OF POVERTY OR SOCIAL EXCLUSION**



Source: Eurostat, 2014. T2020\_50 Note: 2011 is the latest year for which Irish rates are available from Eurostat

Since 2008 the percentage increase in the indicator for poverty or social exclusion has been considerably larger in Ireland than the average rate amongst European countries, as **Figure 12** shows.

**FIGURE 12 IRELAND AND EUROPE: PEOPLE AT RISK OF POVERTY OR SOCIAL EXCLUSION, 2005-2012**



Source:

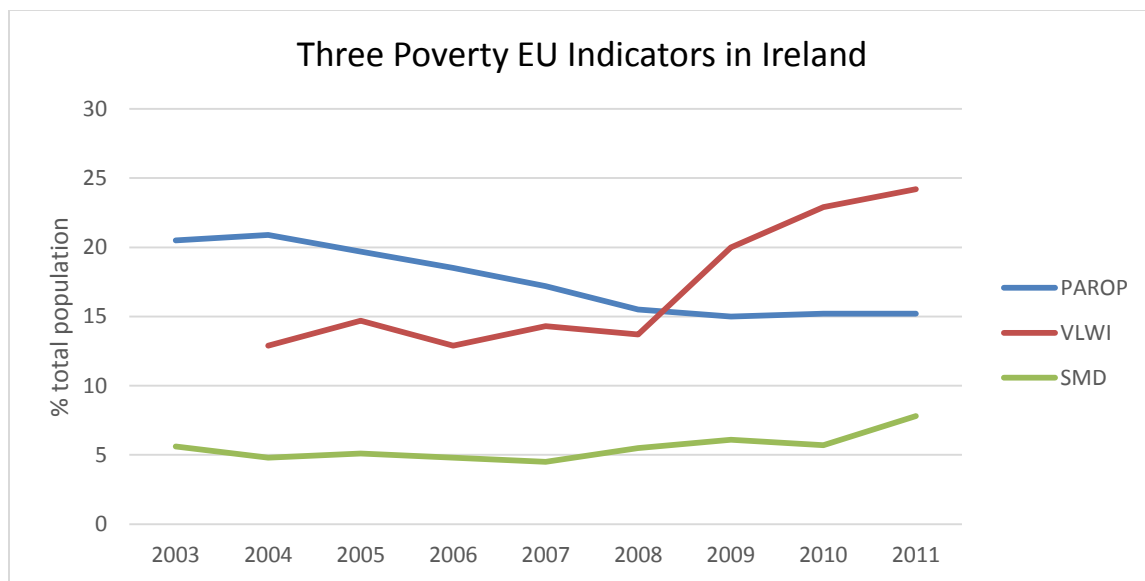
Eurostat, 2014, t2020\_50

It is also possible to examine Ireland’s performance in a European context under each of the separate indicators that make up the ‘at risk of poverty and exclusion’ indicator for the purpose of the Europe 2020 Strategy.

**Figure 13** shows the trajectory of the three poverty indicators used in the Europe 2020 Strategy as applied to Ireland. The indicators showing the greatest increase since the onset of the crisis are people in households with very low work intensity and people experiencing severe material deprivation. There has been a dramatic rise in people living in households with very low work intensity from years 2008 to 2010 and a noticeable increase in people experiencing severe material deprivation. The Government’s National Reform Programme Update for 2013 notes that the high proportion of the population in jobless households reveals a structural problem that predates the current recession, though one which has been greatly exacerbated by the rise in unemployment: *‘the problem not only reflects the high percentage of the adult population who are not economically active but also the greater likelihood that jobless adults live with other jobless adults. It also indicates the high proportion of children living in jobless households’*.

From the early 2000s to 2009 a steady decrease in the rate of income poverty defined as people ‘at risk of poverty’ as measured by Eurostat, can be seen, with rates reaching a record low in 2009. The year 2008 marked the first time that Ireland’s at risk of poverty levels fell below average EU levels as can be seen from **Table 7**. It is clear that this was driven by sustained increases in welfare payments in the years prior to 2008.

**FIGURE 13: EU POVERTY INDICATORS IN IRELAND, 2003-2011**



Source: Eurostat, 2014 t2020\_51, t2020\_52, t2020\_53

PAROP: People at Risk of Poverty after Social Transfers (60% poverty line)

