SOCIAL JUSTICE IRELAND

working to build a just society

Social Justice Ireland

National Social Monitor

European Edition – Spring 2019

Contents

Introduction

Across Europe, policymakers have believed the narrative that economic growth would lead to all the problems afflicting modern humanity being addressed efficiently and effectively. This narrative insisted that economic growth should therefore be prioritised over all other policies, as the wealth generated by this growth would 'trickle down' in a fair and just manner, leading to the relieving of poverty and the creation of a better world for all.

While economic growth has indeed led to improvement in living standards and investment in infrastructure and public services the benefits of this improvement in living standards have been distributed in a grossly unequal fashion. This is true both in Ireland and other countries that have followed this same pathway of prioritising economic growth over all else. Our research has consistently shown that a more integrated social dimension across the European Union is required to ensure the European Social Model can meet the challenges of new realities and that the damage to social cohesion across the Union caused by the financial crisis of 2007/08 can begin to be repaired. This publication points to the need to examine alternatives and to develop social policies that can adapt to changing realities and withstand future shocks.

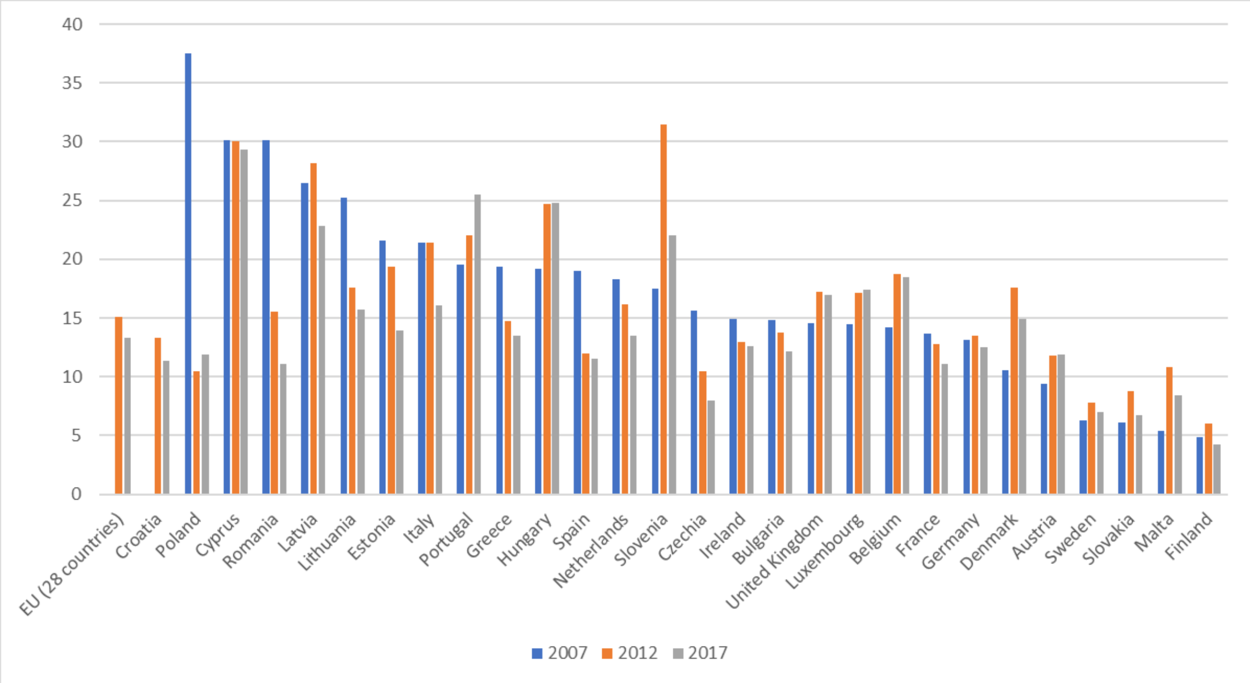
In this Spring 2019 edition of our National Social Monitor, *Social Justice Ireland* outlines the present situation on a range of policy issues, comparative to the rest of Europe, that impact on people's wellbeing and looks at whether policy is addressing the causes of problems or only their symptoms. The issues presented are:

1. Housing and Homelessness
2. Healthcare
3. Education and Skills
4. Rural Development
5. Work
6. Governance and Participation
7. Income Distribution
8. Taxation
9. Environment and Sustainability
10. Global Challenges

All of these issues have implications for Ireland's economy and how the market performs. However, they also have implications for the wellbeing of all of Europe's population and for society as a whole.

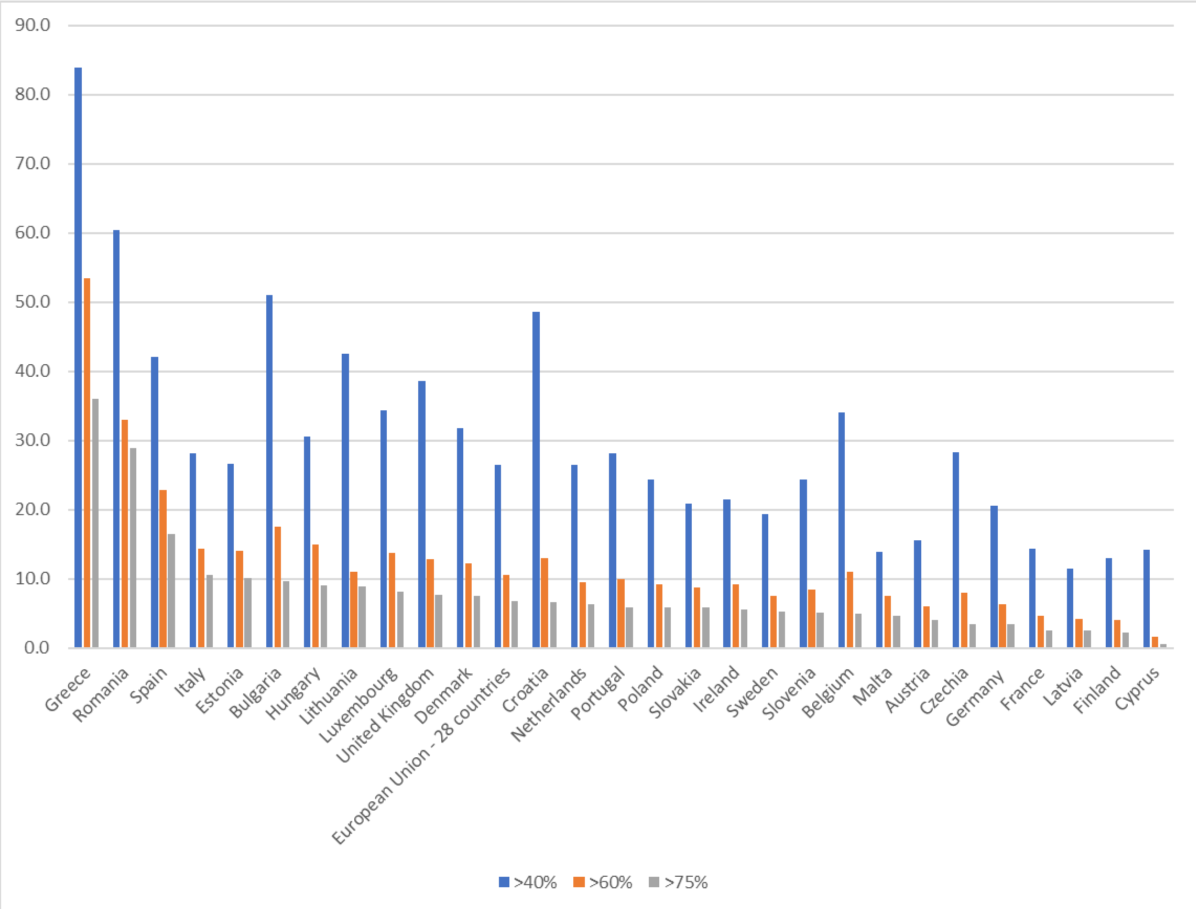
Housing

Chart 1.1: Population % living in a dwelling with a leaking roof, damp walls, floors or foundation or rot in window frames or floor, EU-28, 2007, 2012 and 2017



Source: Eurostat, [sdg_01_60]

Chart 1.2: Housing Cost Overburden, Tenant, market rate, 40%, 60% and 75% of disposable income, EU-28 2017



Source: Eurostat, [ilc_lvho28]

Housing

Housing Standards

Despite economic growth, housing issues persist across Europe. However, as can be seen in Chart 1.1, there are significant variances in the percentage of households living in a dwelling with a leaking roof, damp walls, floors or foundation or rot in window frames of floor with Cyprus, Portugal and Hungary having the highest level in 2017, and Finland, Norway and Slovakia the lowest. Ireland, while below the EU-28 average, had 12.6% of the population living in these conditions in 2017, down slightly from 2012 (13%), but still equal to 611,982 people living in substandard conditions. Poland has shown a marked improvement in the period 2007 to 2017, decreasing from almost a third of the population (31.5%) to 11.9% in that period (although it should be noted that this represents a slight increase from 2012 when the percentage of the total population living in substandard conditions was 10.5%).

Housing Affordability

Tenants paying market rent are the hardest hit in terms of housing cost burden across the EU. In Greece, almost 84% of these tenants are spending over 40% of their disposable income on housing costs, with over a third spending over 75% (see Chart 1.2). While rates in Ireland are below the EU average in this regard, it should be noted that large scale private renting is a relatively recent phenomenon for Ireland. We have a relatively low proportion of the population in this tenure compared to the rest of Europe, and the lowest proportion of tenants paying market rent in the EU-15. Therefore, it should be of concern that more than 1 in 5 tenants paying market rent in Ireland are paying over 40% of their disposable income in housing costs, with almost 1 in 10 paying over 60% and more than 1 in 20 paying 75%.

The EU Urban Agenda Housing Partnership presented its Action Plan for Affordable Housing[1] in Austria in December last year. The Plan recommends the implementation of 12 practical workstreams to support stakeholders to access funding, policy guidance in the supply of social and affordable housing, and the development of a monitoring system for affordable housing across the European Union. This last action mentioned is particularly important as it contains within it the five key priorities identified by the Partnership for the provision of affordable housing - the production of new affordable housing; renewal of existing housing stock; community-led urban development; reducing land speculation around development land; and the setting up of affordable housing schemes.

These priorities echo the policy priorities identified by *Social Justice Ireland* in the course of our work and we look forward to the implementation of these actions at European and national level.

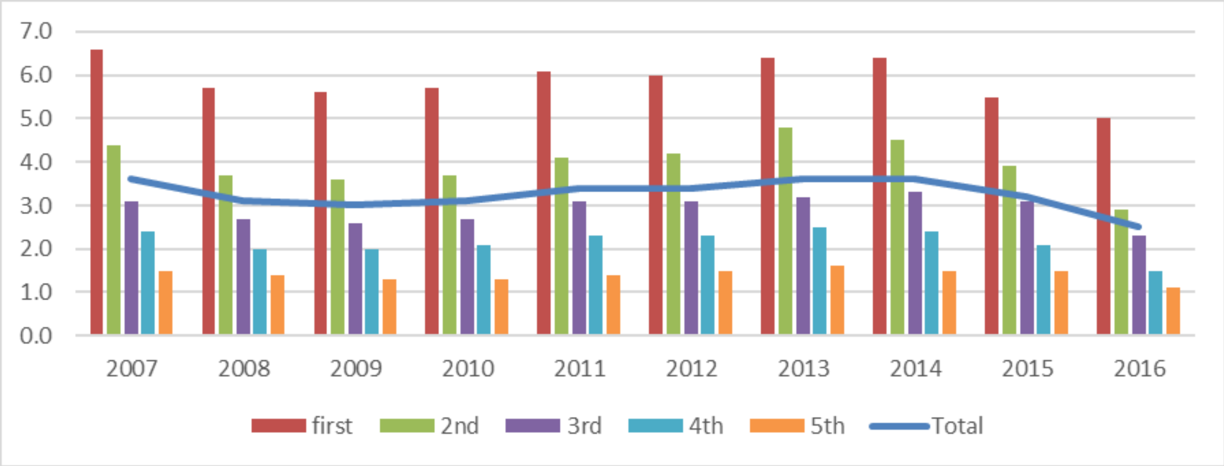
Policy Priorities

- Build more social and affordable housing.
- Expedite the process of bringing vacant properties and 'voids' into use.
- Increase existing sanctions (e.g. Site Value Tax) and introduce a Windfall Gains Tax among a suite of measures to curb land hoarding and speculation.
- Invest in affordable housing across all tenures, particularly cost rental.

1 https://ec.europa.eu/futurium/en/system/files/ged/final_action_plan_euua_housing_partnership_december_2018_1.pdf

Healthcare

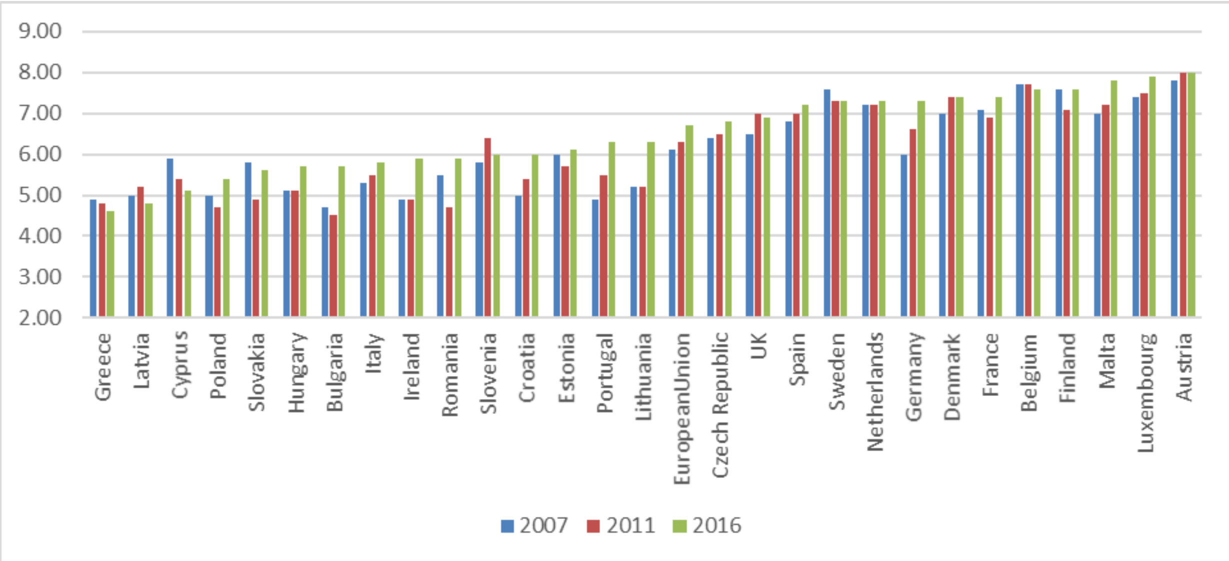
Chart 2.1: Self-Reported Unmet Need for Medical Examination or Treatment due to Problem of Access (%), EU-28. 2007-2016, by Income Quintile



Source: Eurostat, [tsdph270/ hlth_silc_08]

Notes: Reasons associated with problems of access: 'could not afford to, waiting list, too far to travel'.
Rates prior to 2010 refer to EU27.

Chart 2.2: European Quality of Life Survey: Perceived Quality of Health Services, 2007, 2011, 2016



Source: Eurofound 2017f (online database, EQLS, Data visualisation, year 2016) and Eurofound 2017e, Table 12, p 54.

Note: Rating on a scale 1–10, where 1 means very poor quality and 10 means very high quality.

Healthcare

Eurostat publishes rates of self-reported unmet need defined as the share of the population perceiving an unmet need for medical examination or treatment. This is one of the social protection indicators used in the social protection performance monitor (SPPM) by the EU's Social Protection Committee.

A number of reasons may be given for inability to avail of medical treatment but, in this case, we look at reasons associated with problems of access (could not afford to, waiting list, too far to travel). The average rate of perceived unmet need for medical treatment (due to difficulties with access) was falling up until 2009 when it started to increase again. It rose from 3% (EU27) in 2009 to 3.6% in 2013 and 2014 (EU28). It has fallen since to 2.5% in 2016.

However, as Chart 2.1 shows, the perception is very different between different income quintiles with more perceived unmet need in the poorer quintiles. As in previous years, in 2016, it was least perceived in the top (or 5th) quintile (1.1%) and most in the bottom quintile (5%) (2016). As the EU's Social Protection Committee (2017) notes, there is a clear income gradient as those in the lowest income quintiles more often report an unmet need for medical care, and the gap between the lowest and highest quintiles rose during the crisis years. However, even though the gap remains between the poorest people and the wealthiest, comparison between 2015 and 2016 shows some reduction in the rate across all quintiles: -0.5 percentage points (1st quintile); -1 percentage points (2nd quintile); -0.8 percentage points (3rd quintile); -0.6 (4th quintile); -0.4 percentage points (fifth quintile).

The situation is also different between countries. According to the latest annual report from the EU's Social Protection committee (2017), ten Member States have a key challenge concerning access to health care, based on self-reported unmet needs for medical care again due to cost, waiting time, or distance (Estonia, Greece, Finland, Hungary, Ireland, Italy, Lithuania, Latvia, Poland and Romania).

Divergences between countries are highlighted in a recent report from the OECD (2017), evidencing very different waiting times in different countries for different kinds of procedures or elective surgeries. For example, the average waiting time for cataract surgery in the Netherlands is, at one end of the scale, 37 days, but it is 464 days in Poland at the other (looking at EU countries only). Similarly, the Netherlands has the lowest waiting times for hip replacements (42 days) while Estonia (290 days) and Poland (405 days) have the highest.

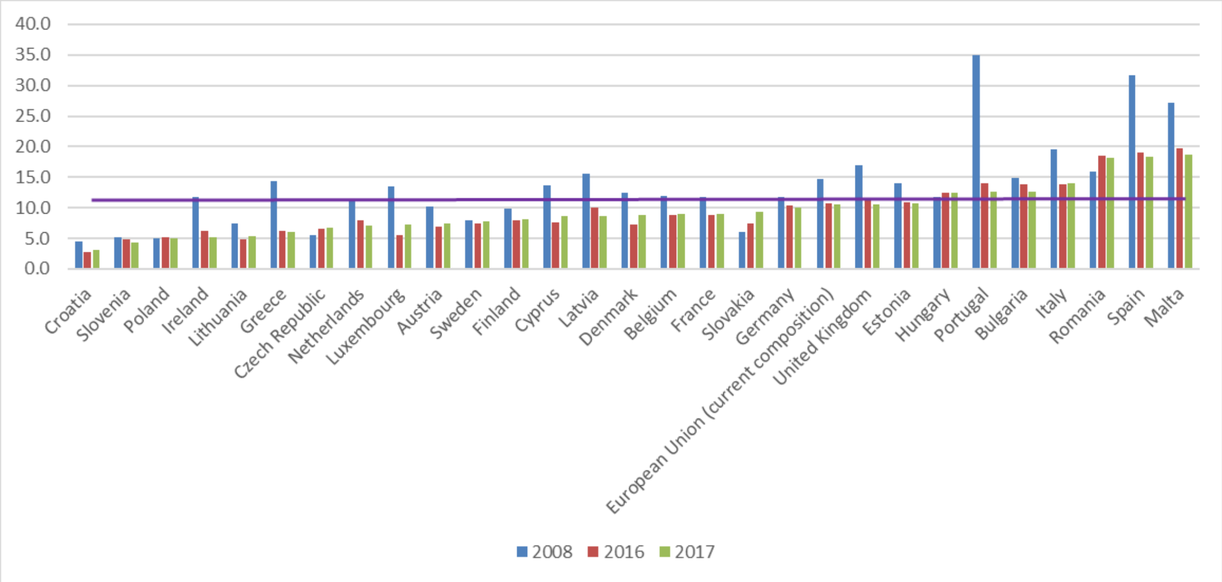
Another health indicator comes from the European Quality of Life Survey (carried out at the end of 2016), which found that how people rated the quality of public services had improved overall since 2011 (See Chart 2.2). In particular, satisfaction with healthcare and childcare improved in several countries where ratings were previously low. But, unfortunately, in several countries, participants rated the quality of health services less favourably in 2016 than in 2011 (Latvia, Slovenia, Cyprus, Greece, UK and Belgium). Thus, the perceived quality of public services still varies markedly across EU countries.

Policy Priorities

- Invest in community-based healthcare schemes (such as Sláintecare in Ireland) to help alleviate the 'two-tiered' system of healthcare; this would both reduce costs associated with accessing healthcare facilities (e.g. travel) and alleviate waiting lists for acute services.