VLWI: People living in households with Very Low Work Intensity

SMD: People who are severely materially deprived

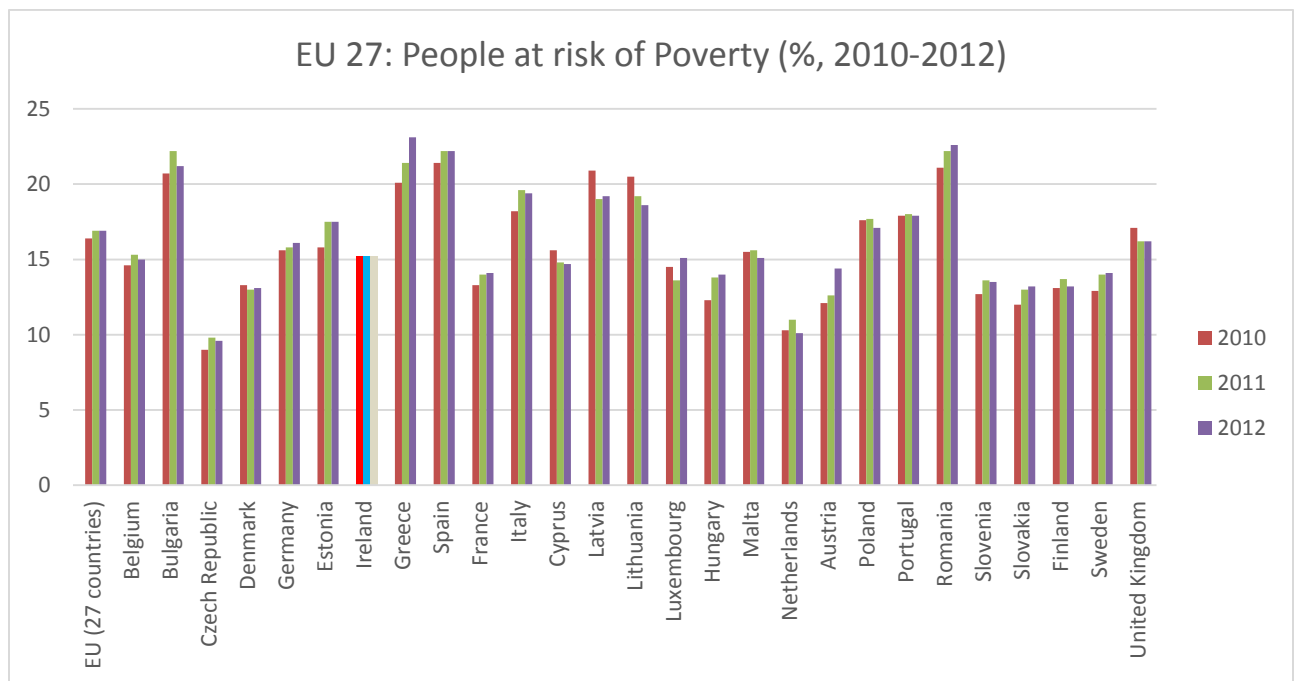
**TABLE 7: IRELAND AND EU (27) AVERAGE - PEOPLE AT RISK OF POVERTY, 2003-2011**

Ireland: People at risk of poverty (60% line) after social transfers: percentage of the total population – Ireland and European average									
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>EU - 27</b>			16.4	16.5	16.5	16.5	16.4	16.9	<b>16.9</b>
<b>Ireland</b>	20.5	20.9	19.7	18.5	17.2	15.5	15	15.2	<b>15.2</b>

Source: Eurostat, 2014. t2020\_52 .

Again using statistics that are comparable across Europe, **Figure 14** shows the proportion of the population at risk of poverty and how Ireland compares with other European countries. The 2011 figure is used for Ireland as the figure for 2012 is not available. At 15.2 per cent, Ireland’s rate has risen marginally since 2009 but is still below the EU 27 average. The rate puts Ireland 15<sup>th</sup> out of EU27 (using the 2011 rate for Ireland and 2012 rates for other countries).

**FIGURE 14 : EU 27 PEOPLE AT RISK OF POVERTY, 2013-2012**



Source: Eurostat, 2014. t2020\_52. Rates for 2012 for all countries except Ireland, where the latest available rate is for 2011. Shows people at risk of poverty after social transfers.

## Ireland: A Closer Look at Poverty

When we turn to examine the poverty rates available from the Irish CSO the first thing to acknowledge are slight differences from the figures given above from Eurostat. In particular, the at-risk-of-poverty measure generates different results at EU and national levels as a result of differences in the definition of gross income. The EU definition does not include income from private pensions or the value of goods produced for own consumption. Also employers' social insurance contributions are included in the national definition of gross income but are excluded from the EU definition (Department of Social protection, 2013).

Using the CSO statistics it is possible to see that 16 out of every 100 people in Ireland were living in poverty in 2011. See **Table 8**, below. The table shows that the rates of poverty decreased significantly after 2001, reaching a record low in 2009. These decreases in poverty levels were welcome. They were directly related to the increases in social welfare payments delivered over the Budget's spanning these years. However poverty increased again in 2010 and 2011 as the effect of budgetary changes to welfare and taxes, as well as wage reductions and unemployment, drove more low income households into poverty. **Table 8** also shows the significant numbers of people affected amounting to 731,984 people in 2011.

**TABLE 8 IRELAND: POPULATION BELOW THE 60% POVERTY LINE, 1994-2011**

The 60% income poverty line, 1994-2011								
	1994	1998	2001	2005	2007	2009	2010	2011
<b>60% line</b>	15.6	19.8	21.9	18.5	16.5	14.1	14.7	16.0
<b>Numbers of People</b>	559,400	733,214	842,537	764,753	722,007	639,209	669,556	731,984

**Source:** CSO (2013) and Whelan et al (2003), using national equivalence scale; numbers of people calculated using CSO online database population estimates

**Note:** All poverty lines calculated as a percentage of median income.

It is of concern that, following significant improvements in poverty levels from 2001 on, between 2009 and 2011 the poverty rate increased again from 14.1 per cent (2009) to 16 per cent (2011). This is associated with the onset of the recession and its associated implications for incomes (earnings and welfare). The numbers of people in poverty has increased by 90,000 since 2009.



When we look at the income level at which someone lives in poverty, the income poverty line for a single adult would have been €208.84 per week in 2011 (60% line). (Based on the CSO figure for the median disposable income per adult in Ireland during 2011: €18,148 per annum or €348.05 per week). Consequently, updating the 60 per cent median income poverty line to 2014 levels<sup>26</sup>, produces a relative income poverty line of €214.95 for a single person (after taxes and including all benefits). In 2014, any adult below this weekly income level will be counted as being at risk of poverty (Healy *et al*, 2014). One immediate implication of this analysis is that most weekly social assistance rates paid to single people are almost €27 below the poverty line<sup>27</sup>.