Education and Skills

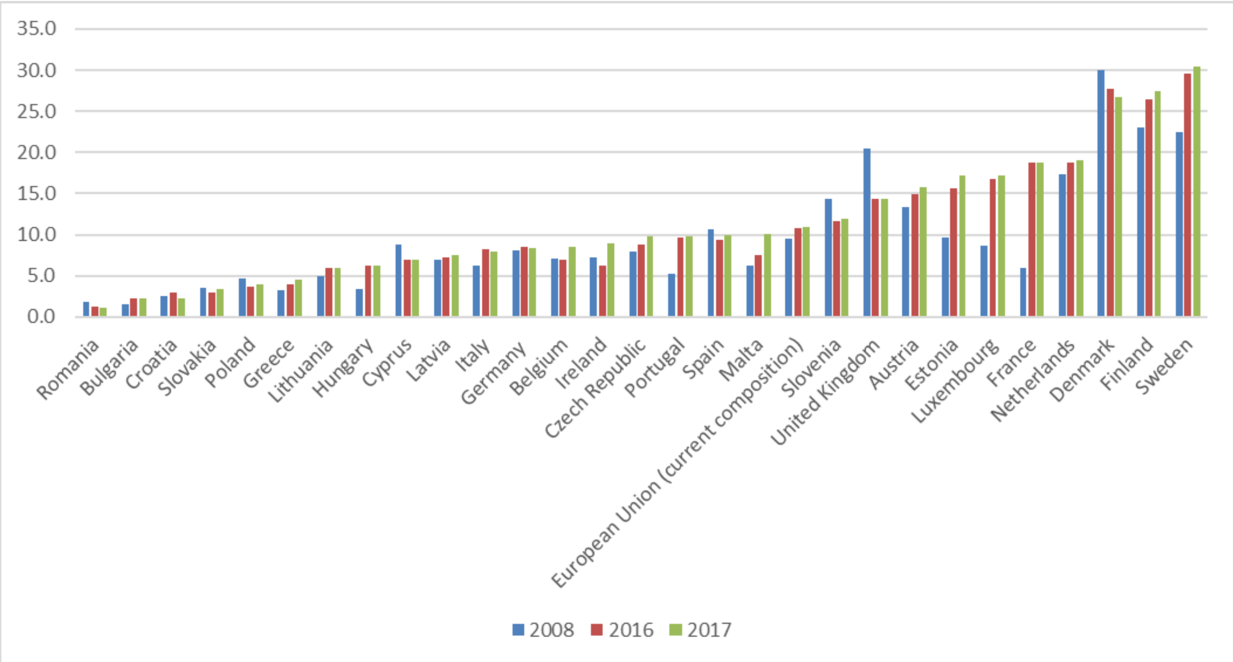
Chart 3.1: Early School Leaving (%), EU-28, 2008, 2016 and 2017



Source: Eurostat, [t2020_40]

Note: Line shows the <10 % target set in the Europe 2020 strategy

Chart 3.2: Lifelong Learning, (%) EU-28, 2008, 2016 and 2017



Source: Eurostat,[tsdsc440]

Education and Skills

Early School Leaving

Improving the educational achievement of young people is 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. Reducing early school-leaving is seen as a 'gateway' to achieving other Europe 2020 Strategy targets. Early leavers from education and training are defined as those aged 18-24, with at most, lower secondary education and who were not in further education or training during the last four weeks preceding the survey.

The average early school leaving rate across Europe in 2017 was 10.6 %. It has fallen significantly from 2008, when it was 14.7%, but it has not decreased to any extent in the most recent years (for example, in 2015 it was 11%). Therefore, while in recent years it has been approaching the <10% target set in the Europe 2020 strategy, improvement rates have, unfortunately, levelled off (Chart 3.1). This rate has been improving in most European countries since 2008. There have been particularly notable decreases between 2008 and 2017 in the rate in countries with relatively high levels such as Portugal (-22.3 percentage points) and Spain (-13.4 percentage points).

In 2017 the highest rates of early school leaving were to be found in Malta (18.6%), Spain (18.3%), Romania (18.1%) and Italy (14%) followed by Bulgaria, Portugal and Hungary, and there remains a large gap between the countries with the highest rates (Malta, Spain and Romania), and that with the lowest rate, Croatia (with a rate of 3.1%).

Lifelong Learning

Lifelong learning can play many important roles in the life of an individual, not least offering a second chance for people who may not have had good experiences in school first time around. In economic terms it is recognised that countries need to invest not just in initial education and training systems but also in lifelong learning to ensure that skills are used, maintained and updated. This is obviously of particular importance in ageing societies, not just in human terms, but also because there is more and more emphasis on extending working lives. However, despite their apparent greater need for training, the participation of low-skilled people in lifelong learning/training activities (both when employed and unemployed) is much lower than for other groups.

In 2017 the average rate of participation in lifelong learning was 10.9%, and it has been at a similar level since 2013 (when it was 10.7%). It is higher than it was in 2008 (when it was 9.5%). The European Commission argues that such a relatively low rate (representing just one in ten of those aged 25-64 regardless of labour-market status) represents a real lost opportunity.

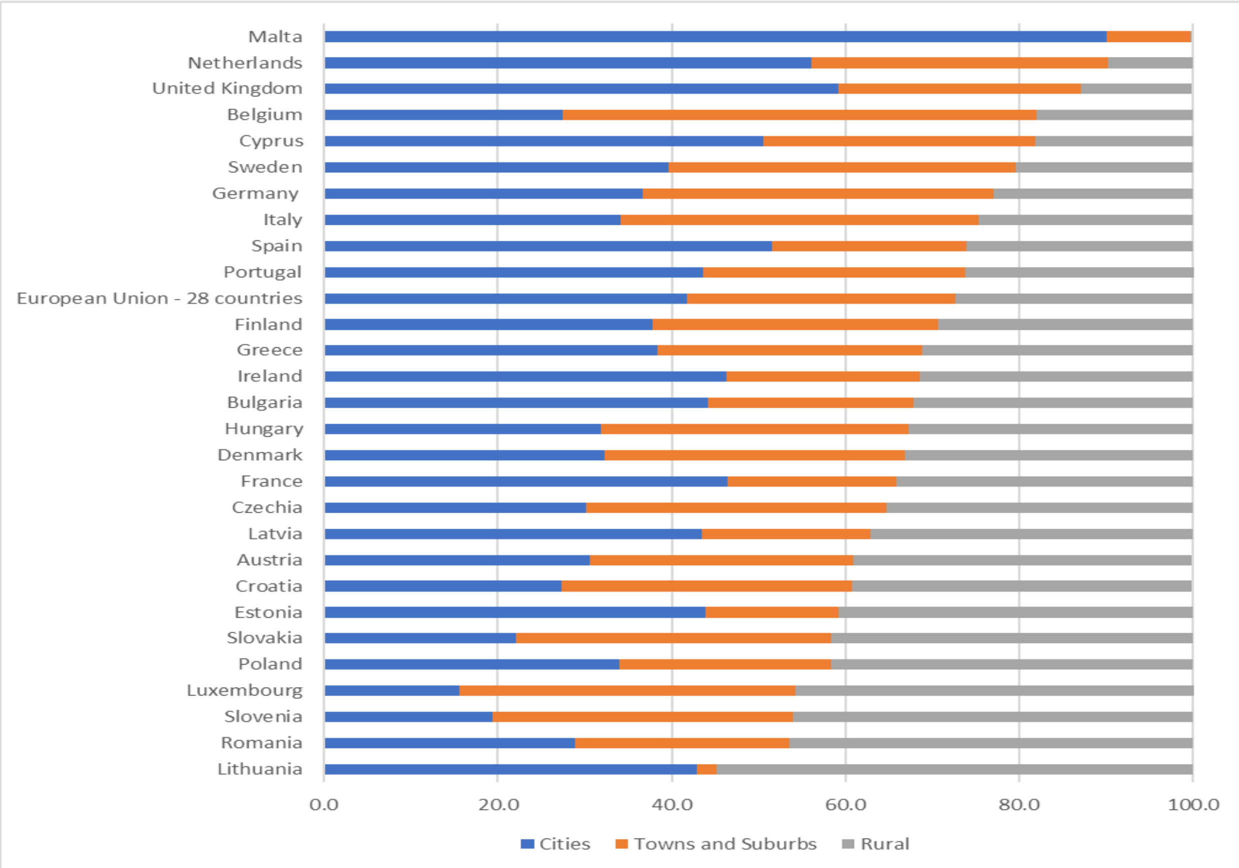
There is great variation across Europe in terms of the rates of participation. Nordic countries tend to top the table; in 2017 the top three countries were Sweden (30.4%), Finland (27.4%) and Denmark (26.8%). With Romania, Bulgaria and Croatia at the other end of the scale. Thus, there is close to a 30 percentage point difference between Sweden with the highest rate and Romania with the lowest (Chart 3.2).

Policy Priorities:

- Invest in retention supports to reduce the level of early school leaving.
- Invest in lifelong learning opportunities, particularly for those furthest from the labour market and those whose jobs are at greatest risk from automation.

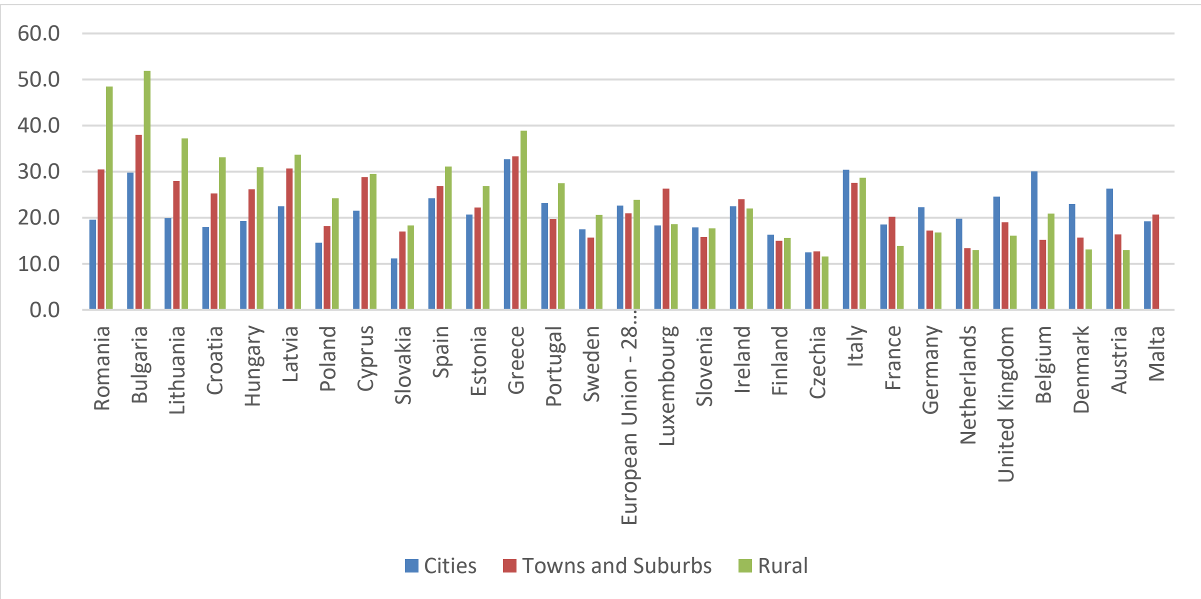
Rural Development

Chart 4.1: Distribution of Population by degree of urbanization, EU-28 2017



Source: Eurostat, [ilc_lvho01]

Chart 4.2: % Population at risk of poverty or social exclusion by degree of urbanization, EU-28 2017



Source: Eurostat, [ilc_peps13]

Rural Development

Rural populations are in decline. In 2017, just over a quarter of the population in the EU-28 were living in rural areas (Chart 4.1). However, there was marked disparities across Member States in terms of their rural populations, with only Lithuania having a majority of the population living in rural areas (with 54.9%). Romania (46.5%), Slovenia (46%) and Luxembourg (45.9%) also have a relatively large proportion of their populations living in rural areas. This compares with Malta (0.2%), the Netherlands (9.8%) and the United Kingdom (12.8%) at the other end of the spectrum. Ireland's share of the population living in rural areas in 2017 was 31.4%, having reduced from 39.5% in 2013.