It is notable that the increases in the poverty rate between 2009 and 2011 took place at a time when the at risk of poverty threshold (60% of median income) was declining from €12,455 in 2008 to €10,889 in 2011 (CSO, 2013). In other words the poverty rate grew even though incomes declined overall meaning that median income declined and the threshold at which people are counted as at risk of poverty declined in line with it.

The primary drivers of poverty reductions between 2005 and 2009 were increasing incomes among those who are on home duties, those who are classified as ill/disabled, older people and children. Between 2005 and 2009 the numbers of workers in poverty declined while the numbers of unemployed people in poverty notably increased. The increase in poverty between 2009 and 2011 can be principally explained by the increase in poverty among people with jobs, people who are unemployed and children (Healy *et al*, 2014).

It is clear that the people concerned face difficulty in achieving *‘a standard of living that is regarded as acceptable by Irish society generally’*, one of the hallmarks of life in poverty as defined in the Irish Anti-Poverty Strategy (1997).

Without the social welfare system almost 51 per cent of the Irish population would have been living in poverty in 2011 (CSO, 2013). Such an underlying poverty rate suggests a deeply unequal distribution of direct income. In 2011, the actual poverty figure of 16 per cent reflects the fact that social welfare payments reduced poverty by almost 35 percentage points.

There is evidence that the depth of poverty is worsening in Ireland in recent years – this is evident from the ‘at risk of poverty gap’, which assesses how far below the poverty line the income of the median (middle) person in poverty is. The size of that difference is calculated as a percentage of the poverty line and therefore represents the gap between the income of the middle person in poverty and the poverty line. The higher the percentage figure, the greater the poverty gap and the further people are falling beneath the poverty line. The SILC results for 2011 show that the poverty gap was 19.6 per cent in 2011, a rate that had deteriorated from 17.7 per cent in 2010 and 16.2 per cent in 2009.

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<sup>26</sup> Using published CSO data on the growth in average earnings in 2012 (+0.5 per cent) and ESRI projections for 2013 (+1.0 per cent) and 2014 (+1.4 per cent)

<sup>27</sup> For example, Jobseeker’s Allowance for a single person is €188 per week since Jan 2012, and while the Fuel allowance (€20 per week) is generally paid to those on Jobseekers Allowance, since Budget 2012, this is only for 26 weeks per year, and only one allowance is paid per household, which means that not everyone on Jobseekers Allowance gets it. The Jobseeker’s Allowance rate for those aged 22-24 is €144; and that for those aged 18-21 is €100 – these rates leave people way below the at risk of poverty rate. Information: Citizens’ Information Board.

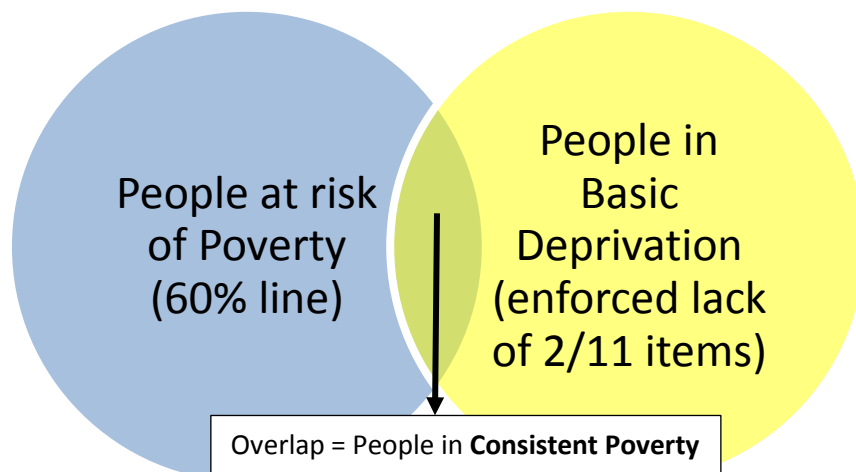
For its part, Government has recognised that people in jobless households experience high levels of basic deprivation and consistent poverty, and, as already mentioned, has announced the adoption of a new sub-target relating to jobless households although the specifics have yet to be finalised. However, in terms of response, the 2013 National Reform Programme Update focuses on outlining a list of activation measures and greater conditionality in access to welfare payments, instancing how from 2013 *'significant cohorts of lone parents will only be eligible to welfare payments that are conditional on being available for and genuinely seeking work.'* But activation measures alone do not create jobs, nor do they address mismatches between skills sets and available jobs nor indeed do they address gaps in basic educational and literacy levels amongst long-term unemployed people that prevent them entering today's jobs market. The issue of child-care is also a significant barrier to employment for many lone parents, something we will return to below.

### Consistent Poverty

As already mentioned, the Irish target under its National Reform Programme is stated in terms of 'consistent poverty', an indicator that combines the 'at risk of poverty' and 'deprivation' indicators, calculating the proportion simultaneously experiencing both. Thus, it identifies a sub-group of the people experiencing poverty. See **Figure 15**. This is intended to 'reflect[s] the policy priority on those most in need' (Government of Ireland, 2011, p. 23). As set out at the start of this Chapter, the current national target is *'reduce consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.3% and..... to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation).'*

The two sub-targets that have been announced by the Irish Government for children and for people in jobless households are also both framed in terms of consistent poverty. However, these sub-targets have not yet been finalised or adopted.