In 2018, the OECD identified six main drivers influencing the future of rural areas. These are population ageing and migration, urbanisation, global shifts in production, the rise of emerging economies, climate change and environmental pressures and technological advancement. Rural development policy must be cognisant of these drivers of change and the opportunities and the challenges that they present

Risk of Poverty and Social Exclusion

The risk of poverty and social exclusion is one of five headline areas for the Europe 2020 Strategy. This indicator is based on a combination of three individual indicators – an income measure which is related to the median income of each country, a measure of a lack of resources and a work-exclusion measure. Thus, the combined 'poverty or social exclusion' 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. In general terms, the groups most vulnerable to poverty or social exclusion tend to be young people, unemployed and inactive persons, single parents, households consisting of only one person, people with low educational attainment, foreign citizens born outside the EU, and those residing in rural areas.

In 15 of the EU-28 countries the risk of poverty and social exclusion is greater for those living in rural areas than those in cities (see Chart 4.2). Romania (with a difference of almost 29 percentage points) has the greatest differential between the two, followed by Bulgaria (22.1 pps), Lithuania (17.3 pps) and Croatia (15.1pps). In Ireland, the risk of poverty and social exclusion is almost the same, at 22.5% in cities, 24% in towns and suburbs and 22% in rural areas. The economic recession and restructuring of agriculture, has led to a narrowing of the economic base in rural areas. Low-paid, part-time and seasonal work and long-term underemployment are significant factors in rural poverty and exclusion[2]. This also points to the need to integrate income and labour market supports in regional economic policy.

It is vital that investment in infrastructure in the regions and rural areas is expedited to ensure rural economies diversify and adapt to support thriving rural communities.

A step-change in policy is required, focussed on building sustainable and viable rural communities, including farming and other activities. In implementing this policy there needs to be significant investment in sustainable agriculture, as well as rural anti-poverty and social inclusion programmes, in order to protect vulnerable farm households in the transition to a rural development agenda.

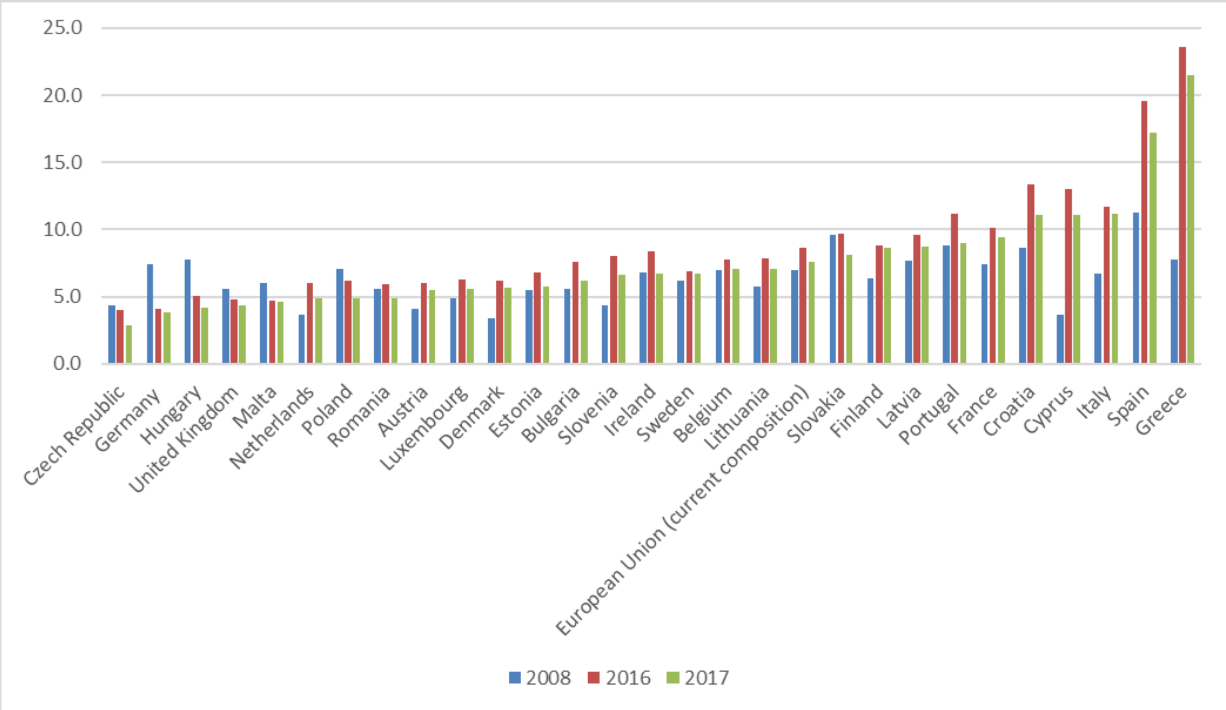
Policy Priorities

- Ensure that investment is balanced between the regions, with due regard to sub-regional areas.
- Ensure rural development policy is underpinned by social, economic and environmental wellbeing.

[2] Walsh, K. & Harvey, B., (2013) Employment and Social inclusion in Rural Areas. Dublin: Pobal.

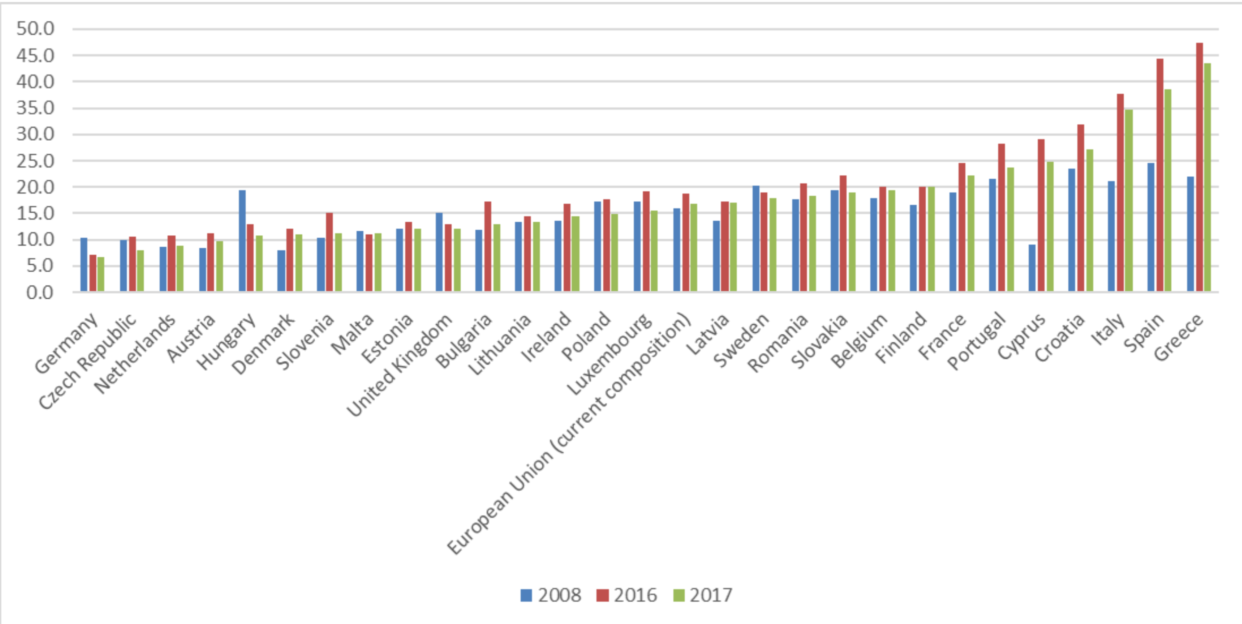
Work

Chart 5.1: Unemployment (% Active Population), EU-28, 2008, 2016 and 2017



Source: Eurostat, [une_rt_a]

Chart 5.2: Youth Unemployment (% of active population), EU-28, 2008, 2016 and 2017



Source: Eurostat, [une_rt_a]

Note: Youth unemployment refers to those under 25 years.

Work

In 2017, the annual unemployment rate (EU-28) was 7.6%, down from 8.6% in 2016, but still slightly higher than the 2008 rate (7%). The unemployed represented some 18.7 million people (EU-28) and there were still some 2 million more people unemployed in 2017 than in 2008, although the number had greatly reduced on the 2013 figure, when unemployment reached its peak.

Chart 5.1 illustrates the very great divergence between countries both in terms of the rate of unemployment and in the degree of change between 2008 and 2017. The countries with the highest rates in 2017 were Greece (21.5%) and Spain (17.2%), followed by Italy, Cyprus and Croatia. Those with the lowest rates were Czechia, Germany, Hungary and United Kingdom (all with rates under 4.5%).

We can also see from Chart 5.1 how in some countries (notably in Greece, but also in Cyprus, Spain, Italy and Croatia, for example), unemployment levels remain very much higher than pre-crisis. In others (Czechia, Germany and Hungary, for example) rates are better now than they were in 2008.

The average youth unemployment rate in 2017 was 16.8% (EU-28), down from 18.7 % in 2016 (as a % of active population). It had been 15.9% in 2008. At the end of 2017 some 3.8 million young people (under 25) were unemployed in the EU-28. The risk of unemployment is particularly high for young people with lower educational levels who have completed only lower secondary.

Chart 5.2 shows, that there is great variation in the rates of youth unemployment across Europe and there were very great variations in the rate of its increase after 2008. The rates (2017) were highest in Greece (43.6 %), Spain (38.6%) and Italy (34.7%) notwithstanding an improvement in all those countries between 2016 and 2017. By contrast, at the other end of the scale, the 2017 rate in Germany was 6.8 % and it was less than 10 % in three other countries (Czechia, Netherlands and Austria).

Recent statistics suggest that in May 2018, 3.37 million people under 25 were unemployed (EU-28) (15.1%). Compared with May 2017, youth unemployment had decreased by some 519,000 people. The lowest rates were in Malta (4.8%), Germany (6.1%), Estonia (6.8% in April) and the Netherlands (6.9%), while the highest were in Greece (43.2% in March), Spain (33.8%) and Italy (31.9%).

In a report into long-term unemployment amongst young people, Eurofound notes that the young people concerned are difficult to reach and often lack education and work experience, and that they are also more likely to face additional challenges such as care responsibilities, poor health and lower levels of well-being than their peers. Eurofound suggests that they are not in a position to take advantage of the economic improvements but instead will need a holistic, individualised and young-people-centred approach if they are to be re-integrated into the world of work.

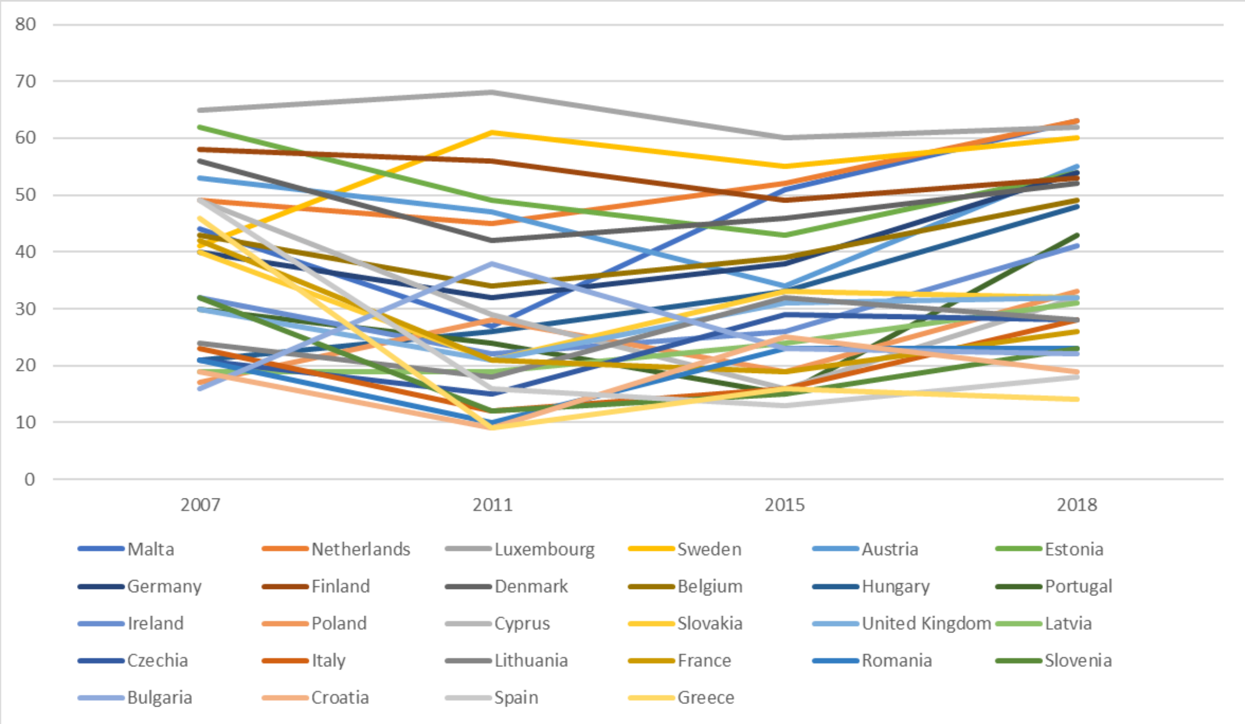
Overall, it is clear that, particularly in the southern European countries, the share of young people being left behind by the labour market remains far too great (Schraad-Tischler et al. 2017).

Policy Priorities

- Ensure employment provides reasonable rates of pay and secure conditions.
- Make tax credits refundable to help alleviate in-work poverty.
- Develop appropriate employment activation policies, particularly for long-term unemployed.

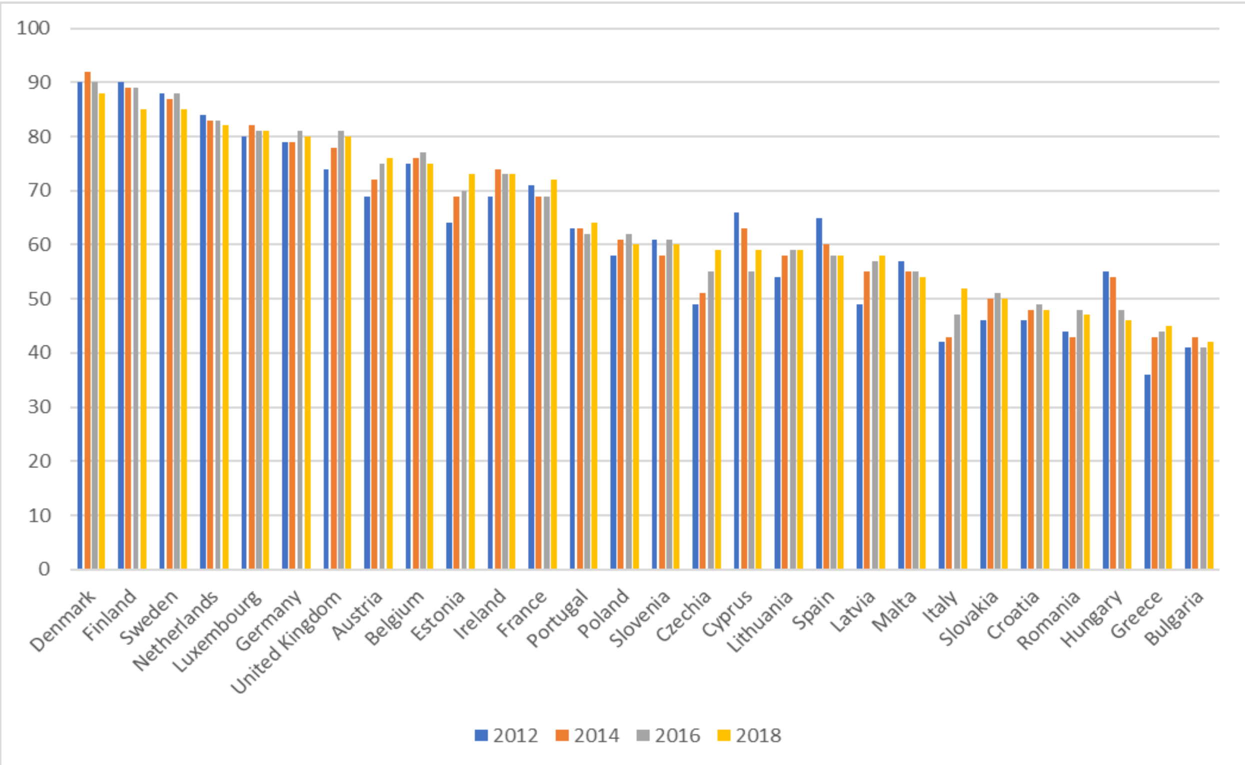
Governance and Participation

Chart 6.1: Trust in National Government, EU-28, 2007-2018



Source: Eurobarometer, European Commission
Note: Data for November in each year except 2007 when data gathered in September

Chart 6.2: Corruption Perception Index, EU-28 2012 to 2018



Source: Eurostat, [sdg_16_50]

Governance and Participation

Trust in National Governments

For a democracy to function, there must be trust in national governments. In the wake of a global financial crisis, in which national government regulation and policy played a significant part, it is not surprising that this trust would be damaged to some extent.

Eurobarometer, a European-wide survey investigating in depth the motivations, feelings and reactions of selected social groups towards a given subject or concept, measures among other things the population's sentiment towards their national governments. When asked to respond as to whether they trusted, did not trust or did not know if they trusted their national government in 2007, prior to the crash, Luxembourg (with 65% of respondents saying they did trust their national government), Estonia (54%), Finland (53%) and Denmark ranked at the top. Ireland (32%), Slovenia (32%), Portugal (30%) and the United Kingdom (30%) ranked in the middle, and Latvia (19%), Croatia (19%), Poland (17%) and Bulgaria (16%) were at the bottom (Chart 6.1). Move forward to 2011 in the midst of the economic recession, while the relative position of most countries remain unchanged, the level of trust has decreased. A notable exception to this is Sweden which increased from 41% in 2007 to 61% in 2011, ranking second highest in the EU-28. Bulgaria saw the highest increase in trust during this period, rising by 22 percentage points, with Greece experiencing the largest decrease of 37 percentage points, from 46% in 2007 to 9% in 2011.

Trust in national governments has generally increased and in 2018 the Netherlands (63%), Malta (63%), Luxembourg (62%) and Sweden (60%) rank at the top, Poland (33%), Cyprus (32%), Slovakia (32%) and the United Kingdom (32%) rank towards the middle and Bulgaria (22%), Croatia (19%), Spain (18%) and Greece (14%) are at the bottom. Trust in the Irish government, which decreased during a decade of recession was higher in 2018 than 2007, at 41%.

Corruption Perception Index

One of the measures that Eurostat use for SDG10, Peace, Justice and Strong Institutions, is the Corruption Perception Index developed by Transparency International. This is a composite index based on a combination of surveys and assessments of corruption from 13 different sources and scores and ranks countries based on how corrupt a country's public sector is perceived to be, with a score of 0 representing a very high level of corruption and a score of 100 representing a very clean country.

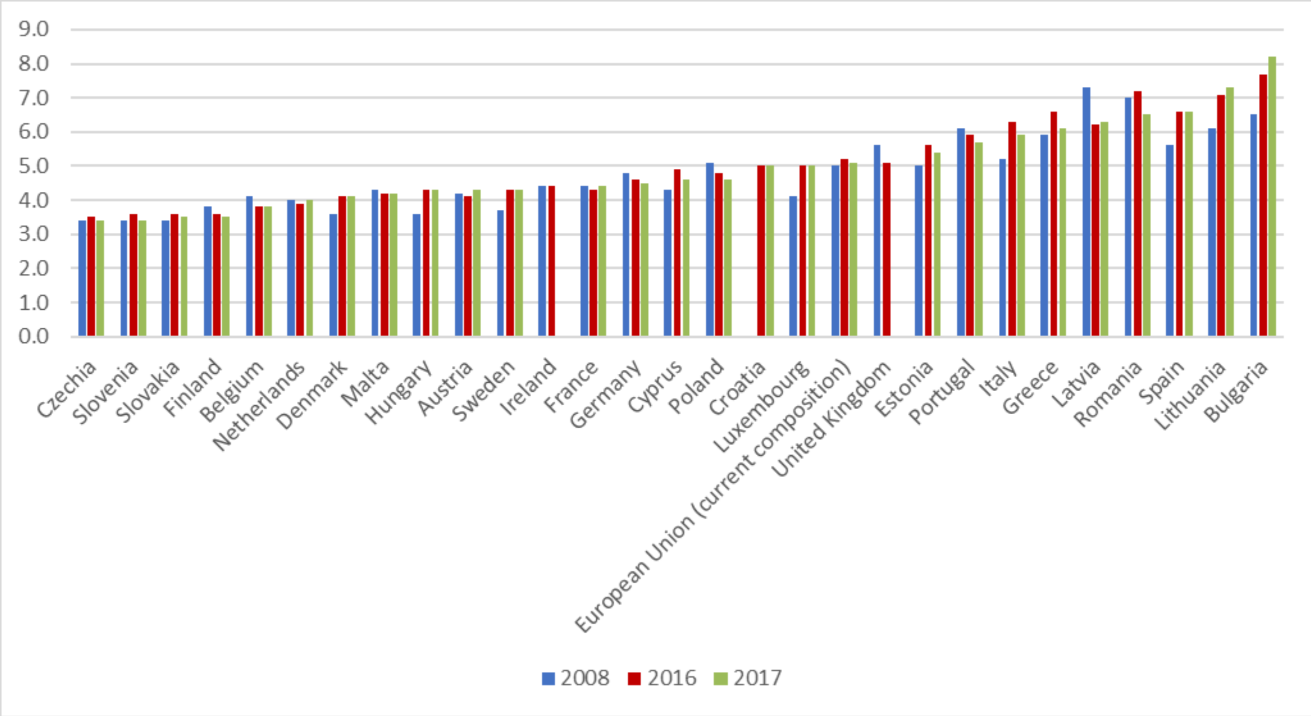
As can be seen in Chart 6.2, the relative position of the EU-28 countries has remained quite static, with Denmark consistently ranking at the top (with a score of 90 in 2012, 2014 and 2016 and 88 in 2018), followed by Finland, Sweden and the Netherlands, each constantly ranking in the 80s and 90s in each of the years shown. Ireland, along with Estonia, France and Portugal, rank in the middle with scores in the 60s and 70s over the period shown (Ireland had a Corruption Index score of 73 in 2018, having risen from 69 in 2012). Romania, Hungary, Greece and Bulgaria rank the lowest on this indicator, although there are some notable fluctuations in the individual scores of these countries. Hungary's score decreased by 9 points between 2012 and 2018 whereas the score for Greece has actually increased from 36 to 45 in this period.