**FIGURE 15 DIAGRAM: CONSISTENT POVERTY**



As already mentioned, the 2011 SILC data indicates the ‘at risk of poverty’ rate increased to 16 per cent in 2011 (from 14.7 per cent in 2010), while the deprivation rate in 2011 also increased; it was 24 per cent (up from 22.6 per cent in 2010) (CSO, 2013).

Where consistent poverty is concerned, in 2011, 6.9 per cent of the population experienced consistent poverty, an increase from 4.2 per cent in 2008 and 5.5 per cent in 2009 (CSO, 2013). See **Table 9**.

In terms of the population, the 2011 figures indicate that just over 315,000 people live in consistent poverty (Healy *et al*, 2014). These are very high numbers of people. It is not clear how the revised Government target will be reached given the upward trajectory of the rate combined with budgetary policies. Over time, the reality of the current recession and its austerity measures in response to it are pushing Ireland further away from these targets.

**TABLE 9 IRELAND: RATES OF CONSISTENT POVERTY, 2006-2011**

Ireland: Consistent Poverty Rates,						
	2006	2007	2008	2009	2010	2011
%	6.6	5.1	4.2	5.5	6.3	6.9
Numbers of people			186,000	245,000	277,000	315,000

**Source:** Rates in %: CSO, 2013; Numbers of People, 2008 & 2010: Government of Ireland, 2012, p15; 2009: Department of Social Protection, 2011, p. 24; 2011: Healy *et al*, 2014

The Government National Reform Programme Update for 2013, recognises that jobless households accounted for three-quarters of the total in consistent poverty and that children were 1.6 times more likely to be in consistent poverty compared to adults. Children (aged 0-17) made up a high proportion (36.2%) of the population in consistent poverty in 2011 (CSO, 2013, Table 7).

According to the Social Inclusion Monitor published by the Department of Social Protection in 2013, the specifics on the sub-target on jobless households (to reduce the extent of jobless households in consistent poverty by reducing the proportion of such households in the general population) have yet to be agreed (2013). However that publication also documents an increase in the share of the population in consistent poverty that they make up – going from representing a 71.3 per cent share in 2010 to a 74.1 per cent share in 2011 (Department of Social Protection, 2013).

Thus the consistent poverty rate is worsening overall. For those groups in respect of which sub-targets are now proposed (children and jobless households) the position also seems to be worsening. Therefore, Ireland is regressing not progressing in reaching the ‘consistent poverty’ targets set in the National Reform Programme.

## Child Poverty

Child poverty is recognised within the Europe 2020 strategy as constituting a significant proportion of those in Europe in poverty (European Commission, 2010, p. 18). This is also highlighted by the Social Protection Committee, which notes how child poverty can have long-term detrimental impacts on educational achievement and future life chances and how in some countries fiscal consolidation measures will affect benefits that are important for families (The Social Protection Committee, 2011b, p. 36). The Committee recommends that:

*Member States need to prioritise early childhood intervention in areas such as health and education, to enhance the availability of quality child care and enabling services, to promote the labour market participation of parents, and to guarantee adequate income support to families with children through a combination of well-designed universal and targeted benefits (The Social Protection Committee, 2011b, p. 7).*

In February 2013, the EU Commission issued a recommendation on child poverty and well-being called *Investing in Children: Breaking the Cycle of Disadvantage*, which recognised that children are more susceptible to poverty than the overall population.

Child poverty is measured as the proportion of all children aged 17 or younger that live in households with an income below the 60% of median income poverty line.

When the SILC statistics for 2011 are analysed, the largest group of the population who are poor, accounting for 25.8 per cent of the total, were children (Healy *et al*, 2014). The second largest group were those working in the home (17.5 per cent). Of all those who are poor, 30.8 per cent were in the labour force and the remainder (64.4 per cent) were outside the labour market<sup>28</sup>.

A paper funded by the Department of Social Protection in 2012 used EU SILC data to examine how to construct a food poverty indicator for Ireland (Carney & Maitre, 2013). This research found that 10 per cent of the population in Ireland was living in food poverty; the rate of food poverty increased to 18 per cent for households with three or more children and 23 percent for lone parent families.

As already mentioned, Government has highlighted the higher risk of poverty for children (compared to adults) by agreeing to set a sub-target to reduce this differential as part of the national social target for poverty reduction. The National Reform Programme Update for 2013 recognises that child poverty is strongly associated with jobless households, with over half of all children in consistent poverty in such households and that this highlights a risk of the intergenerational transmission of poverty and unemployment. In 2011, children were 1.6 times more likely to be in consistent poverty compared to adults (Government of Ireland, 2013).

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<sup>28</sup>This does not include people who are ill and disabled, some of whom will be active in the labour force. The SILC data does not distinguish between those temporarily unable to work due to illness and those permanently outside the labour market due to their illness or disability.

However, the sub-target to reduce child poverty has not been set yet<sup>29</sup>. Furthermore, the latest available statistics from the CSO from 2011 suggest that the problem is worsening: in 2011 the consistent poverty rate for children was 9.3 percent which was an increase of 0.5 percentage points from 8.8 per cent in 2010<sup>30</sup> (CSO, 2013). See **Table 10**. This Table also indicates the very large and increasing numbers of children who are living at risk of poverty: 232,039 in 2011.