Policy Priorities

- A review of the Country Specific Recommendations against the overall goal to use current favourable conditions to make Europe's economies **and societies** stronger and more resilient.

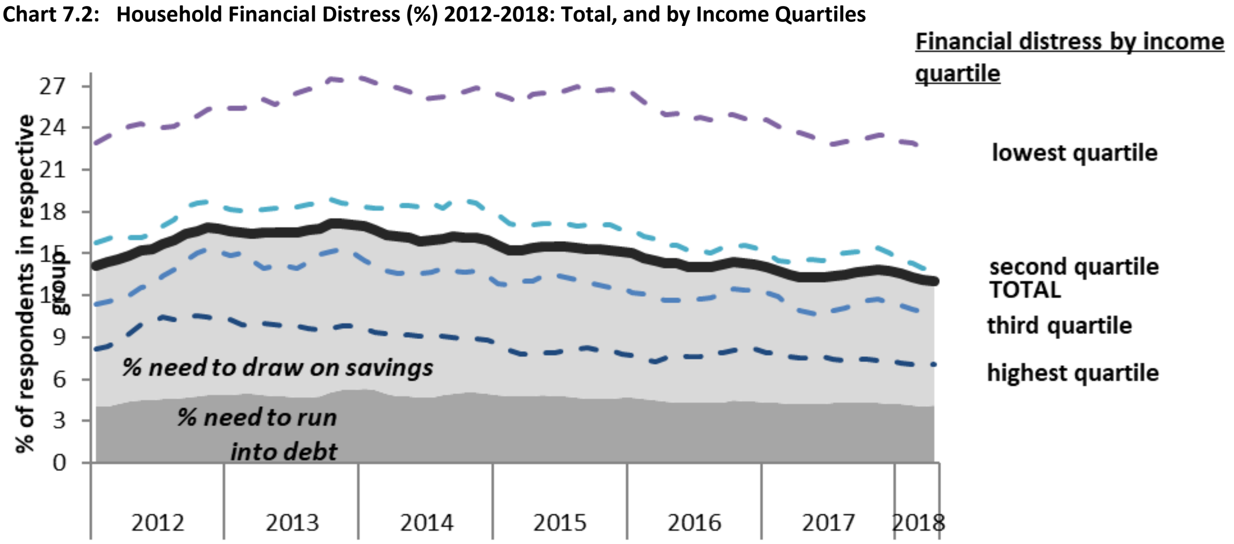
Income Distribution

Chart 7.1: Income Inequality EU-28, Income Quintile Share Ratio (S80/S20), 2008, 2016 and 2017



Source: Eurostat, [ilc_di11]
Note: The 2017 rate is not available for Ireland or the UK

Chart 7.2: Household Financial Distress (%) 2012-2018: Total, and by Income Quartiles



Source: European Commission (2018f Chart 31): European Commission, Business and Consumer Surveys, data not seasonally adjusted, 5-months moving average (DG EMPL calculations).

Note: Horizontal lines show the long-term averages for financial distress for the population as a whole and for households in the four income quartiles. The overall share of adults reporting having to draw on savings and having to run into debt are shown respectively by the light grey and dark grey areas, which together represent total financial distress.

Income Distribution

High levels of income inequality are associated with a wide range of health and social problems across countries (Wilkinson and Pickett 2007). The IMF has shown that income inequality also matters in economic terms – that is, for growth and its sustainability. Income distribution itself impacts on growth. Specifically, if the income share of the top 20% increases, then GDP growth actually declines over the medium term, suggesting that the benefits do not trickle down, contrary to what has been the received wisdom. In contrast, an increase in the income share of the bottom 20% is associated with higher GDP growth.

One measure of income inequality is the income quintile share ratio or the S80/S20 ratio, which is a measure of the inequality of income distribution. It is calculated as the ratio of total income received by the 20% of the population with the highest income (the top quintile) to that received by the 20% of the population with the lowest income (the bottom quintile). The average European S80/20 ratio increased in recent years but only slightly and overall has remained relatively stable (5.0, 2008, EU-27; 5.1, 2017, EU-28). See Chart 7.1.

However, there are substantial differences between countries. In 2017, while in some Nordic and some Central European countries, the rich earned around four times as much as the poor, in Bulgaria and Lithuania the value is above 7, and in Spain, Romania, Latvia and Greece, the value is above 6. The most 'equal' countries were Czechia, Slovenia and Slovakia. Between 2016 and 2017, the ratio increased in 6 countries (Bulgaria, Lithuania, Austria, France, Netherlands and Latvia) (no 2017 data available for Ireland or the UK as we prepare this report).

Financial Distress

Eurofound's European Quality of Life Survey showed that a decrease in material hardship and increase in satisfaction with standard of living occurred across all income quartiles between 2011 and 2016. However, the level of difficulties in making ends meet is still higher in seven countries than it was before the crisis in 2007 (Croatia, France, Greece, Ireland, Italy, Slovakia, Spain). Also on average in the EU, two people in five (39%) report difficulties in making ends meet. Even in the most affluent European countries, at least 30% of people in the lowest income quartile experience difficulties in getting by.

Financial distress of households (defined as the need to draw on savings or to run into debt to cover current expenditures and based on personal perceptions) is still running at high levels having reached an historic high in 2013. Financial distress for low-income (lowest quartile), while reducing, remained well above 20% in the first quarter of 2018. By comparison, financial distress was down to 13% for the total population and to 7% for the wealthiest quartile. In the second quarter of 2018, the overall level of financial distress for households in the lowest income quartile remained stable or decreased in the majority of Member States, compared with the same quarter of the previous year. It ranges from around 7% in Estonia, to over 30% in UK, Slovakia, Spain and France for the total population. As can be seen in Chart 7.2, where rates are shown for household distress across income quartiles, 2012-2018, the lowest and second lowest income quartiles experience the greatest financial distress.

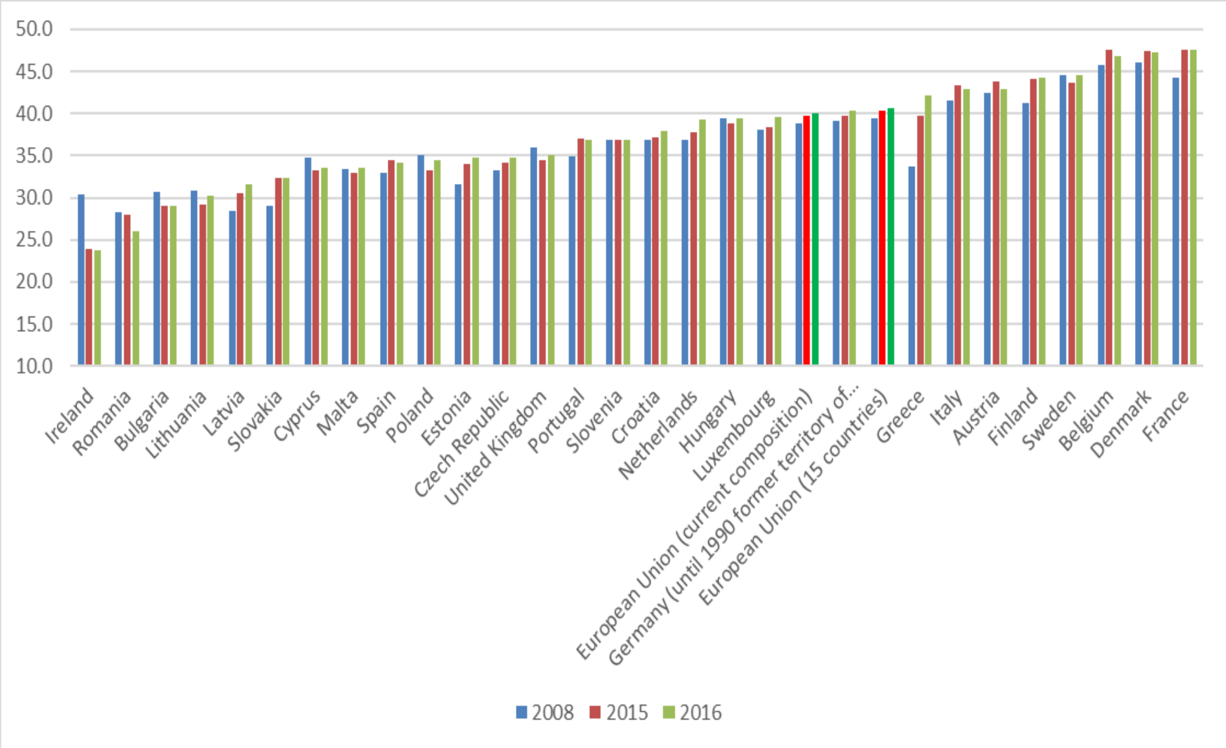
Policy Priorities

- Introduce policy measures (e.g. refundable tax credits) to address income inequality.

- Strengthen the capacity of national personal insolvency legislation to support those in the bottom income quartiles address financial distress.

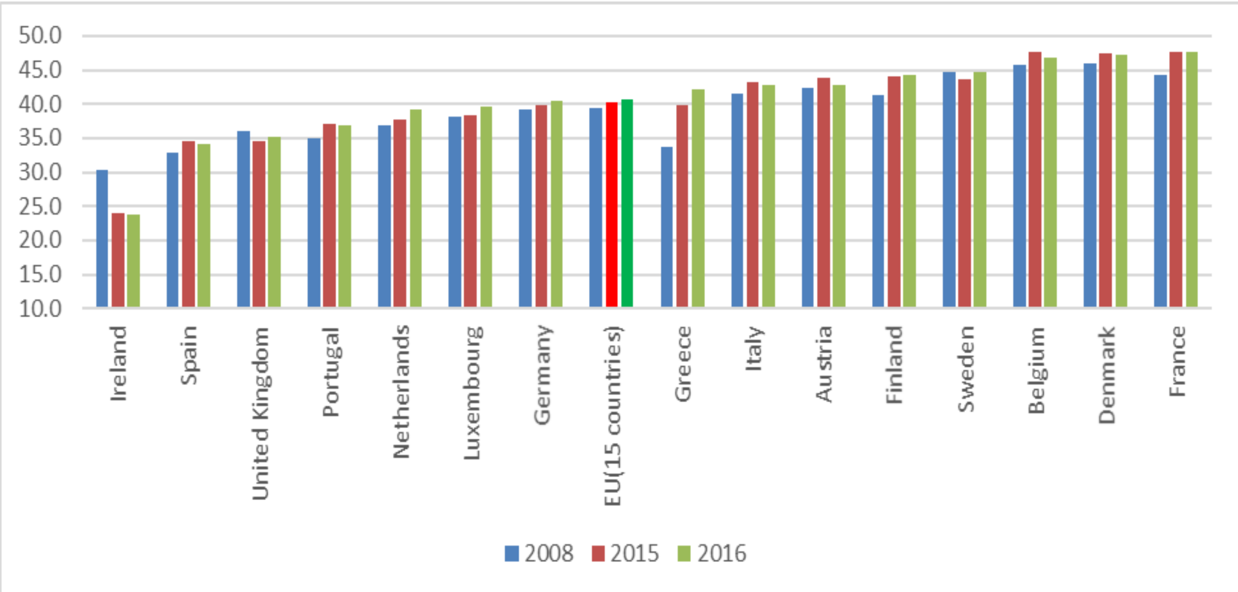
Taxation

Chart 8.1: EU-28 Total Taxes (incl ssc) as a % of GDP, 2008, 2015 and 2016



Source: Eurostat, [gov_10a_taxag]. Includes social security contributions.

Chart 8.2: EU-15 Total Taxes (incl SSC) as a % of GDP, 2008, 2015 and 2016



Source: Eurostat, [gov_10a_taxag]. Includes social security contributions.

Taxation

In 2016 tax revenue (including net social contributions) accounted for 40% of GDP in the European Union (EU-28). In absolute terms, tax revenue in 2016 continued to grow from its low-point in 2009. Compared with 2015, slight increases in the ratio are observed for the EU and the euro area. At 41.3%, the ratio of tax revenue to GDP in the euro area (EA-19) was higher than in the EU-28.

However, as Chart 8.1 shows, there is considerable variation between member states in the EU in respect of total taxes as a proportion of GDP. Nine countries had total taxation ratios greater than the EU average of 40 % (in 2016). The highest levels are found in the 'older' countries of the EU, including France, Denmark, Belgium, Sweden and Finland (47.6, 47.3, 46.8, 44.6 and 44.3 %, respectively). At the other end of the scale were Ireland (23.8%), Romania (26%), Bulgaria (29%) and Lithuania (30.2%). Overall, the range is broad with a difference of 23.8 pps between the country with the lowest ratio (Ireland) and that with the highest (France).

Between 2015 and 2016, decreases in the tax-to-GDP ratio were observed in nine EU Member States (Romania (-2 pp), Austria (-0.9pp), Belgium (-0,8 pp), Italy, Spain, Denmark, Portugal, Bulgaria and Ireland). The tax-to-GDP ratio remained stable in France and Slovenia. Increases in the tax-to-GDP ratios were observed in the remainder of countries, with the highest increases in % of GDP from 2015 to 2016 (in percentage points) being recorded by Greece (2.3 pp.), the Netherlands (1.5 pp.) and Luxembourg (1.2 pp.).

Already before the 2004 enlargement, several member states had tax ratios close to 50 % (such as the Scandinavian countries and Belgium), and also several low-tax Member States (such as Ireland, Spain, the UK and Greece) (Eurostat 2008). The generally lower tax ratios in the accession countries meant that the 2004 and 2007 enlargement resulted in a significant decline for the EU average value. Thus, in Chart 8.2 the tax ratios are set out for EU-15 countries. This shows an average ratio of 40.6% for the EU-15 for 2016, slightly higher than the average for EU-28 countries. When looked at in this way it is again Ireland that has the lowest ratio, followed by Spain, United Kingdom and Portugal. It must also be acknowledged in the case of Ireland that the highly globalised nature of the Irish economy as well as taxation policies pursued inflates GDP as a measure of activity. Research by *Social Justice Ireland* shows the total tax take in 2017, when measured as a percentage of the more appropriate GNI, was 29.3% compared to 23.3% GDP. This is still some distance below the EU average.

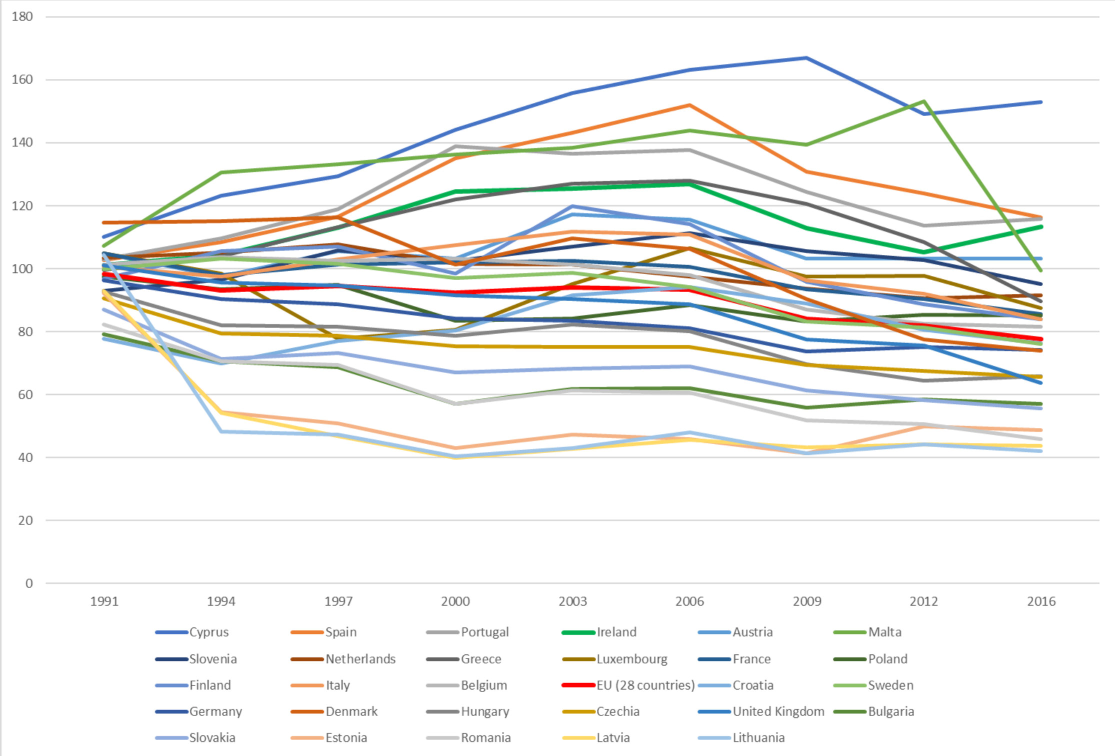
Eurostat takes 35% of GDP as a ratio that represents a relatively low-tax approach. In EU-15 (the 'old member states of the EU), Ireland is the only country with a tax take that is appreciably lower than the 35% threshold, with the next lowest ratios in Spain and the UK (34.1% and 35.1%, respectively). Nine of these countries have ratios that are 40% of GDP or greater (France, Denmark, Belgium, Sweden, Finland, Austria, Italy, Greece and Germany).

Policy Priorities

- Develop sustainable approaches to taxation by raising revenue that generates enough to support vital services and to move to a social investment approach.
- Avoid increases in indirect taxes on essential items which affect the poorest most.
- Tackle tax evasion by introducing fair systems in which all sectors of society, including the corporate sector, contribute a fair share and those who can afford to do pay more.

Environment and Sustainability

Chart 9.1: Greenhouse Gas Emissions (in CO2 equivalent) base year 1990, EU-28 average and Ireland, 1991 to 2017



Source: Eurostat, [sdg_13_10]

Table 9.1: Share of renewable energy in gross final energy consumption, EU-28, 2004-2017

2004		2007		2012		2017	
Sweden	38.67	Sweden	44.13	Sweden	51.08	Sweden	54.5
Latvia	32.79	Latvia	29.61	Latvia	35.71	Finland	41.01
Finland	29.23	Finland	29.56	Finland	34.42	Latvia	39.01
Croatia	23.41	Austria	26.99	Austria	31.03	Denmark	35.77
Austria	22.66	Croatia	22.16	Croatia	26.75	Austria	32.56
Portugal	19.21	Portugal	21.92	Denmark	25.75	Estonia	29.21
Estonia	18.36	Romania	18.32	Estonia	25.54	Portugal	28.12
Lithuania	17.22	Denmark	17.76	Portugal	24.58	Croatia	27.28
Romania	16.19	Estonia	17.03	Romania	22.79	Lithuania	25.84
Slovenia	16.13	Lithuania	16.48	Lithuania	21.44	Romania	24.47
Denmark	14.85	Slovenia	15.61	Slovenia	20.82	Slovenia	21.55
France	9.5	**EU (28 countries)**	10.6	Bulgaria	16.05	Bulgaria	18.73
Bulgaria	9.45	France	10.24	Hungary	15.53	Italy	18.27
EU (28 countries)	8.53	Germany	10.02	Italy	15.44	**EU (28 countries)**	17.52
Spain	8.33	Italy	9.81	**EU (28 countries)**	14.68	Spain	17.51
Poland	6.91	Spain	9.65	Spain	14.29	Greece	16.32
Greece	6.88	Bulgaria	9.24	France	13.62	France	16.3
Czechia	6.86	Hungary	8.57	Germany	13.6	Germany	15.45
Slovakia	6.39	Greece	8.13	Greece	13.46	Czechia	14.76
Italy	6.32	Czechia	7.96	Czechia	12.83	Hungary	13.33
Germany	6.18	Slovakia	7.78	Poland	10.9	Slovakia	11.49
Hungary	4.36	Poland	6.92	Slovakia	10.43	Poland	10.9
Cyprus	3.07	Cyprus	4	Belgium	7.18	**Ireland**	**10.65**
Ireland	**2.38**	**Ireland**	**3.51**	**Ireland**	**7.1**	United Kingdom	10.21
Netherlands	2.05	Netherlands	3.32	Cyprus	6.77	Cyprus	9.85
Belgium	1.89	Belgium	3.1	Netherlands	4.69	Belgium	9.06
United Kingdom	1.13	Luxembourg	2.73	United Kingdom	4.24	Malta	7.17
Luxembourg	0.9	United Kingdom	1.78	Luxembourg	3.14	Netherlands	6.6
Malta	0.1	Malta	0.18	Malta	2.82	Luxembourg	6.38

Source: Eurostat, [sdg_07_40]

Environment and Sustainability

Emissions

Progress is being made across the EU-28 to reduce its greenhouse gas emissions. However, contribution to this progress is not evenly shared across all Member States. Using 1990 as a baseline, between 1991 and 2016, emissions from Cyprus (+42.8), Spain (+13.7), Portugal (+12.9) and Ireland (+12.3) increased the most, with the greatest reductions experienced in Lithuania (-62.3), Latvia (-49.1), Estonia (-43.6) and Denmark (-40.8). In later years, between 2012 and 2016, Ireland shows the greatest increase (+8.2), followed by Cyprus (+3.7), Portugal (+2.1) and Hungary (+1.5), with Malta (-53.7), Greece (-18.7), the United Kingdom (-11.9) and Luxembourg (-10.2) making the greatest reductions (Chart 9.1). These figures show the level of fluctuation in greenhouse gas (GHG) emissions across time in the EU-28, however those countries currently going against the trend face a considerable environmental and financial cost.