**TABLE 10 CHILDREN- RATES FOR RISK OF POVERTY AND CONSISTENT POVERTY**

<b>Risk of Poverty Rate among Children (0-17) in Ireland, 2006-2010</b>						
<b>Year</b>	2006	2007	2008	2009	2010	<b>2011</b>
<b>Rate</b>	19.0%	17.4%	18.0%	18.6%	18.4%	<b>18.8%</b>
<b>Numbers of children</b>				223,084	226,979	<b>232,039</b>
<b>Consistent Poverty Rate amongst Children, 2009-2010</b>						
<b>Rate: Children, 0-17 years</b>				8.7%	8.8%	<b>9.3%</b>

**Source:**

Risk of Poverty Rates: 2006-2009: Healy *et al*, 2012, based on various editions of CSO, SILC reports; 2006 and 2007 data exclude SSIA effect. 2010-2011: CSO, 2013. Numbers of Children at risk of poverty: Healy *et al*, 2014, calculated using CSO SILC reports, 2013 and 2006.

Consistent Poverty Rate: CSO, 2013

In the opinion of *Social Justice Ireland*, this situation is not acceptable in human terms.

Furthermore, the fact that such a large proportion of our children are living below the poverty line and in consistent poverty has obvious implications for the education system, for the success of these children within it, for their future job prospects and for Ireland's economic potential in the long-term.

The Government has indicated in both the National Reform Programme and the Programme for Government that it will tackle child poverty through the use of targeted social inclusion programmes and a new area-based approach to addressing this issue. The reality remains that continued cuts and austerity measures are eroding the social infrastructure and impacting upon community based programmes. Child benefit remains a key route to tackling child poverty, and is of particular value to families on the lowest incomes. A number of measures in recent budgets such as cuts in child payments are of concern, and on foot of these policies it seems likely that

<sup>29</sup> The sub-target for child poverty reduction is expected to be included in the *Policy Framework on Children and Young People*, which is due to be published in 2014

<sup>30</sup> Although the change is not considered statistically significant

child poverty will increase further over the next few years – a major setback in an area where the State already has a dismal record.

### **Working Poor**

We have already discussed the issue of the working poor in the context of employment in Chapter 2. Having a job is not, of itself, a guarantee that one lives in a poverty-free household. An analysis of CSO SILC data suggests that some groups who have a high risk of poverty (such as people who are ill/disabled) involve much smaller numbers of people than groups such as adults who are employed (the working poor), or people on home duties (Healy *et al*, 2014). The increase in poverty between 2009 and 2011 can be principally explained by the increase in poverty among people with jobs, people who are unemployed and children.

In 2011, those who worked constituted 14.2 per cent of those at risk of poverty (CSO, 2013) and this percentage has increased since 2010. This represented 103,942 people who were at work but also at risk of poverty, a number that had increased from 90,390 in 2010 (Healy *et al*, 2014, calculated using CSO SILC Reports).

These are remarkable statistics, requiring that policy-makers begin to address it. Policies which protect the value of the minimum wage, and that attempt to keep those on that wage out of the tax net are important. Similarly attempts to increase awareness amongst low income working families of their entitlement to the Family Income Supplement (FIS) are welcome; although evidence suggests that FIS is experiencing dramatically low take-up, and as such has questionable long-term potential.

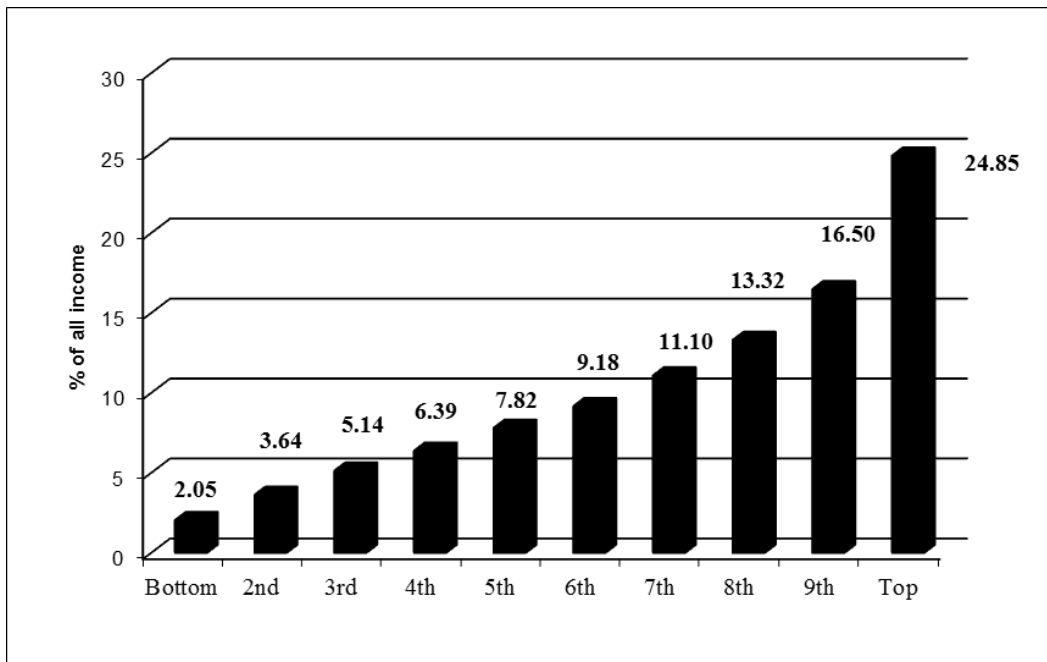
However, one of the most effective mechanisms available within the present system to address this problem would be to make tax credits refundable, a proposal that we will outline at the end of this Chapter.