As a member of the European Union, Ireland has committed to legally binding emissions reduction targets in 2020 and 2030. We have committed to a 20% reduction on 2005 emission levels by 2020, and a 30 % reduction of emissions compared to 2005 levels by 2030. Ireland will not meet the 2020 target. The EPA currently projects that Ireland will achieve a mere 1% reduction on 2005 emission levels. Our GHG emissions are nearly 3 million tonnes over the pathway required to meet our 2020 targets and we are on track to overshoot these targets significantly. The latest EPA report on our GHG emissions shows that they decreased very slightly in 2017 due to 'circumstantial' issues, but emissions from agriculture increased by almost 3%. Emissions from agriculture have increased annually since 2012 as a result of various agricultural policies that are entirely at odds with environmental policy since 2012, the Climate Change Framework, the Climate Action and Low Carbon Development Act, and our national and international commitments.

The latest Emission Gap Report from the United Nations found that current national commitments for emissions reductions are insufficient to ensure global warming stays below 2°C by 2030. If countries do not commit to more ambitious emission reduction targets then global warming cannot be contained below 1.5°C as recommended by the Intergovernmental Panel on Climate Change in 2018.

Renewable Energy

The average share of renewable energy in gross final energy consumption in the EU-28 has increased, from 8.53% in 2004 to 17.52% in 2017. Sweden, Finland and Latvia have consistently been the best performers during this period, with Malta, Luxembourg and the United Kingdom lagging behind. Ireland has also consistently been in the bottom quartile (Table 9.1).

The *White Paper on Energy* envisages Ireland reducing emissions from energy systems by up to 95% (based on 1990 levels) by 2050, to zero by 2100. Ireland's target is part of the overall headline target pledged by the European Union of at least a 40% reduction in domestic GHG emissions by 2030 compared to 1990. While overall the White Paper contains some very positive aspirations, it is short on detail as to how we are going to achieve these aspirations.

Policy Priorities

- Set ambitious emissions reduction targets for 2030 and ensure sufficient resources to support implementation of these targets.

- Increase the proportion of energy generated by renewables.

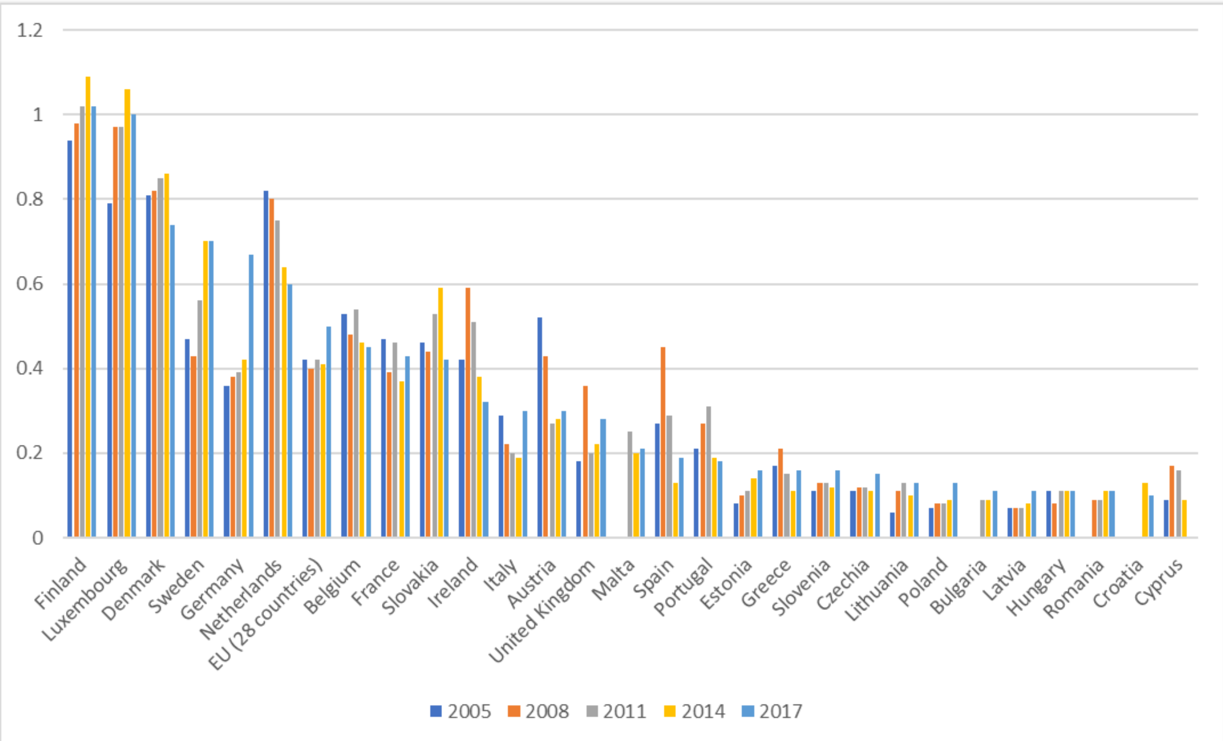
Global Issues

Table 10.1: Sustainable Progress Index, EU-15 2019

Country	Index Score	Country Rank
Sweden	71.45	1
Denmark	66.60	2
Finland	62.11	3
Netherlands	57.37	4
Austria	57.14	5
Germany	53.42	6
United Kingdom	50.71	7
Belgium	49.39	8
France	48.32	9
Luxembourg	46.06	10
Ireland	45.91	11
Portugal	38.38	12
Italy	37.66	13
Spain	37.15	14
Greece	28.12	15

Source: Clark, C and Kavanagh, C (2019): Measuring Ireland's Progress, Sustainable Progress Index 2019, *Social Justice Ireland*

Chart 10.1: Oversees Development Assistance as % GDP, EU-28 2008-2017



Source: Eurostat, [sdg_17_10]

Global Issues

Progress towards the SDGs

The Sustainable Development Goals (SDGs) provide an ambitious, comprehensive plan of action for people, planet and prosperity. The goal of the SDGs is to change the perspective of public policy. The composite Sustainable Progress Index (SPI), presented in Table 10.1 and taken from *Social Justice Ireland's* Sustainable Progress Index 2019 publication, provides a simple report card to track Ireland's overall performance on the SDGs compared to its EU-15 peers: countries that have experienced similar levels of development. Sweden, Finland and Denmark top the rankings. Ireland's overall ranking is 11.

Directly focusing on social and environmental goals, rather than waiting for economic growth to trickle down and produce desirable outcomes, is what underpins the SDGs. It is also what makes them revolutionary. The SDGs are a rejection of the paradigm of one way causality of economic growth leading to everything else being dealt with. Clearly the economy and economic growth are important, but they exist in a context, and economic growth is as much an effect of social progress as a potential contributor to social progress.

We are also at a stage in human history where promoting an economic growth model based on private profits and ignoring the environmental costs of human actions can no longer be accepted. A disposable society that uses up and discards people and resources with the single goal of ensuring the continuation of the process of capital accumulation is not sustainable, socially or environmentally.

Overseas Development Assistance

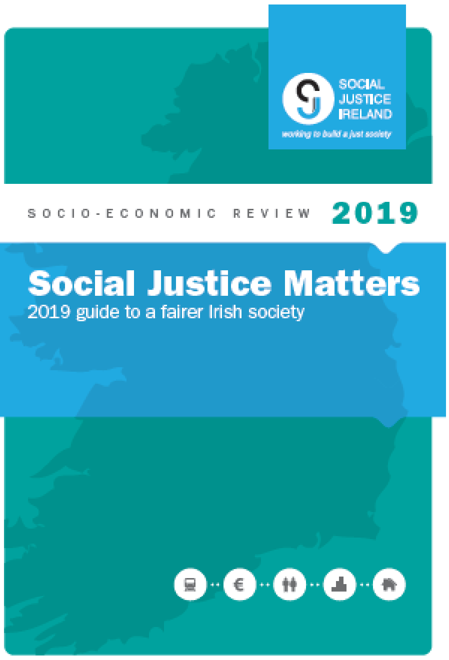
In the provision of Overseas Development Assistance, Finland has consistently been best in class providing close to or more than 1% of its Gross National Income (GNI) while the EU-28 average was between 0.4% and 0.5% (Chart 10.1). While below the EU-28 average, Ireland has been making progress in this regard in recent years, reaching 0.32% of GNI in 2017. In our Budget 2019 Analysis, *Social Justice Ireland* welcomed a further increase in ODA spending to 0.39% of projected GNI* as a firm step in the right direction. We were also pleased to welcome the publication of 'A Better World: Ireland's Policy for International Development', which outlines the Government's commitment to reaching the UN target of allocating 0.7% of our GNI to official development assistance by 2030. The reiteration of the commitment to Ireland's ODA target is welcome, and Government is to be commended for setting a date by which it will meet this target.

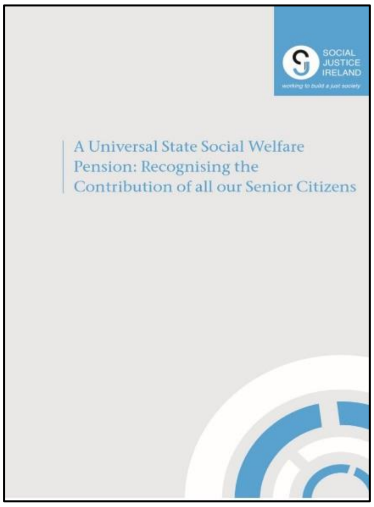
However, in order to maximise the impact of our Overseas Development Assistance (ODA) programme and to assist developing countries in reaching the Sustainable Development Goals we urge Government to be ambitious and frontload investment between now and 2025. This would bring our ODA commitment in line with Global Ireland, the strategy for doubling the scope and impact of Ireland's global footprint and influence by 2025.

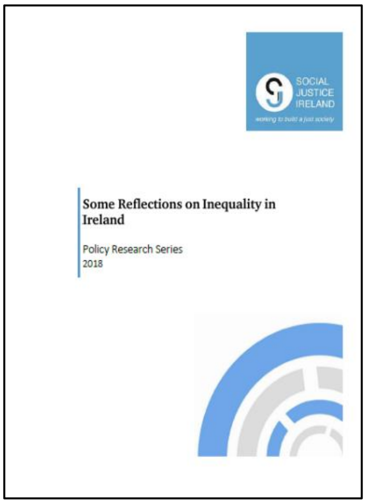
Policy Priorities

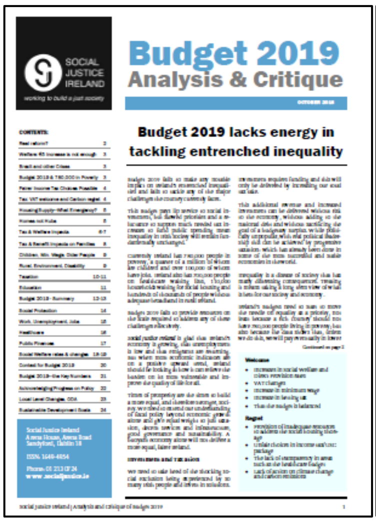
- Develop key performance indicators for each of the Sustainable Development Goal as part of a review of the National Implementation Plan for the SDGs.
- Provide funding to the CSO to collate comprehensive datasets on Ireland's progress on each of the SDGs.
- Frontload ODA investment between now and 2025 to bring our commitment in line with the Global Ireland strategy.

Other Publications by *Social Justice Ireland* (see www.socialjustice.ie):









Social Justice Ireland is an independent think-tank and justice advocacy organisation of that advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for societies as a whole.

Acknowledgement

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