### **Incomes in Ireland**

We noted above that Ireland's structural problem with poverty suggests a deeply unequal distribution of direct income.

The most recent data on Ireland's income distribution, from the 2011 SILC survey, is summarised in **Figure 16**. It examines the income distribution by household deciles, starting with the 10 per cent of households with the lowest income (the bottom decile) up to the 10 per cent of households with the highest income (the top decile). The data presented is for disposable income. This is the amount of money households have to spend after they have received any employment/pension income, paid all their income taxes and received any welfare entitlements.

**FIGURE 16: IRELAND: INCOME DISTRIBUTION BY 10% (DECILE) GROUP, 2011**



**Source:** Collins (2013)

In 2011, the top 10 per cent of Irish households received 24.85 per cent of the total disposable income while the bottom decile received 2.05 per cent. Collectively, the poorest 50 per cent of households received a very similar share (25.04 per cent) to the top 10 per cent. Overall the share of the top 10 per cent is more than 12 times the share of the bottom 10 per cent. In terms of cash values the top 10 per cent of households receive an average weekly disposable income (after all taxes and having received all benefits) of just under €2,000 while the bottom decile receives €165 per week. In 2011 the average household disposable income was €801 a week / €41,798 per annum (Healy *et al*, 2014). While the nominal value of these shares has declined in recent years, the spread of income has become more unequal according to the CSO's 2011 SILC report.

There are a number of indicators used in the EU to measure income inequality. A Gini coefficient of 0.0 per cent would correspond to perfect income equality while higher Gini coefficients indicate a more unequal distribution. In Ireland, in 2011 the Gini coefficient was 31.1 per cent (considered not a statistically significant change on the value in 2010, which was 31.6 per cent) (CSO, 2013). But in 2010 this indicator had started to increase again following a downward trend between 2005 and 2009 (when it fell to 29.3 per cent). As mentioned already, we do not currently have the data for 2012 from the CSO.

Another indicator of inequality is the quintile (20 per cent) share ratio remained at 4.9 in 2011 indicating that those in the highest income quintile continued to have an average equivalised income of 4.9 times that of those in the lowest income quintile (CSO, 2013). However, again the 2011 rate represents a rise in inequality since 2009 (when the rate was 4.3 per cent).

Between 2008 and 2011 the ESRI has calculated that the poorest ten per cent of the population saw their real disposable income fall by 18.4 per cent while the richest ten per cent of the population experienced a fall of 11.4 per cent (Callan *et al*, 2013). (Disposable income means all income one has after taxes have been paid and social welfare payments received). However, since 2009, budgets have tended to have an overall regressive or neutral effect (Social Justice Ireland, 2013). For example, Budget 2012 was assessed by the Economic and Social Research Institute (ESRI) who found that the poorest 40 per cent of households would see a fall of between 2-2.5 per cent in their incomes as a result while the richest 30 per cent of households would lose only 0.7 per cent as a result (Economic and Social Research Institute, 2012). The real impact would of course been even more regressive because impacts of reductions in services introduced during this years are not taken into account and these impact disproportionately on the most vulnerable.

All of this means that since 2011 (the latest year for which CSO data are available) inequality is likely to have increased further in Ireland.

## **Poverty in Ireland: *Social Justice Ireland* Response**

*Social Justice Ireland* has welcomed the increased attention given to the issue of poverty and exclusion by inclusion of a target in the Europe 2020 Strategy. High rates of poverty and income inequality require greater attention than they currently receive. Tackling these problems requires a multifaceted approach with action on many fronts including healthcare and education, accommodation and employment. However, the most important requirement in tackling poverty is the provision of sufficient income to enable people to live life with dignity.

We have already expressed regret that in 2012 the Irish Government revised down the headline target for poverty reduction that had been contained in the 2011 National Reform Programme. The revised target highlights the Government's lessening commitment to reducing poverty as well as its failure to protect those that are vulnerable in Irish society in these difficult times. As we have indicated before, *Social Justice Ireland* believes that it is imperative that the Government address the issue of establishing new subsidiary targets for vulnerable groups. The announcement of proposed new targets for childhood poverty and for people in jobless households as part of the *National Social Target for Poverty Reduction (2012)* is welcome but there is a delay in specifying the detail relating to them and in adopting them. This must now be addressed.

Social Justice Ireland welcomes introduction of Social Impact Assessment of Budget Adjustments and other efforts to better monitor social impacts by the Social Inclusion Division in the Department of Social Protection. However, this Department's social impact assessment was only published after Budget decisions were made – thus with no opportunity to have an impact in advance of decisions being implemented. Unless monitoring of poverty and measures to tackle it are supported by Government decisions taken in all Departments and at the highest levels, then Ireland will continue to fail to make progress towards achieving its poverty reduction targets. Furthermore, the time-lag in publication of poverty statistics by the Central Statistics Office is unhelpful in the facilitating the monitoring of social impacts - which means, for example, that the Social Inclusion Monitor published in 2013 deals with CSO SILC statistics from 2011 and with a reference period from January 2010 to December 2011 .



When it comes to poverty indicators, a measure of persistent poverty is long overdue and a crucial missing piece in society's knowledge of households and individuals on low incomes. 'Persistent poverty' is another measure of poverty developed at EU level (as part of the Laeken process) which measures those below the 60% median income line in the current year and for two of the previous three years (thus measuring those who experienced a sustained exposure to poverty). To date the detail of this is not included in the CSO SILC surveys for Ireland, although some data is available as 'tentative estimates for persistent poverty' in 2009 (SILC, 2010, cited in Healy *et al*, 2012). The persistent poverty rate was 7.7%. These preliminary figures are worryingly high, indicating that more than half of those in poverty have been in poverty for a number of years. They imply that most of Ireland's poor are long-term poor, and that poverty in Ireland is a structural problem which requires focused policies to reduce it. *Social Justice Ireland* believes that this data should be used as the primary basis for setting poverty targets and monitoring changes in poverty status. Existing measures of relative and consistent poverty should be maintained as secondary indicators. As the persistent poverty indicator will identify the long-term poor, we believe that the CSO should produce comprehensive breakdowns of those in persistent poverty, similar to the approach it currently takes with relative income poverty. If there are impediments to the annual production of this indicator, they should be addressed and the SILC sample augmented if required.

The National Reform Programme and its Updates are intended to protect the incomes of the poorest families as much as possible, and to enable these families to benefit from economic recovery and growth when it arrives (Government of Ireland, 2011, p. 24). However, in the National Reform Programme for 2011 there is a reference to 'a stronger financial incentive to return to work and to make work pay' (Government of Ireland, 2011, p. 28). The 2013 Update states that 'significant cohorts of lone parents will be only eligible to welfare payments that are conditional on being available for and genuinely seeking work.' The fact that the plan makes a connection between reducing welfare rates and incentives to return to work is worrying, given the scale of the unemployment crisis, and the fact that Ireland is unlikely to generate sufficient numbers of market-based jobs at any stage in the near future.

Where are people, who have had their incomes reduced by recent decisions on welfare, supposed to find jobs? Furthermore, placing pressure on people (including lone parents) to enter into employment through the reduction of income supports without providing the necessary supports, such as affordable childcare and after-school care, does nothing to assist people to engage in the labour force. In this context it is interesting to note the findings of an OECD study, which concluded that:

*'The cost of childcare acts as a major barrier to work in Ireland ... where it more than doubles the effective tax rates faced by low-wage sole parents, (2011a, p. 223).*

Ireland is currently moving further away from the Europe 2020 poverty target. Some headline statistics (from 2011, the latest available) relative to this include:

- Over 730,000 people in Ireland are living in poverty,
- Of this number over 230,000 are children,
- Of this number over 100,000 have a job and are amongst the working poor,

- The percentage of people in consistent poverty continues to rise and is over 300,000 people
- 1.3million people are at risk of poverty or social exclusion using the combined indicator used as part of the EU2020 Strategy
- Income inequality is rising in Ireland (from 2010).

In recent Budgets, there has been a tendency (which is welcome) not to cut basic welfare rates. However, some rates of welfare are already well below the poverty line. Furthermore, if Government continues to pursue other policies that 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.

*Social Justice Ireland* presented to the government a series of alternative proposals which would have ensured that the most vulnerable would not have been disproportionately impacted upon by austerity measures. However, the opposite has occurred:

- Government decisions are failing to support the social infrastructure that sustains the delivery of services to vulnerable groups and those on the margins, such as the many public services provided by Community and Voluntary organisations.
- Budgetary decisions may provide a short-term gain or saving but have huge negative long-term consequences. There does not seem to be an assessment of what the long term impacts of the cuts to services and service reductions will mean for Ireland in ten years' time.
- Those who are poor and/or vulnerable are bearing an inordinate part of the burden of restructuring. Such a development is an extraordinary indictment of government's decision-making.

Government has not yet published a National Social Report as is envisaged under the European Semester established to ensure monitoring of the EU 2020 Strategy (see **Chapter 1**). This report would be an important opportunity for Government to communicate its commitments, strategies and progress on the specific areas outlined by the Social Protection Committee of the EU Commission for the Europe 2020 strategy, such as policy priorities in the following areas:

- Reducing poverty and social exclusion,
- Adequate and sustainable pensions,
- Accessible and 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 stakeholder 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.

Implicit in the approach taken in the Europe 2020 Strategy is that economic development, social development and environmental protection are complementary and interdependent – three sides of the same reality. Overall, current trends in Irish public policy are in direct contradiction to the promotion of 'inclusive growth,' which is one of the three key priorities which underlie

the Europe 2020 Strategy. Inclusive growth is not just about fostering a high-employment economy, it also aims to deliver social cohesion – it is integral to the Europe 2020 strategy and needs to be integral to the response of the Irish Government.

## ***Social Justice Ireland Recommendations***

**The Irish Government should carry out in-depth social impact assessments prior to implementing policies in order to ensure that the position of people experiencing poverty and social exclusion is not worsened by the austerity measures being pursued.**

**Government should also publish its National Social Report for 2012.**

**Furthermore, Social Justice Ireland proposes that the following should be adopted as Ireland’s headline target on poverty:**

**Ireland Headline Target: To reduce by 2020 the consistent poverty rate to 2%; the at-risk-of-poverty rate anchored in time to 8%; and the at-risk-of-poverty (only) rate to 7%.**

**These headline targets should be accompanied by subsidiary poverty targets for vulnerable groups as set out in the following Table 11.**

**TABLE 11 SOCIAL JUSTICE IRELAND RECOMMENDED POVERTY TARGETS**

<b>Subsidiary Poverty Targets</b>					
	<b>Overall target</b>	<b>Children</b>	<b>Lone parents</b>	<b>Jobless households</b>	<b>Social rented housing</b>
<b>Consistent poverty</b>	2%	3-4%	4-6%	4-6%	4-6%
<b>At-risk-of-poverty (only)</b>	7%	8-10%	10-12%	10-12%	10-12%

## ***Social Justice Ireland – Proposal for Refundable Tax Credits***

### **Background**

**In Ireland in 2011, 5.6 per cent of people who were employed were living at risk of poverty representing over 100,000 people. 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 this in its study 'Building a Fairer Taxation System: The Working Poor and the Cost of Refundable Tax Credits' (2010). The study showed that making tax credits refundable is financially possible at a relatively small cost. Such a move would have a very positive impact on those who are in poverty though working – the working poor.

#### **The Proposal**

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 the change would be €140million.

#### **Outcomes**

This proposal would make Ireland's tax system fairer, ensure that in the future all changes in tax credits are experienced equally by all employees, address part of the problem of the working poor 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 its resources.

## 5. Governance

A partnership approach was expressed as being at the heart of the Europe 2020 Strategy process. This was envisaged to encompass not only the European Council, the Commission, the European Parliament and EU Committees, but also to extend to national parliaments, to local/regional authorities to social partners and civil society. Both the elaboration of national reform programmes and their implementation were envisaged as being done in a partnership that included representatives of civil society so as to strengthen 'ownership' of the process (European Commission, 2010, p.6, 29):

*By establishing a permanent dialogue between various levels of government, the priorities of the Union are brought closer to citizens, strengthening the ownership needed to deliver the European 2020 strategy (European Commission, 2010, p, 29).*

### Partnership in Practice

A pattern of less than adequate participation in the National Reform Programme process seems to have emerged in countries across Europe, with European networks reporting a varied experience, often involving limited consultation on social inclusion issues and a failure to reflect stakeholder views in final programmes (Caritas Europa, 2013).

In 2013 in Ireland the timing of the convening of the Social Forum for 2013 was intended to facilitate better integration of the forum with the consultation and reporting around the EU semester process and to link stakeholder consultation requirements for the annual National Reform Programme Report.

However, overall the experience of *Social Justice Ireland* relative to the consultation processes relative to preparation of the National Reform Programme and its Updates has not been a positive one. During 2011, consultation meetings occurred in which *Social Justice Ireland* took an active part, but there was little evidence that the consultation had any impact on the proposals made in the final version of the National Reform Programme.

During 2012, the consultation process, if anything, worsened with the consultation process for the Community and Voluntary Pillar members allowing only six working days for making submissions. **WHAT HAS BEEN THE EXPERIENCE IN 2013?.**

Having regard to the overall challenge of engaging citizens in decision-making processes one positive development during 2013 was the establishment of a Working Group on Citizen Engagement to report and make recommendations for more diverse and extensive input by citizens into decision making at local level was a positive move by Government. The resulting report proposes a structure for participatory engagement in decision making on an on-going basis at local level called 'The Public Participation Network' (PPN). The PPN facilitates input by the public into local government through a structure that ensures public participation and representation and decision-making committees within local government.

### *Social Justice Ireland* Response

The approach to partnership with an aim of fostering joint ownership enshrined in the Europe 2020 Strategy is a sensible and desirable approach.

Much work has been done in recent years by the Council of Europe on how such an approach might be formalised for the benefit of all concerned. From this has come the Charter on Shared Social Responsibilities, currently being considered by the Council. The charter argues that having a well-defined deliberative process can ensure, among other things, that individual preferences are reconciled with widespread priorities in the field of social, environmental and intergenerational justice. It can also reduce the 'imbalances of power between stakeholders and neutralise its impact on the construction of knowledge and on decision-making' (Council of Europe, 2011a, p 24):

*The views of the weaker stakeholders must be able to be heard, heeded and able to influence decisions and results. This means avoiding situations where the stronger stakeholders, in possession of more information and organisational power, relinquish their specific responsibilities, impose priorities based on their interests alone and fail to acknowledge and compensate for the harm to which they may give rise (Council of Europe, 2011a, p. 18)*

*Social Justice Ireland* recommends that, in the on-going framing, development and implementation of the National Reform Programme, Government move towards a deliberative approach. A deliberative process would see all stakeholders addressing the evidence together while the power-differentials between the stakeholders are not in play. The evidence would be presented and discussed with a view to providing the most accurate 'reading' of the issues being addressed.

Stakeholders would collaboratively identify;

- a) The current issues and how they arose;
- b) The most desirable future that could be achieved;
- c) The means by which to move forward.

As stated, this process would be based on evidence and thus would ensure that the most appropriate manner in which to address issues would be identified and agreed upon. This approach ensures a high level of accountability among stakeholders ensuring that responsibility is taken for decisions and the implementation of actions required.

## ***Social Justice Ireland Recommendations***

**Establish and resource a forum for dialogue on civil society issues. This initiative should identify how a civil society debate could be developed and maintained in Ireland and should examine how it might connect to the growing debate at European level around civil society issues.**

**Implement the PPN framework recommendations for citizen engagement at local level and ensure adequate resources are made available for capacity building.**

**Ensure that there is real and effective monitoring and impact assessment of policy implementation using an evidence-based approach. Involve a wide range of perspectives in this process, thus ensuring inclusion of the experience of those currently excluded.**

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